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# Consumer Interest Liaison Weekly Summary

## March 24 – March 28, 2014

### **Notices:**

- *There will be a Special Management Committee meeting on April 11 to review and act on the PJM-NYISO JOA market-to-market coordination changes. This meeting will be held by teleconference at 10:00 am.*
- *Due to the Sector Meeting schedules, the April 21 BPWG has been moved to April 30, following the Management Committee Meeting.*
- *The New York Independent System Operator (NYISO) has announced U.S. Energy Information Administration (EIA) Administrator Adam Sieminski as the featured keynote speaker at the NYISO's 2014 Energy Conference, Grid Modernization & Competitive Markets. The event will take place on June 23-24 at the Grand Hyatt in New York City.*

### **Meeting Summaries:**

**Tuesday, March 25, 2014**

#### **Market Issues Working Group**

##### **Non Firm Transactions Modification Proposal**

James Pigeon of the NYISO presented a proposed modification to non-firm energy transactions. Non-firm transactions are external transactions offered into the NYISO energy market that only get scheduled if they are economical and there is no congestion on the transaction path. In 2013, there were only 56MWh of non-firm transactions that received schedules and actually flowed. The NYISO agreed with a Stakeholder suggestion to contact the Market Participants that entered these transactions to determine the reasons for their use of this functionality. With the development of CTS with PJM and ISO-NE, the NYISO has several concerns with maintaining the non-firm transaction offering, including:

- Incompatibility with the ISO-NE transaction scheduling system
- CTS implementation will require other software modifications to continue to accommodate non-firm transactions
- Several NYISO internal scheduling processes have extensive logic to deal with non-firm transactions and will require costly upgrades



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The NYISO presented two options and requested stakeholder feedback. The first option is to eliminate the non-firm transaction functionality as there is minimal use of this product. This would eliminate all going forward costs for modifications and future maintenance. The second option is to modify the existing software for compatibility with CTS, allowing for 15 minute scheduling where necessary. The NYISO will receive stakeholder comments through April 10, 2014 before moving forward with this proposal. To see Mr. Pigeon's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2014-03-25/Non-Firm%20Transactions%20-%20MIWG%2020140325.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-03-25/Non-Firm%20Transactions%20-%20MIWG%2020140325.pdf)

#### Frequency Regulation Compensation Informational Report

Ethan Avallone of the NYISO presented an update on the informational report on frequency regulation compensation required by FERC Order 755. NYISO's analysis suggests that suppliers are recovering their costs for providing Regulation Service in the regulation market rather than relying on the associated Bid Production Cost guarantee (BPCG). Mr. Avallone stated that the NYISO was considering raising the capacity to movement ratio from 10 to 14 based on the trend that was displayed in recent data. Additionally, the data indicated that it would not be more appropriate to move to a resource specific RMM compared to the uniform RMM. The uniform RMM treats each resource's bid on a more level playing field for purposes of unit commitment. Stakeholders recommended breaking down the revenue data to an hourly value rather than a daily value as the former may show a more accurate picture regarding the use of the uniform RMM. The NYISO observed that establishing reference levels for the regulation market through consultation and estimation as compared to reliance on historical bid-based reference levels has been effective and should be accepted as permanent. The NYISO is accepting comments on this report until April 15, 2014, at [eavallone@nyiso.com](mailto:eavallone@nyiso.com). Responses to stakeholder feedback will be presented at the May 6, 2014 MIWG meeting. To see Mr. Avallone's complete presentation, please see:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2014-03-25/Frequency%20Regulation%20Compensation\\_MIWG\\_Mar%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-03-25/Frequency%20Regulation%20Compensation_MIWG_Mar%20FINAL.pdf)

#### M2M Coordination: TSA (Storm Watch) Update and JOA Amendments

Dave Edelson of the NYISO presented amendments to the Joint Operating Agreement (JOA) on Market to Market (M2M) coordination in relation to Thunder Storm Alerts (TSA). NYISO & PJM are proposing new Storm Watch M2M operating requirements and M2M Ramapo PAR settlement rules that encourage effective regional management of system congestion by managing flows on common interfaces during a Storm Watch. The overall philosophy of the proposed changes is that as long as the Storm Watch operating requirements are being followed (i.e. actions which can be taken are being taken to maintain flows in southeast NY), then M2M Ramapo PAR settlements should not apply. An overview of the changes consists of:



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- Define Storm Watch
- Establish M2M operating requirements during a Storm Watch.
  - Describe operating requirements for ABC, JK and 5018 interfaces
- Define “available PAR”
- Describe exceptions
- Establish M2M Ramapo PAR settlement criteria during a Storm Watch.

