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NYISO Consumer Interest Liaison Weekly Summary

September 28 – October 2, 2015

Notices:

- *At the September 24, 2015 ESPWG meeting, the NYISO announced that the solicitation for solutions to the Western New York Public Policy Transmission Need (PPTN) will be issued on November 1, 2015. In the interim, the NYISO will consider the potential impact to the PPTN from any system modifications which may arise in response to the notice of intent to retire the Huntley generation plant.*
- *The Redline and Clean versions of the Transmission & Dispatching Operations Manual (M-12) have been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder. The proposed revisions were discussed at the 9/28 MIWG and the upcoming 10/7 SOAS and will be presented at the 10/14 BIC and 10/15 OC meetings.*
- *NYISO's Training Team will be offering the, in-class, **MT-304 Accounting and Billing course** in October. The MT-304 Accounting and Billing course provides participants' knowledge of the settlements associated with Power Suppliers, Load Serving Entities, Transactions, Virtual Trading, Demand Response, and Transmission Owners; along with a basic understanding of the Consolidated Invoice and Decision Support System.*
- *The next **Electric Gas Coordination Working Group (ECGWG)** meeting is scheduled for November 2, 2015 in Rensselaer, NY. This meeting will follow the TPAS meeting at 11:00 am. The agenda and meeting materials will be posted in advance of the meeting.*
- *As discussed at the October 5, 2015 BPWG meeting, please submit comments on the Draft 2016 Annual Incentive Goals to lbullock@nyiso.com by October 13, 2015.*

Meeting Summaries:

Monday, September 28, 2015

Joint Market Issues/Installed Capacity Working Groups

Broader Regional Markets Metrics

Broader Regional Market Metrics Report



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Dave Edelson of the NYISO presented metrics for the Broader Regional Markets initiative for the month of August 2015. To see Mr. Edelson's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-09-28/agenda%20%20brm%20Monthly%20Report%20%202015_08.pdf

New York Generation Attribute Tracking System

John Bub of the NYISO presented a proposal to provide generation and load tracking information to NYSERDA through the New York Generation Attribute Tracking System (NYGATS). NYGATS will replace data currently being provided to NYSERDA for their Renewable Portfolio Standards (RPS) and to the Department of Public Service (DPS) for their Environmental Disclosure Program (EDP). NYGATS is a result the 2012 New York State Legislature Bill #S03872C requiring NYSERDA to develop a GATS system and to receive data from the "Independent System Operators". Mr. Bub explained that revisions are required to Attachment F, Section 12.4 to clarify the authority the NYISO needs to provide the data. Stakeholders voiced concern regarding the potential public disclosure of confidential information. NYISO representatives responded that NYISO will request that the information be treated as confidential by recipients, and made public only in masked or aggregated form. To see Mr. Bub's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2015-09-28

Comprehensive Scarcity Pricing Tariff Language

Ethan Avallone of the NYISO presented proposed tariff language required to implement Comprehensive Scarcity Pricing. Mr. Avallone started with a brief review of the Comprehensive Scarcity Pricing project to provide a context for the tariff revisions. Mr. Avallone presented updated language for the following tariff sections:

- Market Administration and Control Area Services Tariff (MST)
 - 2.1, 2.5, 2.19
 - 4.4
 - 15.3 (Rate Schedule 3), 15.4 (Rate Schedule 4)
 - 17.1 (Attachment B)
 - 30.4 (Attachment O)
- Open Access Transmission Tariff (OATT)
 - 1.1, 1.5, 1.19
 - 6.3 (Rate Schedule 3)

Mr. Avallone detailed the tariff revisions in each section and noted stakeholder comments for further consideration. The NYISO will seek governance approval through the BIC and MC in October with an anticipated implementation of the initiative in the second quarter of 2016. To see the tariff language as proposed by the NYISO please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2015-09-28

T&D Operations Manual Revisions for FASR and Other Minor Updates

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James Pigeon of the NYISO presented proposed updates to the Transmission and Dispatch Operations Manual (T&D Ops Manual) to incorporate the implementation of the Fuel Assurance Self Reporting (FASR) initiative. Mr. Pigeon highlighted revisions to the T&D Ops Manual including minor ministerial updates. A redline version of the manual was provided to stakeholders for discussion and review. There will be FASR market trials October 5 through October 9, 2015 to provide market participants an opportunity to interact with the FASR portal prior to the “go live” date, anticipated for early November 2015. Feedback on system interaction is encouraged. To see Mr. Pigeon’s complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-09-28/agenda%205%20TD%20Manual%20Revisions%20for%20FASR%20MIWG%20092815.pdf

