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NYISO Consumer Interest Liaison Weekly Summary

November 16 – November 20, 2015

Notices:

- *Due to a light agenda and the Thanksgiving holiday, the November 24, 2015 MC meeting has been cancelled. Per the MC Bylaws, the monthly reports will be posted to the NYISO website for your review.*
- *The NYISO has posted at the Planning/Generator Retirements location on its website a “Posting of Completed Generator Deactivation Notice” for the FitzPatrick nuclear generating facility located in Oswego County, New York. The Generator Deactivation Notice was submitted in compliance with the NYISO’s October 19th RMR filing. On Friday, November 13th, the NYISO determined Entergy Nuclear Power Marketing LLC’s Generator Deactivation Notice was complete.*
- *The December 7 LFTF teleconference meeting time has changed. The meeting will now be held from 1:00 - 3:00*

Meeting Summaries:

Wednesday, November 18, 2015

Installed Capacity/Market Issues Working Groups

Demand Curve Reset – Periodicity and Energy and Ancillary Services

Todd Schatzki of the Analysis Group led a discussion with stakeholders and NYISO personnel of the issues that affect the concept of extending the Demand Curve Reset (DCR) periodicity. Mr. Schatzki presented key issues that would need to be resolved prior to extending the DCR cycle. Issues presented for initial discussion were:

- Tradeoffs such as:
 - Stability – capturing market changes
 - Reality – maintaining a realistic CONE (Cost of New Entry) value
 - Administrative costs
- Tracking construction costs and technology
- Finance factors

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- Risk
- Amortization
- Debt to equity ratios
- Accounting for energy and ancillary services (E&AS) revenues
- Changes to system
 - Topology
 - Level of Excess

The Analysis Group presented the approaches of PJM and ISO-NE, noting that they offer forward markets. Stakeholders requested more information on how the other control areas reached some of their decisions and effects these decisions have had on their markets. Mr. Schatzki agreed to investigate those issues further and report back to the ICAP WG.

Issues relevant to maintaining an accurate CONE were presented. Stakeholders offered several issues for consideration and future discussion.

Three basic options were presented for estimating expected E&AS revenues:

- Historical prices
- Historical margins
- Econometric model

Mr. Schatzki presented a table of the differing methods for comparison and highlighted the benefits and drawbacks of each.

The timetable for the determination of whether or not to extend the periodicity of the DCR process was the final topic of discussion. One stakeholder suggested the importance of resolving the periodicity issue as early as possible stating that there are several important issues facing the DCR process that will need as much time as possible to resolve. A separate timetable was posted for reference. To see Mr. Schatzki's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg&directory=2015-11-18

Renewables & Self-Supply Compliance Filing

Dr. Nicole Bouchez of the NYISO presented an outline of the issues that will need to be resolved for the FERC Renewables and Self-Supply Order compliance filing. Stakeholders offered suggestions on methods to base a cap on and how to measure load growth. Some stakeholders opined that caps should be expressed as UCAP, rather than ICAP. The methodology employed by PJM was presented as an example and discussed with stakeholders. Questions posed to stakeholders for feedback included:

- *Should the thresholds be pre-established/set now, set (reset) in advance of a date parameter, or calculated when the specific entity requesting the exemption based on factors established now?*
- *If set in advance, how frequently should they be adjusted?*
- *How should net short positions be calculated?*
- *How should net long positions be calculated?*
- *How to account for bilateral contracts when calculating net short and/or net long positions?*
- *What other items should be considered?*

The NYISO is requesting that feedback be sent to deckels@nyiso.com and nbouchez@nyiso.com. The next meeting on the subject will be held on December 2, 2015 while continuing to accept stakeholder input throughout the process. To see Dr. Bouchez's presentation, please go to:



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http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-11-18/agenda%203%20Renewables%20and%20Self%20Supply%20Compliance%20Filing.pdf

Behind the Meter Net Generation Tariff Review – Energy Markets & CRIS

Pradip Ganesan of the NYISO presented the proposed tariff language to implement the Behind-the-Meter Net Generation (BTM-NG) program. Some stakeholders objected to the tariff definition of a BTM-NG resource in reference to the ability of a BTM-NG resource to simultaneously participate in a Transmission Owner (TO) Demand Response program. Mr. Ganesan stated that, due to the complexity of accommodating this ability, the NYISO would not be able to meet the October 2016 implementation schedule. There will be additional discussion at future ICAP WG meetings to resolve the issue. Mr. Ganesan proceeded to review the specific proposed tariff updates while accepting stakeholder input for consideration. A request was made by a stakeholder for illustrative examples and equations to provide clarity concerning persistent host load over forecast charge.