Although unrelated to storm watches, the NYISO pointed out that it is critical to describe the interchange factor when one Ramapo PAR is out of service. To see Mr. Edelson’s complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2014-03-25/MIWG%20Presentation%20M2M%20-%20TSA%20Update%20and%20JOA%20Amendments%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-03-25/MIWG%20Presentation%20M2M%20-%20TSA%20Update%20and%20JOA%20Amendments%20FINAL.pdf)

#### Fuel Cost Recovery Waiver

Robert Pike of the NYISO presented a review of the market results regarding the temporary waiver request that FERC granted on January 31, 2014. The waiver permitted the NYISO to pay a BPCG to generators that actually incurred variable Incremental Energy or Minimum Generation costs in excess of the \$1000/MWh cap. FERC approved the waiver effective from January 22, 2014 through February 28, 2014. As a condition of the waiver approval, FERC directed the NYISO to submit an informational filing by March 28, 2014 that identifies the following:

1. the total amount of energy that received compensation pursuant to the terms of the instant waiver;
2. the demonstrated costs of such energy in total and on a unit cost basis; and
3. information detailing requests for compensation pursuant to the instant waiver that were rejected by NYISO and the reason for its rejection.

Giacinto Pascazio of the NYISO discussed the results of the informational filing. Some energy suppliers submitted requests for additional compensation under provisions one and two of the informational filing. However, after discussions with NYISO representatives, the requests were rescinded by these Market Participants. Some stakeholders expressed that it is important to report these initial requests to FERC. Pallas Lee VanSchaick of Potomac Economics presented the Independent Market Monitor (MMU) review of the market data during the period of severe cold weather which prompted the FERC filing and found the cold snap does not by itself provide a strong basis for raising the \$1,000 offer cap. Some stakeholders commented that the data indicated a potential need to raise the \$1,000 offer cap but Mr. Lee VanSchaick responded that in the opinion of Potomac Economics, the small number of intervals impacted during the cold snap was not a large enough to arrive at that conclusion. Responding to a February 10, 2014 NYISO request for comments, Mr. Pike provided a summary of the comments received. At this time, the NYISO staff does not have a recommendation on the request to increase the existing offer cap. The NYISO will continue to coordinate efforts with PJM and ISO-NE to further evaluate the winter market outcomes and consider whether modifications to the offer caps are



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necessary. FERC will hold a technical conference on April 1, 2014 to explore the impacts of the recent cold weather events on RTOs and ISOs. To see the complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2014-03-25/MIWG%2020140325%20Fuel%20Cost%20Recovery%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-03-25/MIWG%2020140325%20Fuel%20Cost%20Recovery%20FINAL.pdf)

### **Wednesday, March 26, 2014**

#### **Management Committee**

##### **Motion #1:**

The Management Committee (“MC”) hereby recommends that the Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission, pursuant to Section 205 of the Federal Power Act, to approve changes to the NYISO’s OATT with regard to the CTS JOA updates as more fully described in the presentation made to the MC on March 26, 2014.

**The motion passed by show of hands with an abstention**

##### **Motion #2:**

The Management Committee hereby approves and recommends that the NYISO Board of Directors authorize NYISO staff to file under Section 205 of the Federal Power Act, amendments to the NYISO’s Market Services Tariff, Section 4.2.1.9, to clarify that Demand Side Resources participating in the DADRP or DSASP may bid Demand Reduction in the NYISO’s Day-Ahead Market, above one megawatt, in tenths of a megawatt, as is more fully described in the presentation “Fractional MW Bidding for the DADRP and DSASP” made to the Management Committee on this date, March 26, 2014.

**The motion passed unanimously by show of hands**

##### **Motion #3**

The Management Committee (MC) hereby approves revisions to Section 8 of the Market Services and Control Area Tariff (“MST”) to revise its Eligibility Requirements to include a condition that all Customers must be “Appropriate Persons”, as more fully described in the presentation made to the MC at the May 29, 2013 meeting and recommends that the Board of Directors also approve them for purposes of a Section 205 filing by the NYISO.

**The motion passed unanimously by show of hands**

### **Thursday, March 27, 2014**

#### **Joint Electric System Planning Working Group/Transmission Planning Advisory Subcommittee**

##### **2014 RNA Assumptions Matrix and Timeline**

Howard Tarler of the NYISO presented the updated set of assumptions for the 2014 RNA Study. Mr. Tarler pointed out that the first three columns of the assumption matrix were the recommendations received from the New York State Reliability Committee (NYSRC).



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Responding to a stakeholder question on Gold Book data used in the matrix, Mr. Tarler commented that his presentation is outlining where the data will be derived from, and is not representing the finalized data. Stakeholders questioned how the proposal of the Danskammer facility returning to service would be represented in the study. Mr. Tarler explained that the potential Danskammer return will not be included as it does not meet the RNA Study inclusion rules. Stakeholders inquired when the discussion on modeling the future status of mothballed units in the RNA Study process would be held. The NYISO responded that the working group responsible for the discussion would address that process. When emphasized that the process was not moving forward quickly enough, Mr. Tarler committed to meeting internally with NYISO staff to develop a timeline for its introduction. Mr. Tarler detailed the remaining updates to the assumption matrix. To view the assumption matrix in both clean and redline versions, please go to:

[http://www.nyiso.com/public/committees/documents.jsp?com=bic\\_espwg&directory=2014-03-27](http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2014-03-27)

#### Draft Reliability Planning Process Manual

Howard Tarler of the NYISO presented revised language in the draft Reliability Planning Process Manual which incorporated stakeholder comments from prior draft Manual presentations. Mr. Tarler detailed the revisions and led discussions with stakeholders to fine tune specific wording in the Manual. Stakeholders suggested that the NYISO should include more tariff references in the manual language for better clarity. Mr. Tarler agreed with the suggestion and committed to incorporating references in the next draft Manual presentation. To see the draft Reliability Planning Process Manual and related material, please go to:

[http://www.nyiso.com/public/committees/documents.jsp?com=bic\\_espwg&directory=2014-03-27](http://www.nyiso.com/public/committees/documents.jsp?com=bic_espwg&directory=2014-03-27)

#### **Friday, March 28, 2014**

##### **Credit Policy Working Group**

##### TCC Holding Requirement for Monthly Sales – NYISO Response

Sheri Prevratil presented the NYISO response to a presentation brought forth by a Market Participant at the February 24, 2014 CPWG. The Market Participant presentation outlined a potential consequence in the collateral requirements as a result of the sale of one month of a longer term TCC. The Market Participant stated that the NYISO should not adjust collateral requirements for the sale of one month of a longer term TCC because after the month ends the Market Participant will continue to hold the original collateral based on the original market outcomes in the Autumn Centralized TCC Auction. There will, however, be a difference in credit coverage during the month of January, which could be an increase or decrease depending on the market outcomes in the Monthly TCC Reconfiguration Auction. Ms. Prevratil explained that there is a possibility that changing the current Tariff rules as they are applied to the sale of positively priced TCCs could allow Market Participants to engage in transactions that increase the risk and cost of defaults on unprofitable TCC



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portfolios. Ms. Prevratil noted that the final credit rules are often a compromise that are adequately protective of the NYISO and appropriate for Market Participants in the majority of situations. The NYISO recognizes that its credit requirements may not produce perfect results in every situation for every Market Participant. The NYISO maintains that its current TCC credit requirements sufficiently cover potential Market Participant exposure. Ms. Prevratil recommended that the NYISO revisit its overall TCC credit policy upon development and implementation of the Balance of Period Auctions, which would include an analysis of the impacts of removing the credit adjustment on the sale of one month of a longer term TCC.

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_spwg\\_cptf/meeting\\_materials/2014-03-28/032814%20CPWG%20-%20NYISO%20Response%20TCC%20Monthly%20Holding%20Requirement%20-%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_spwg_cptf/meeting_materials/2014-03-28/032814%20CPWG%20-%20NYISO%20Response%20TCC%20Monthly%20Holding%20Requirement%20-%20FINAL.pdf)

## **FERC Filings**

March 26, 2014

NYISO filing of motion to intervene and comments on Dunkirk's request for waiver of NYISO tariff

March 26, 2014

NYISO filing of its seventh informational report on efforts to develop rules addressing compensation to generators that are needed for reliability

March 26, 2014

NYISO filing of post-technical conference comments regarding Load Zone K

March 24, 2014

NYISO joint comments with IRC in response to the Notice of Proposed Rulemaking re: Geomagnetic Disturbance Operations

## **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](http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp)