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NYISO Consumer Interest Liaison Weekly Summary

September 7 – September 11, 2015

Notices:

- *An ICAP Working Group meeting by conference call will be held at 9:30 am Friday, September 18, 2015 to review additional draft RMR tariff revisions. The NYISO plans to post the draft tariff redlines on September 15. The tariff sections will be in MST Section 5 and Attachment H, and proposed new definitions.*
- *Please note, there will be a BPWG teleconference on Sept 18 from 11:00 – 12:00 for discussion on two topics:
1) 2016 FERC Fee
2) Discussion/Stakeholder Feedback on the 2016 Project Prioritization Process.*
- *Attachment A (NYISO Developer Qualification Form) has been posted under the Reliability Planning Process Manual within the 'Manuals>Planning' folder on the [NYISO Manuals & Guides webpage](#).
The revision clarifies the applicability of this attachment for use in requesting developer qualification for each of the NYISO planning processes including reliability, public policy, and economic.*
- *The [draft version](#) of TB-232 "Procedures for Qualified Developers Proposing Transmission Projects" has been posted to the [NYISO Technical Bulletins webpage](#) under the 'Technical Bulletins>Under Review' folder.*

Meeting Summaries:

Tuesday, September 8, 2015

Market Issues Working Group

Consumer Impact Analysis – Comprehensive Scarcity Pricing

Tariq Niazi of the NYISO presented the consumer impact analysis on the Comprehensive Scarcity Pricing initiative. Mr. Niazi began the presentation with an overview of the Comprehensive Scarcity

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Pricing proposal highlighting the benefits of moving scarcity pricing into the optimization. The consumer impact analysis consists of four evaluation areas:

- Reliability
- Cost Impact/Market Efficiencies
- Environment/New Technology
- Transparency

Mr. Niazi started his presentation by providing a summary of the quantitative analysis showing a consumer impact ranging from a cost increase of \$14.6 million to a savings to consumers of \$46.7 million. The potential effects of changes in energy revenues on the ICAP Demand Curve Reset process were also explained. Mr. Niazi further explained the potential impact of other proposed changes to consumers including the impact from increasing the value of the SENY 30-minute demand curve from \$25 to \$500- and the impact of increasing the value of the middle point of the Regulation Service Demand Curve from \$400 to \$525. The increase in the SENY 30-minute reserve demand curve price will increase energy costs to consumers ranging from \$1.3 million to \$10.6 million. While the increase in the middle point of the Regulation Service demand curve price will increase consumer cost by approximately \$3.9 million.

System reliability will be improved with the implementation of Comprehensive Scarcity Pricing by aligning prices paid to imports with the prices paid to internal generators and providing increased flexibility with the scarcity reserve requirement being scheduled on units, to the extent capability is available.

No major environmental impact is anticipated from moving scarcity pricing into the optimization. Transparency will be improved as pricing outcomes will be better aligned with supplier schedules and aligning proxy generator bus prices with internal prices.

Mr. Niazi provided a thorough appendix with extensive detail on the impact analysis methodology and assumptions. The data and assumptions were discussed with stakeholders to answer stakeholder questions and provide clarity on the methodology and results. The timing of the consumer impact analysis meets the requirement of being presented 30 days or more prior to governance action. To see the complete consumer impact analysis, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-09-08/CIA%20Comp%20Scarcity%20Pricing%2009082015%20MIWG.pdf

RMR Process Overview – NYISO and MMU Responsibilities – Performance Incentives

Lorenzo Seirup of the NYISO presented a process overview of the Reliability Must Run (RMR) proposed compliance filing to FERC, including information on the responsibilities of the NYISO and Market Monitoring Unit (MMU) and the associated performance incentives included in the proposal. A timeline of the proposed RMR process was provided to illustrate the timing of the steps required in the process. Mr. Seirup detailed the NYISO responsibilities including:

- Data collection and verification
- Physical withholding evaluation as necessary
- Development of the APR (RMR avoidable costs plus availability and performance payments)
- Contract administration

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The NYISO will seek input from the MMU during development of the APR and the MMU will issue a report on the inputs and the determination of the APR. The MMU will also issue a report on the NYISO's evaluation of the proposed solutions. Mr. Seirup explained the development of the incentive payments for availability and performance noting that the Equivalent Availability Factor (EAF) and the Penalty Limit for Under-generation (PLU) will be measured as a percentage of the RMR Avoidable Costs with several tiers. The setting of target levels of availability and performance were discussed with stakeholders and stakeholder comments were noted for further NYISO consideration. The NYISO is encouraging stakeholder input while the tariff provisions and pro forma RMR agreement are prepared. Comments can 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/2015-09-08/RMR%20Process%20Roles%20ICAPWG%2009082015.pdf

Proposed RMR Tariff Revisions

David Allen of the NYISO presented proposed revisions to the NYISO tariffs to comply with the recent FERC order on Reliability Must Run (RMR) agreements. Mr. Allen provided definitions for new and revised terms and presented tariff language for Sections 23.4 and 5.12 of the Market Services Tariff for discussion with stakeholders. Mr. Allen noted stakeholder comments for consideration by NYISO and requested additional written input from stakeholders. The next steps in the process were listed with meeting opportunities for discussion on September 17, 25 and 28 and October 2 and 9. The compliance filing with FERC is due on October 19, 2015. To see Mr. Allen's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-09-08/Sept%208%20ICAPWG_RMR%20MST%205%20and%20Att%20H.pdf

Wednesday, September 9, 2015

Budget and Priorities Working Group

2016 Energy RS1 Budget: Energy Forecast

Arthur Maniaci of the NYISO presented the energy forecast for the 2016 – 2018 Rate Schedule 1 (RS-1) budget. Mr. Maniaci explained the RS-1 forecast methodology utilizing three components:

- Net Energy – Consisting of energy forecasts from the 2015 Gold Book, including the effects of Energy Efficiency and Solar PV impacts
- Exports
- Wheels

The RS-1 energy forecast for 2016 is 159,520 GWh. The forecast reflects a continuing decrease due to the loss of a large industrial load, the growth of Solar PV and a lower forecast for Zone K. Mr. Maniaci provided charts depicting the annual historic and forecast values for Net Energy, Exports and Wheels from 2008 through 2018. Actual average daily temperature for 2015 through August was compared to the typical temperatures reflecting lower temperatures than expected. This resulted in higher loads through the winter months of 2015. A final chart was displayed to illustrate the negative energy growth over the thirteen month period from June 2014 through June 2015. When asked if the loss of the large industrial load resulted in the overall decline in demand, Mr. Maniaci explained that

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removing that loss of load from the data would not result in positive load growth. To see Mr. Maniaci's complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2015-09-09/2016%20RS-1%20Budget%20BPWG%20Meeting_2.pdf

NYISO 2016 Budget Overview

Cheryl Hussey of the NYISO presented an overview of the draft NYISO budget for 2016. Ms. Hussey provided a timeline for the budget cycle culminating with an anticipated November 17, 2017 approval by the NYISO Board of Directors. NYISO's draft 2016 budget totals \$148.1M, allocated across a forecast of 159.5 million MWh, for a Rate Schedule 1 charge/MWh of \$0.928. Comparatively, the 2015 budget was \$148.4M (excluding FERC fees), allocated across 165.8 million MWh for a Rate Schedule 1 charge/MWh of \$0.895. NYISO's draft 2016 budget represents a 0.2% decrease in revenue requirement from the 2015 budget and a 3.8% decrease in projected MWh, for an overall Rate Schedule 1 increase of 3.6%.

NYISO's draft 2016 budget represents the third consecutive year of a flat revenue requirement (excluding FERC fees):

- 2014 - \$148.0M
- 2015 - \$148.4M
- 2016 - \$148.1M

Ms. Hussey concluded the presentation with an advisory budget drafts for 2017 and 2018. To see the complete presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2015-09-09/BPWG%20%20presentation%20on%202016%20draft%20budget%20and%202017-2018%20projections-FINAL.pdf

Thursday, September 10, 2015

System Operation Advisory Subcommittee

NYISO Operations Report – August 2015

Peak Load

The peak load for the month was 30,543 MW which occurred on Monday, August 17, 2015, HB16. Reserve requirements were as follows:

Reserve	10 Sync	Non-Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,382	2,697	4,797
DSASP Cont.	60	0	60

Major Emergencies

On August 21, 2015 a Major Emergency was declared at 03:07 when circuits 34 and 42 Coopers Corners – Rock Tavern (Common Tower) tripped causing Central East VC to exceed 105%. Major Emergency was Terminated at 03:21

Alert States -- On 13 occasions Alert State was declared:

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1 – System Frequency High
1 – Actual Flow Exceeding LTE for Less Than 5 Minutes
8 – Emergency Transfer Declared
3 – Exceeding Transient Stability Limit
Alert state was declared 9 times during August of 2014

Thunder Storm Alerts

3 TSAs were declared for a July 2015 total of 6:37 hours

Reserve Activations – 6

Emergency Actions – SCR testing conducted on 8/27/2015

TLR3 Declared – 0 for a total of 0 hours

NERC/NPCC Reportable DCS Events

None

FERC Filings

September 10, 2015

NYISO filing of proposed tariff amendments to implement External Coordinated Transaction Scheduling (CTS) with ISO New England

September 8, 2015

Filing of IRC comments regarding AWEA's petition for rulemaking to revise Large Generator Interconnection Procedures

September 8, 2015

NYISO filing of motion to intervene and comments concerning the June 19, 2015, petition by the AWEA requesting that the Commission commence a rulemaking proceeding to revise provisions of its Pro Forma GIP and pro forma GIA

September 8, 2015

NYISO filing of joint comments with CAISO, MISO and PJM, supplemental comments in response to AWEA's petition for rulemaking proceeding to revise Large Generator Interconnection Procedures

FERC Orders

September 8, 2015

FERC order denying Erie Power's request for a waiver of the Rules to Allocate Responsibility for the Cost of New Interconnection Facilities (OATT Attachment S)

Link to FERC Filings and Orders:

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