James Pigeon of the NYISO continued the presentation by conducting a review of the proposed tariff language that relates to the Capacity Market aspects of BTM:NG. Mr. Pigeon highlighted updates to the tariff language regarding Capacity Resource Interconnection Service (CRIS) in Attachment S, and specific changes required for Attachment X. A schedule of additional review periods and anticipated governance action was provided leading to an October 2016 implementation. To see the complete NYISO presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-11-18/BTM-NG%20Energy-CRIS%20Tariff%20Revisions%20111215.pdf

Thursday, November 19, 2015

Installed Capacity/Market Issues/Price Responsive Load Working Groups

ICAP Manual Updates for DMNC Test Temperature Correction

Zachary Smith of the NYISO presented the proposed changes to the Installed Capacity Manual (ICAP Manual) to incorporate the changes to the reference temperature calculation. Historically the NYISO has used the average of the temperature recorded at the generator during the transmission district hourly peak load from each of the previous four like capability periods. Due to the potential for distorting the results, the NYISO is proposing to exclude the months of November and April from the Winter Capability Period and May and October for the Summer Capability Period. Some stakeholders objected to the exclusion of May as it has accurately provided an accurate Summer peak in the past. The NYISO agreed to further investigate May results. The proposed changes would take effect for the Summer 2017 Capability Period. Some stakeholders expressed an interest in the changes becoming effective earlier than the proposed Summer 2017 effective date. The NYISO will take that opinion into consideration and discuss during the next presentation. To see Mr. Smith's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg&directory=2015-11-18

Highlights for the Quarterly Report on the New York ISO Electricity Markets – Third Quarter 2015

Pallas LeeVanSchaick of Potomac Economics (MMU) presented the highlights from the third quarter State of the Market (SOM) report. Each quarter, the MMU issues a SOM report providing analysis of



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market outcomes to verify that markets are functioning properly. Mr. LeeVanSchaick noted that prices were lower in 2015 when compared to the prices for 2014. Several market aspects are subject to review including pricing, congestion, price convergence, and uplift among others. The MMU will provide a similar presentation on the Capacity Market results for the third quarter of 2015 separately in the near future. To see Mr. LeeVanSchaick's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-11-19/NYISO%20Quarterly%20Report_2015-Q3_11-19-2015_MIWG.pdf

To see the complete third quarter SOM report, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/documents/Studies_and_Reports/Reports/MMU_Quarterly_Reports/2015/NYISO%20Quarterly%20Report_2015-Q3_11-13-2015_final.pdf

NYISO Digital Certificate Changes -- Update

Matt Darcangelo of the NYISO presented updates to the changes to the NYISO digital certificate process. FERC Order 676-H required digital certificates to conform to North American Energy Standards Board, Public Key Infrastructure (NAESB – PKI) standards. NYISO has been granted an extension to complete the process changes by May 2017. Mr. Darcangelo compared the future process to the existing process to demonstrate the changes that will be required. A chart was provided to illustrate how the new digital certificate will relate to the associated organizations. Mr. Darcangelo presented a timeline for the transition to the new digital certificate requirements. The NYISO will conduct conference calls and Webex sessions to users in the near future to provide training on the new process. Updates will be offered throughout the process. To see Mr. Darcangelo's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-11-19/agenda%206%20MIWG%20NAESB%20PKI%20Digital%20Certs%20Update%202.pdf

Update on Stakeholder Feedback on Experiences with CTS

Dr. Nicole Bouchez of the NYISO led a discussion with stakeholders on experiences with the CTS with PJM functionality. The CTS with PJM functionality is not being utilized to the extent the NYISO anticipated and the NYISO is gathering feedback from stakeholders to evaluate the participation issues and achieve higher utilization. One stakeholder opined that there is additional input, such as fees, that go into the bidding formulation and better access to this additional information would be helpful. Dr. Bouchez requested that it would be beneficial to receive input from potential CTS with PJM users that are currently evaluating the system prior to utilizing the functionality. Dr. Bouchez noted the NYISO and PJM are currently working to improve the forecast process. Comments are encouraged and can be sent to either deckles@nyiso.com or nbouchez@nyiso.com.

Behind-the-Meter Net Generation (BTM:NG) Tariff Review

James Pigeon of the NYISO presented proposed updates to the tariff for the pending implementation of BTM:NG. Mr. Pigeon led a brief review and description of the project and proceeded to highlight proposed changes to the tariff that will allow BTM:NG resources to sell Capacity into the NYISO market. Mr. Pigeon listed each tariff section with a description of the changes to be made.

Stakeholders offered suggestions for clarifying the language in some instances which the NYISO will



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consider prior to seeking governance approval. An October 2016 implementation is proposed for this initiative. To see Mr. Pigeon's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-11-19/agenda%20%20BTMNG%20ICAP%20Mkt%20Presentation%2011-19-15%20WG.pdf

Uneconomic Retention and Repowering of Existing Units

Lorenzo Seirup of the NYISO presented an update on the March 19, 2015 FERC Order directing the NYISO to establish, and report on, a stakeholder process to look at:

- *Whether there are circumstances that warrant the adoption of BSM measures in Rest of State (ROS)*
- *Whether there is a need for, and what mitigation measures would need to be in place to address, repowering agreements with the potential to suppress capacity prices*

Mr. Seirup noted the measures included in the NYISO's RMR tariff process filed recently that address uneconomic retention and repowering. The NYISO will conduct further analysis on the factors related to price suppression through uneconomic retention and repowering and offer additional opportunities for stakeholder input. A workbook will be posted with the meeting materials that will examine a hypothetical uneconomic retention scenario and the financial benefits it could provide the funding entity. Mr. Seirup led a discussion on potential risk aversion strategies and how they may or may not relate to artificially suppressing market prices. The NYISO has not yet determined whether there is a need to implement mitigation measures for existing units, however, the NYISO will discuss potential mitigation measures at a future meeting. The NYISO will continue to conduct analysis and consider stakeholder comments in preparation for the January 19, 2016 filing date. Comments can be submitted to deckels@nyiso.com. To see Mr. Seirup's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-11-19/agenda%20%20ROS%20Mitigation%20Study.pdf

FERC Filings

November 18, 2015

NYISO Section 205 filing to enhance the process for verifying Market Participant risk management policies by requiring a Market Participant to resubmit such policies only when materially changed

November 10, 2015

NYISO filing of a document-less motion to intervene in the Huntley Reliability Must Run Agreement proceeding - Docket No. ER16-81-000

FERC Orders

November 19, 2015

FERC order accepting NYISO's August 26, 2014 compliance report on the appropriateness and accuracy of the uniform regulation movement multiplier and the appropriateness of the market power mitigation methods

November 19, 2015



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FERC order granting limited clarification, accepting NYISO's compliance filing and directing a further compliance filing within 90 days regarding the conceptual basis and framework for a scaling factor

November 19, 2015

FERC letter order accepted NYISO/TO joint compliance filing of Order No. 1000 Interregional tariff revisions effective as requested.

November 18, 2015

FERC letter order accepting notice of comprehensive shortage pricing effective date and correction of certain ministerial tariff errors

November 18, 2015

FERC letter order accepting a compliance filing regarding a revision to Services Tariff Section 23.4.5.7.9.3.2 as directed by FERC's August 4, 2015 Order on Clarification, Rehearing, and Compliance and also accepting a ministerial revision

November 16, 2015

FERC letter requesting that NYISO submit additional information regarding its compliance report within 30 days

November 12, 2015

FERC letter order accepting the July 27, 2015 filing of SGIA No. 2219, as amended on September 22, 2015, effective July 13, 2015, as requested

November 9, 2015

FERC order accepting NYISO's CTS-related tariff revisions subject to a compliance filing and a two-week notification of the actual effective date

Link to FERC Filings and Orders:

http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp