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NYISO Consumer Interest Liaison Weekly Summary

December 1 – December 5, 2014

Notices:

- Please note, the December 12 ICAP meeting will be held at The Desmond Hotel & Conference Center.
- The agenda for the December 12, 2014, ICAP Working Group meeting will include a discussion of issues related to the decision of the U.S. Court of Appeals for the D.C. Circuit regarding Order No. 745. Included in this agenda item will be a discussion of how the decision potentially applies to the NYISO markets and a presentation of potential market design concepts in the event that demand response in the capacity market is found to be non-FERC jurisdictional.
- The Transmission and Dispatching Operations Manual (M-12) which was approved at the 11/12 BIC and the 11/13 OC meetings has completed the 10-day appeal period and is now posted under the '**Manuals>Operations**' folder on the [NYISO Manuals & Guides webpage](#). Version 2.4 of the manual has replaced the prior version 2.3, while the Redline and Clean drafts of the manual have been removed from the "**Manuals>Under Review**" folder.
- The Reliability Planning Process Manual (M-26) which was approved at the 11/13 OC meeting has completed the 10-day appeal period and is now posted under the '**Manuals>Planning**' folder on the [NYISO Manuals & Guides webpage](#). Version 2.2 of the manual has replaced the prior version 2.1, while the Redline and Clean drafts of the manual have been removed from the "**Manuals>Under Review**" folder.
- On December 1, 2014, NYISO filed comments with the Environmental Protection Agency concerning the proposed Greenhouse Gas Rule (i.e., carbon capture at existing power plants). (EPA-HQ-OAR-2013-0602) A copy of the comments is posted on the NYISO website at: http://www.nyiso.com/public/webdocs/markets_operations/documents/Legal_and_Regulatory/Other_Filings/Other_Filings/20141201_IRC_Cmmnts_CLEAN_POWER_PLAN.pdf

Meeting Summaries:

Tuesday, December 2, 2014
Market Issues Working Group
Comprehensive Shortage Pricing



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Mike DeSocio of the NYISO presented a follow-up to the Comprehensive Shortage Pricing proposal that was presented at the November 12, 2014 BIC meeting. Mr. DeSocio compared the benefits of CTS with PJM and CTS with ISONE to the costs of Comprehensive Shortage Pricing proposal, highlighting that initiatives that improve market efficiency are generally implemented when available. In reference to an increase in the cost of 30 minute reserves, Mr. DeSocio produced data demonstrating the costs for 30 minute reserves is rarely above \$0.90 in the Day Ahead Market and rarely above \$0.00 in the Real-Time Market. Several charts and graphs were presented to illustrate to stakeholders the frequency of reserve shortages while also showing that these shortages occur throughout the year and are not solely coincidental with peak load periods. The NYISO will seek governance approval at the December BIC and MC meetings. The proposal remains on schedule for a second quarter 2015 implementation. To see Mr. DeSocio's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-12-02/Comprehensive%20Shortage%20Pricing%20December%20MIWG.pdf

Fuel Charges in Reference Levels

Shaun Johnson of the NYISO delivered a presentation on supplier fuel charges and their relevance to reference levels. Mr. Johnson explained that although nothing has changed in the methods that the NYISO uses in determining reference levels, the purpose of the presentation is to increase transparency of the process. The different methods used to establish a reference price were described and the calculation used to establish a cost-based reference level was detailed. A simple example was provided for clarity. Other examples were provided to illustrate gas balancing with single and multiple unit portfolios. Mr. Johnson highlighted the importance to the market of incorporating all authorized fuel charges into the reference level, as this lowers electric costs to consumers, while emphasizing that including unauthorized charges will not be permitted. Concerns and examples of potential gaming and non-competitive behavior were discussed with stakeholders. Mr. Johnson explained the information that the NYISO Market Monitoring and Analysis (MMA) may require for verification and potential sanctions in the event that unauthorized fuel charges are included in the Fuel Cost Update submission. To see Mr. Johnson's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-12-02/Fuel%20Charges%20in%20Reference%20Levels.pdf

Changes to the Reference Level Manual

Giacinto Pascazio of the NYISO presented updates to the Reference Level Manual (Manual) to improve transparency in the Reference Level Pricing process. Providing a redline version of the Manual, Mr. Pascazio highlighted the proposed language. Stakeholders provided comments and requested a future presentation reflecting the input prior to seeking governance approval of the Manual. The NYISO is reviewing meeting schedules in an effort to accommodate the request. To see the presentation and redline changes to the Manual, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2014-12-02

NYISO Quarterly State of the Market Report – 2014 Quarter Three



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Pallas LeeVanSchaick of Potomac Economics presented an overview of the State of the Market (SOM) report for the third quarter of 2014. Mr. LeeVanSchaick noted that LBMPs were considerably lower this quarter compared to the third quarter of 2013. Congestion revenues for the quarter were 64% lower than 2013 primarily due to lower gas prices in South East New York, decreased load levels and greater effectiveness of the Ramapo PAR in reducing congestion in Eastern New York. Mr. LeeVanSchaick summarized the Real-Time generation output by fuel type compared to third quarter 2013 as follows:

- Oil – Lower due to transmission upgrades on Long Island
- Natural Gas – Higher downstate and lower upstate due to increased gas price spreads
- Wind – Higher due to increased capacity, transmission upgrades
- Hydro – Higher than last year
- Nuclear – Lower due to increased outages

Due to the length of earlier presentations, Mr. LeeVanSchaick was unable to complete his entire presentation. To see the complete SOM report for the third quarter of 2013, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-12-02/NYISO%20Quarterly%20Report_2014-Q3_Final.pdf

Wednesday, December 3, 2014

Transmission Planning Advisory Subcommittee

Queue #401 -- Caithness Long Island II- SRIS Scope

The study scope was recommended to the Operating Committee

Consolidated Edison East River Gas Turbine Uprate Request

Steve Corey of the NYISO presented the notice and request from Consolidated Edison Company of New York (ConEd) concerning an output uprate of 6.9% to a nominal 184MW at 59°F for each of the East River Units 10 and 20. Mr. Corey reported that after reviewing the request the NYISO has determined the proposed changes to the equipment do not constitute a material change and therefore do not require interconnection studies from that perspective. Per the tariff, ConEd can receive a one-time CRIS increase of 2 MW and an increase in energy (ERIS) of 10MW for each unit without undergoing interconnection studies. A further increase in ERIS or CRIS would require study.

Proposed Interconnection Queue Improvement List

Sara Keegan of the NYISO noted an update to the Queue Improvement List with respect to the status of issues D-1 and D-2. The status of issue D-1 (External CRIS for Non-UDR

Transmission Expansion) was updated to indicate that it is part of the approved list of 2015 projects – specifically, as a Market Design Concept. The status of issue D-2 (Requirements applicable to External CRIS Rights) was updated to reflect that the NYISO proposed a Market Design Concept to the ICAP WG on 8/5/2014. To see the current version of the Proposed Interconnection Queue Improvement List (which is updated monthly for each TPAS), see:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_tpas/meeting_materials/2014-12-03/Queue%20Improvement%20List_12.3.2014%20TPAS.pdf



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Thursday, December 4, 2014

System Operations Advisory Subcommittee
NYISO Operations Report – November 2014

Peak Load

The peak load for the month was 22,466MW which occurred on Tuesday, November 18, 2014, HB17. Reserve requirements were as follows:

Reserve	10 Sync	Non-Sync	30 Min
Requirement	655	1,310	1,965
For Hour	1,355	3,049	5,424
DSASP Cont.	92	0	92

Major Emergencies -- None

Alert States -- On 14 occasions Alert State was declared:

- 6 – System Frequency 5 – Low, 1 – High
- 1 – ACE Greater than (+or-) 500MW
- 1 – Exceeding Central East voltage contingency limit
- 3 – Exceeding transient stability limit
- 3 – Emergency transfer declared

Alert state was declared 34 times during November of 2013

Thunder Storm Alerts – 0

Reserve Activations – 9

Emergency Actions – None

TLR3 Declared – 0

Review of Summer 2014 Generator Audits

Jon Sawyer of the NYISO presented the results of the generator audits performed by NYISO Operations for the Summer of 2014. The NYISO conducted 16 audits for 10 Minute Reserve and 15 of the 16 generators passed the audit. In the 30 Minute Reserve audits, the NYISO conducted 34 audits with 30 generators passing.

Consolidated Edison Minimum Oil Burn Winter 2014-2015 Study

Lou Maiocco of Consolidated Edison (ConEd) presented the ConEd Minimum Oil Burn (MOB) study for the winter of 2014/2015. Each year, ConEd conducts a study to verify the requirements of the applications for the upcoming winter capability period. The study incorporated two system changes:

- Completion of the Goethals 345kV ring bus
- In-city generation outages for the 2014/2015 winter season

The study showed the load points at which ConEd will activate fuel swapping capabilities. The study concluded the following:

- *Astoria Energy 2 must be online and set for automatic fuel swapping capability at Con Edison system loads above 7500 MW.*



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- *NYPA 500 on "auto swap" or an Astoria 3 or 5 unit on minimum oil burn satisfies the Astoria West load pocket requirements for a break at Astoria.*
- *An Astoria West unit on line on the Astoria West Bus or a Ravenswood unit on "minimum oil burn" meets the load pocket requirements for a break at ERRP T.*

ConEd recommended that Application Number 69 remains unchanged for the upcoming winter capability period. The SOAS recommended that the Operating Committee approve the ConEd proposal. To see the presentation by Mr. Maiocco, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_soas/meeting_materials/2014-12-04/LOG%20Study%20SOAS%20Presentation%2012-4-2014.pdf

NYISO Winter 2014-2015 Operating Study

Robert Golen of the NYISO presented the Operating Study Report results for Winter 2014/2015. The study is conducted each year to address changes to the electrical system from the prior year. Mr. Golen noted that 71MW of generation has retired or entered into mothball status since Winter 2013/2014 and 627MW has been added. Maps of New York State were displayed depicting the locations of the additions and subtractions of generation. Changes to internal and external interfaces and the resulting changes to limits were described in detail. To see the presentation by Mr. Golen, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_soas/meeting_materials/2014-12-04/Winter2014-15_OpStud_Presentation_SOAS_DRAFT_12-4-2014.pdf

To see the complete *Draft NYISO Operating Study for the Winter of 2014/2015*, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_soas/meeting_materials/2014-12-04/Winter2014-15_Operating_Study_Report_SOAS_DRAFT_December%204%202014.pdf

Proposed Increase to the MW Limit for DSASP Resources Using Direct Communications

Vijaya Ganugula of the NYISO presented the proposal to increase the MW limit for Demand Side Ancillary Service Program (DSASP) providers to establish direct telemetry with the NYISO. The original limit was established at 150MW as a safeguard to limit the amount of operating reserves that are not under Transmission Owner control during the Interim Control Operations, and to assure that NYISO Grid Operations personnel could manage voice communications in the future. There are currently 126.5MW of DSASP resources participating with direct communications with the NYISO and the NYISO has not observed any significant communication issues with the current providers. Due to interest from market participants in the program and acceptable resource performance, the NYISO is proposing to increase the limit to 200MW to allow for future increased participation. This revision to the program does not require changes to the tariff. To see Mr. Ganugula's presentation, please go to:

https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc_soas/meeting_materials/2014-12-04/DSASP%20Direct%20Communications%20Limit%20Increase_20141204%20SOAS.pdf

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Load Forecasting Task Force

Update of the 2014 Weather Normalized Peaks

Arthur Maniaci of the NYISO presented an update to the 2014 weather normalized peaks as presented to the LFTF on November 21, 2014. Values were updated with data received from the following Transmission Operators (TOs):

- Consolidated Edison
- Long Island Power Authority
- New York Power Authority
- New York State Electric and Gas
- National Grid

Mr. Maniaci reviewed the adjusted values and detailed the resulting changes in MW totals for the 2014 weather normalized peak. Mr. Maniaci noted that these values will not be finalized until the true-up meter values from the September Summer Peak are available in December. To see the current values in Mr. Maniaci's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg_lftf/meeting_materials/2014-12-04/2014%20ICAP%20WN%20MW.pdf

2015 ICAP Forecast – Review of Regional Load Growth Factors

Arthur Maniaci of the NYISO presented a review of the Regional Load Growth Factors (RLGFs) and the process the NYISO uses to evaluate them. RLGfFs are submitted by each Transmission Owner (TO) to represent the expected growth in summer peak demand. The NYISO performs a review of the RLGfFs using the following three criteria¹:

1. Historic Peak Growth
 - a. Calculate annual growth in weather normalized peaks over the past six years
2. Ratio of Peak Growth to Economic Growth
 - a. Estimate weather normalized peaks – 2004 – 2014
 - b. Regress 12 years of Annual Weather Normalized Peaks from Macroeconomic variable to determine a ratio of peak to economic growth
 - c. Calculate a confidence interval for the 2014 forecasted peak load based on standard error of the regression
3. Growth Rate of Summer Energy
 - a. Develop models for each Transmission District (TD) to estimate growth from 2014 to 2015
 - b. Use the Monte Carlo technique to model variations in growth due to economy and weather
 - c. Construct bandwidths on 2015 summer energy

¹ Details for developing the 3 criteria have been abbreviated for an overview. Please see Section 2.3.6 of the NYISO Load Forecast Manual at the link below for a more precise description of the process:
http://www.nyiso.com/public/webdocs/markets_operations/documents/Manuals_and_Guides/Manuals/Planning/load_fcst_mnl.pdf



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As long as two of the three criteria are met, the NYISO considers the RLGf acceptable for use. If two of the three criteria are not met, the NYISO Load Forecast Manual describes additional steps the NYISO can take to select the RLGf. Mr. Maniaci produced charts and data showing that for the preliminary 2015 ICAP forecast, all TO RLGfs met at least two of the three criteria. To see Mr. Maniaci's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg_lftf/meeting_materials/2014-12-04/2015%20ICAP%20-%20Criteria%20%202%203.pdf

FERC Filings

December 4, 2014

Section 205 filing, on behalf of NY Transco, of an application for acceptance of formula rate and approval of transmission rate incentives and cost allocation method

December 3, 2014

NYISO filing regarding proposed revisions to black start and system restoration service provisions

December 1, 2014

NYISO filing of a doc-less motion to intervene in the proceeding regarding Con Edison's RTEP complaint against PJM

December 1, 2014

ISO/RTO Council NOPR comments regarding the NERC-proposed Communications Reliability Standards

December 1, 2014

NYISO compliance filing to revise modifications to its OATT regarding information-sharing with intrastate natural gas pipeline companies and natural gas local distribution companies (LDCs)

December 1, 2014

NYISO filing of a request for waivers of certain newly adopted NAESB WEQ business practice standards

FERC Orders

There were no FERC Orders issued to the NYISO for this week

Link to FERC Filings and Orders:

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