New Capacity Zone Study – Inputs and Assumptions

Steve Corey of the NYISO presented the inputs and assumptions to be used in the 2015- 2016 New Capacity Zone (NCZ) study. Mr. Corey began the presentation by providing background on the purpose and history of the NCZ Study, which is performed on a time line related to the Demand Curve Reset process. The 2015 – 2016 NCZ Study will evaluate the following interfaces for deliverability:

- Dysinger East
- West Central
- Volney East
- Moses South
- Central East/Total East
- UPNY- Con Ed

The deadline for the NYISO to deliver the report to stakeholders is January 15, 2016. Mr. Corey presented the Study inputs and assumptions while responding to stakeholder input. A inputs and assumptions matrix was provided including the parameters required for the study, a brief description of the parameter and a reference to find the associated information. To see Mr. Corey’s complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-09-28/agenda%206%20ICAPWG_09-28-2015_NCZ%20Study%20Inputs%20and%20Assumptions.pdf

Rules to Eliminate New Capacity Zones

Randy Wyatt of the NYISO began his presentation a with a set of “Guiding Principles” that should be used in evaluating the elimination of capacity zones (Localities):

- *Provides for Market Certainty*
 - *Minimizes likelihood of eliminating a Locality that will likely be re-created in the near term*
 - *Results from a rule that is readily predictable, based on a replicable test, and has a transparent process*
- *Minimizes inefficient outcomes and barriers to entry*

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- *Creation occurs after the barrier to investment is evident*
- *Elimination threshold and other criteria should avoid creating barriers to investment*
- *Applies only to Localities created based on NCZ Study findings (i.e., the deliverability test)*

The NYISO proposed that the trigger for Locality elimination should be that deliverability constraints are no longer binding by a specified margin (i.e. headroom) for a significant time duration.

Stakeholders voiced varying opinions on how much headroom should be required and the length of time necessary. Mr. Wyatt provided additional details regarding the NYISO's proposal stating that elimination of a zone should be based on two different deliverability studies:

- A deliverability study using the elements of the NCZ Study, but include examining the former Highway constraint that gave rise to the creation of the Locality and Localities that are expected to exist if the studied/subject Locality is eliminated
 - i. e.g., for the G-J Locality, the UPNY – SENY Interface would be modeled as a Highway, and ROS would be modeled as Zones A through I
 - ii. This prong of the test would be satisfied if it shows that the former highway is not binding.

and

- A deliverability study based on the “as found” system indicates that the binding highway constraint that gave rise to the creation of the new Locality now has headroom that exceeds the headroom threshold
 - iii. e.g. UPNY-SENY headroom > elimination headroom threshold

The NYISO proposed a headroom margin equal to the size of the largest single contingency in the Locality at the time the zone is created. The elimination evaluation would be conducted in coordination with the New Capacity Zone Study and the Demand Curve Reset process. The NYISO noted the comments offered at the meeting and requested that stakeholders continue to submit written comments for consideration as the proposal advances. There will be additional discussion at future ICAP WG meetings as the proposal is refined. The NYISO will be conducting a vote on the Elimination Concept at a Fall BIC meeting to assist in directing the NYISO toward a final proposal. To see Mr. Wyatt's presentation please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2015-09-28/agenda%207%20Eliminate_Capacity%20Zone_Sept%2028%20MIWG_ICAPWG.pdf

Proposed RMR Tariff Revisions

David Allen of the NYISO presented proposed tariff revisions for the Reliability Must Run compliance filing. Revisions resulting from stakeholder feedback at the September 18, 2015 ICAP WG meeting comments have been incorporated into the tariff where appropriate. The NYISO will consider input received during this meeting while preparing further tariff revisions and the pro forma RMR agreement in preparation for the October 19, 2015 compliance filing. Mr. Allen encouraged stakeholders to provide additional comments in writing to deckels@nyiso.com by October 2, 2015. To see the complete presentation including redline tariff language, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2015-09-28



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Wednesday, September 30, 2015

Management Committee

Motion #1:

The Management Committee (MC) approves the July 2015 meeting minutes.

The motion passed unanimously by show of hands

Motion #2

The Management Committee (“MC”) hereby recommends that the NYISO’s Board of Directors authorize the NYISO staff to file with the Federal Energy Regulatory Commission changes to the NYISO’s Services Tariff Sections 4.5 and 15.3A as described in the presentation entitled “New York City Steam Exemption,” made to the MC on September 30, 2015.

The motion passed unanimously by show of hands with abstentions.

Thursday, October 1, 2015

Joint Electric System Planning Working Group/Transmission Planning Advisory Subcommittee

Study Scopes

Q#422 Call Hill Wind SRIS

Steuben County 103.4MW

Sent to Operating Committee for approval

Q#449 Stockbridge Wind SRIS

Madison County 72.6MW

Sent to Operating Committee for approval

Q#510 Bayonne Energy Center II SRIS

Bayonne, New Jersey 120.4MW Summer 129.4MW Winter

Sent to Operating Committee for approval

Proposed Change to Criteria for Transmission System Impact Study (SIS)

Steve Corey of the NYISO presented a proposal to change the criteria for requiring a Transmission SIS. SISs are performed for the NYISO Transmission Expansion Process which is the mechanism for eligible customers to pursue upgrades to the New York Transmission Owners’ (NYTO’s) transmission systems. The rule is contained in Section 2.4.2 of the Transmission Expansion Interconnection Manual (TEI Manual) and states:

*“For other proposed transmission projects, a System Impact Study is required for projects that may impact the Transfer Capability of any NYISO interface **by more than 10 MW**. For this purpose, NYISO interfaces are the ten major internal interfaces that define the inter-zonal boundaries and the four Inter-ISO interfaces. Proposed transmission projects expected to impact interface Transfer Capability by 10 MW or less are not required to undergo a NYISO System Impact Study, but may be subject to study or review by the affected Transmission Owner(s).” **{Emphasis added}***

The proposed new rule would read:



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*“For other proposed transmission projects, a System Impact Study is required for projects that may **impact** either reduce the Transfer Capability of any NYISO interface by more than 10 MW, or increase the Transfer Capability of any NYISO interface by more than 25 MW. For this purpose, NYISO interfaces are the ten major internal interfaces that define the inter-zonal boundaries and the four Inter-ISO interfaces. Proposed transmission projects expected to **impact not reduce** interface Transfer Capability by **more than 10 MW or less and not increase interface Transfer Capability by more than 25 MW** are not required to undergo a NYISO System Impact Study, but may be subject to study or review by the affected Transmission Owner(s).”*

The intent of the current 10 MW rule was to define a threshold criterion to distinguish between transmission projects that have a more than de minimus impact on Interface Transfer Capability and should undergo Operating Committee review versus projects that are primarily local in nature and have little or no impact on Interface Transfer Capability.

The intent of the proposed rule change is simply to increase the MW threshold on the “increase” side by a modest amount to eliminate the need of the Operating Committee review (and NYISO study) of transmission projects that are primarily local in nature, but happen to result in a modest increase in Interface Transfer Capability.

An example was provided to demonstrate how the NYISO proposed rule change would eliminate the requirement for a proposed local transmission upgrade to undergo a NYISO SIS. Some stakeholders objected to the process of implementing a Technical Bulletin to document the change rather than putting the update directly into the TEI Manual. The NYISO is considering options for documentation to present at the October 15, 2015 Operating Committee meeting when seeking a vote on the rule change. To see Mr. Corey’s presentation, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_tpas/meeting_materials/2015-10-01/TPAS_10-1-2015_Proposed%20change%20to%20criteria%20for%20requiring%20an%20SIS_final.pdf

Status of Class Year 2015

Steve Corey of the NYISO stated that the Class Year 2015 Study is anticipated for completion in March 2016.

2015 CARIS Report

Tim Duffy of the NYISO presented updates to the second draft of the 2015 Congestion Assessment and Resource Integration Study (CARIS), Phase 1. Mr. Duffy led an overview of the CARIS Study process explaining how the interfaces to be studied are selected and how the four solutions are applied. The three interfaces include:

- A) Central East – New Scotland – Pleasant Valley
- B) Central East
- C) Niagara – Gardenville

The draft CARIS 1 Study was presented to the ESPWG on September 24 and stakeholder input from that meeting was incorporated into the second draft. Mr. Duffy noted stakeholder comments for consideration as the CARIS 1 process advances to its conclusion in a BIC approval vote, scheduled for



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Wednesday, October 14, 2015. To see the complete redline version of the CARIS 1 Study as presented to the TPAS/ESPPWG, please go to:

https://www.nyiso.com/public/committees/documents.jsp?com=oc_tpas&directory=2015-10-01

Friday, October 2, 2015

Joint Electric System Planning/Installed Capacity/Market Issues Working Groups

Market Services Tariff – Rate Schedule 8

Paul Edmundson of the NYISO presented proposed tariff language to apply for payments made to Reliability Must Run (RMR) generators. Mr. Edmundson highlighted tariff section 15.8 and detailed the updated language and formulas used to calculate:

15.8.1 -- Payment to an RMR Generator Providing Service Pursuant to an RMR Agreement with an Availability and Performance Rate

15.8.2 -- Payment to an RMR Generator Providing Service Pursuant to an RMR Agreement with a Rate Other Than an Availability and Performance Rate

Sections 15.8.3 through 15.8.6 were deferred as they would be addressed in later discussions. To see the updated tariff language proposal as presented by Mr. Edmundson, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/agenda%20%20MST%20RS8%20Draft%209_29_15.pdf

Availability and Performance Incentive Metrics

Julia Popova of the NYISO presented the proposed structure of availability and performance incentives for generators under the RMR compliance filing. Qualifying generators would receive an availability payment based on the NERC definition of the Equivalent Availability Factor (EAF). The availability payment would represent 80% of the maximum possible incentive payment. The remaining 20% of maximum possible incentive payment would be based on performance, as measured in reference to dispatch base-point adherence. The proposal would set maximum possible incentive payment based on the Fixed O&M costs in the RMR generator's Avoidable Costs, excluding Capital ExpendituresCapEx, thereby reducing the incentive to overbuild Capital Expenditures by RMR Generators. Ms. Popova explained the derivation of the availability and performance metrics and related payments to target achievement levels. A numerical example was provided to illustrate the payment structure. It was also propose that poor performance may result in the termination of the RMR Agreement by the NYISO. An appendix was included to more clearly define terminology and payment calculations. To see Ms. Popova's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/agenda%203%20RMR%20Incentives%20Payments_ICAPWG%2010022015.pdf

CAPEX Thresholds/RMR Generator Selection

Lorenzo Seirup of the NYISO presented the proposed Reliability Must Run (RMR) generator selection process and the limits on NYISO authority to approve Capital Expenditures (CapEx). The NYISO would seek to select the least cost generation solution (or combination of solutions), on a Net Present Value (NPV) basis for RMR service. As there are potential circumstances where multiple generators



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may be determined to be options for an RMR agreement to satisfy a reliability need, the NYISO proposes to notify each generator of their APR at the same time, and provide an opportunity for them to make an offer with the price at which they would be willing to provide RMR service, if at all. Mr. Seirup provided a flow chart to illustrate the selection process.

The NYISO proposed to limit annual CapEx payments to \$25M for nuclear units and \$10M per unit for all other types of generation. A stakeholder suggested that MW output of a unit should be considered in the CapEx limits. The NYISO noted the suggestion and will give it consideration.

Limits on CapEx would apply in two scenarios:

- *When executing an RMR Agreement with a Generator that requires a significant amount of CapEx in any year of the agreement*
- *When approving additional, unexpected expenditures that arise during the term of the RMR Agreement*

The NYISO is requesting stakeholder feedback be sent to deckles@nyiso.com. To see Mr. Seirup's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/agenda%204%20RMR%20Selection%20Process%20%20CapEx%20Limits.pdf

RMR: Numerical Example of Ranking of Viable and Sufficient Solutions

Lorenzo Seirup of the NYISO presented a numerical example of the proposed methodology to be utilized in a side by side evaluation (for ranking) of three possible RMR solutions. Mr. Seirup described the hypothetical scenario and detailed the assumptions used for the three potential solutions; generation, transmission and demand response. The APR rates and NPV were summarized and the solutions were ranked relative to least cost. The Market Monitoring Unit (Potomac Economics) would issue a report commenting on the rankings by the NYISO. An extensive appendix was included to provide more in-depth information on all cost assumptions. To see Mr. Seirup's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/RMR%20Numerical%20Example.pdf

Additional Pro Forma Language and Revisions

Alex Schnell of the NYISO presented updated pro forma language for the Reliability Must Run (RMR) compliance filing. Mr. Schnell detailed changes from the prior presentation and discussion with stakeholders. Stakeholder input was noted and will be considered for the final pro forma agreement, due October 19, 2015 to FERC. To see the redline draft agreement as presented by Mr. Schnell, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/NYISO%20Reliability%20Agreement%2010_1_15postingVer.pdf

Generator Deactivation Notice Form

David Allen of the NYISO presented the Generator Deactivation Notice Form. Mr. Allen detailed each section of the form while answering several stakeholder questions on clarification and noting



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stakeholder comments for consideration. The proposed form is available for perusal at:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-10-02/RMR%20Oct%202015_OATT%2031%208%20Appx%20E%20Generator%20Deactivation%20Notice_100115.pdf

FERC Filings

September 30, 2015

NYISO compliance filing of clarification in Services Tariff Attachment H regarding competitive entry exemption

FERC Orders

September 30, 2015

FERC order granting the third party complaint v. NYISO alleging that application of a local reliability requirement violated the NYISO OATT and Order No. 2003

Link to FERC Filings and Orders:

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