



*Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings*

# Consumer Interest Liaison Weekly Summary

**May 26 – May 30, 2014**

## **Notices:**

- *FERC will hold a Technical Conference on 6/10/14 for the purpose of discussing policy issues related to the reliability of the Bulk-Power System. A more formal agenda will be issued at a later date.*
- *At the January 2014 Operating Committee (OC) meeting, the NYISO committed to sending a solicitation to stakeholders for alternative proposals for a methodology for setting the Locational Minimum Installed Capacity Requirements (LCRs). Stakeholders interested in proposing an alternative methodology to setting the LCRs should send it to [kdixon@nyiso.com](mailto:kdixon@nyiso.com) by June 4. Stakeholders submitting a proposal should plan to present the proposal at a joint meeting of the SOAS and ICAP Working Group meeting on June 11.*
- *The 2014 Spring Economic Conference will be held at the NPCC offices in New York City on June 12 from 11:00 AM until 2:00 PM. For those unable to attend in-person, a NYISO WebEx/teleconference option will be available. Representatives from Moody's Analytics will present the National Economic Outlook and the NY State Economic Outlook. After these presentations, the Load Forecasting Task Force will meet to discuss current and upcoming activities.*
- *Please note, due to scheduling conflicts the June 16 Black Start Task Force meeting has been moved to June 19, following the Operating 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, May 27, 2014**

**Credit Policy Working Group**

**Clarification to CTS-PJM Credit Requirements**



**Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings**

Sheri Prevratil of the NYISO presented a clarification to tariff language that addresses the credit policy regarding interactions between a CTS HAM Bid and a DAM LBMP Bid. Currently, if the HAM LBMP Bid is associated with a corresponding DAM Bid, the credit requirement calculated for the HAM LBMP Bid will be reduced by the number of scheduled MWs on the corresponding DAM Bid. The Tariff does not account for this situation if a CTS HAM Bid is associated with a DAM Bid. A clarification to the Tariff is required to prevent Market Participants from being over-collateralized in this situation. To avoid confusion, the CTS Credit Requirement has been removed and made part of the Export Credit Requirement.

This revision will proceed through the governance process in June with the anticipation of a July FERC filing. To see Ms. Prevratil's presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_spwg\\_cptf/meeting\\_materials/2014-05-27/052714%20CPWG%20-%20Clarification%20to%20CTS-PJM%20Credit%20Requirements%20-%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_spwg_cptf/meeting_materials/2014-05-27/052714%20CPWG%20-%20Clarification%20to%20CTS-PJM%20Credit%20Requirements%20-%20FINAL.pdf)

#### Credit Policy Enhancement – Projected True-Up Exposure

Sheri Prevratil of the NYISO presented a credit policy enhancement to address a potential credit exposure to the marketplace. Ms. Prevratil explained that for Market Participants that under-forecast their daily load, 4-month true-ups were approximately 50% of the initial settlement, on average, for the Power Supplier and Transmission Customer line items on the Consolidated Invoice. The NYISO is proposing a credit requirement that will require Market Participants that consistently under-forecast to post additional credit support to cover projected true-up exposure. The proposal would require Market Participants to post additional collateral if the most recent 4-month true-ups were an average credit exposure of greater than a threshold percentage. Data was supplied to provide credit exposure thresholds and corresponding amounts of exposure to the marketplace. The 4-month true-up credit exposure thresholds proposed by the NYISO range from 10% to 15% of the initial settlements with requested stakeholder input to be the determining factor. One stakeholder felt 10% was too difficult to accurately maintain as Market Participants do not receive immediate feedback on initial forecast accuracy. Others felt the 10% was appropriate considering the majority of loads stay within that bandwidth. A compromise of 12% was proposed and stakeholders requested having the January 2014 data (reflecting the high loads and prices from the extreme cold) available for review before the NYISO proceeds through the governance process. Ms. Prevratil presented the proposed threshold analysis and calculation of the proposed credit requirement. This proposal will proceed through the governance structure in June and July of 2014 with an anticipated filing with FERC in October of 2014 and implementation in the first quarter of 2015. To view Ms. Prevratil's complete presentation, please see:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_spwg\\_cptf/meeting\\_materials/2014-05-27/052714%20CPWG%20-%20Credit%20Policy%20Enhancement%20-%20Projected%20True-Up%20Exposure%20-%20FINAL.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_spwg_cptf/meeting_materials/2014-05-27/052714%20CPWG%20-%20Credit%20Policy%20Enhancement%20-%20Projected%20True-Up%20Exposure%20-%20FINAL.pdf)

**Wednesday, May 28, 2014**

**Management Committee**

*(Note: Amendments to original motions appear in red).*



*Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings*

**Motion #1:**

The Management Committee (MC) approves the April 2014 meeting minutes.

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

**Motion #2**

The Management Committee (MC) approves amendments to the NYISO's OATT Section 18 as described in the presentation entitled "TCC Markets OATT ATT L Revisions", made to the MC on this date, May 28, 2014 and recommends that the NYISO Board of Directors authorize the NYISO staff to file these under Section 205 of the Federal Power Act.

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

**Motion #3:**

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, the proposal and accompanying tariff provisions regarding the NYISO's ICAP Market Power Mitigation Measures for repowering, replacement, and increased CRIS, as presented at the MC on May 28, 2014.

**The motion failed with 32.97% affirmative votes**

**Motion #3a Motion to amend motion #3 as follows:**

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, the proposal and accompanying tariff provisions regarding the NYISO's ICAP Market Power Mitigation Measures for repowering, replacement, and increased CRIS, as presented at the MC on May 28, 2014. , **except that references to the re-use of the prime mover are removed. Instead, a requirement will be added requiring the owner of the repowered or replaced unit to certify that the former prime mover equipment will be dismantled and either sold for scrap or disposed of in a landfill or similar facility.**

**The motion failed with 52.23% affirmative votes**

**Motion #4:**

The Management Committee ("MC") hereby approves, and 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, the proposal and accompanying tariff provisions regarding the NYISO's ICAP Market Power Mitigation Measures providing for a Competitive Entry Exemption, Renewable Generator Exemption, Municipal Utilities Exemption, and revisions regarding the Offer Floor, as presented at the MC on May 28, 2014.

**The motion failed with 32.5% affirmative votes**

**Motion #4a: Motion to amend motion #4 as follows:**

The Management Committee ("MC") hereby approves, and recommends that the Board of



***Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings***

Directors authorize the NYISO to file with the Federal Energy Regulatory Commission pursuant to Section 205 of the Federal Power Act, the proposal and accompanying tariff provisions regarding the NYISO's ICAP Market Power Mitigation Measures providing for a Competitive Entry Exemption, Renewable Generator Exemption, Municipal Utilities Exemption, and revisions regarding the Offer Floor, as presented at the MC on May 28, 2014.

As part of approving the above-stated recommendation, the MC hereby also provides conceptual approval for a reliability exemption that would provide an exemption from the buyer-side mitigation rules for a new facility developed in response to a NYISO-determined or NYISO-verified bulk or local system reliability need. The MC hereby directs the NYISO to work with market participants at the Installed Capacity Working Group to develop the details and necessary tariff revisions to implement such a reliability exemption and present tariff language relating thereto for consideration by the Business Issues Committee ("BIC") by the end of 2014

**The motion failed with 37.83% affirmative votes**

**Motion #4b: Motion to amend motion #4 as follows:**

The Management Committee ("MC") hereby directs the NYISO to prepare tariff amendments implementing approves, and 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, the proposal and accompanying tariff provisions regarding the changes to the NYISO's ICAP Market Power Mitigation Measures providing for a Competitive Entry Exemption, Renewable Generator Exemption, Municipal Utilities Exemption, and revisions regarding the Offer Floor, as presented at the MC on May 28, 2014 (together, the "Proposed ICAP Changes") and the two Additional Exemptions, as defined and discussed below, and to present the full package of proposed amendments to the Business Issues Committee and Management Committee no later than December 31, 2014. For purposes of clarity, the Proposed ICAP Changes will not be sent to the NYISO Board or FERC for approval unless and until the Additional Exemptions have been fully developed and included in this package.

The additional exemptions shall include: (1) an exemption from the Buyer's Side Mitigation Rules which would allow public entities to build and/or procure generation resources up to the amount of their load serving obligations, plus the applicable required reserve margin, in order to serve that load ("Self-Supply Exemption"); and (2) an exemption from the Buyer's Side Mitigation Rules for facilities that are needed to meet reliability as determined: (i) by the NYISO in response to a bulk system reliability need; or (ii) by an Order of the New York State Public Service Commission ("Reliability Exemption"). The Self-Supply and the Reliability Exemption are collectively defined as the "Additional Exemptions."

**The motion failed with 18.6% affirmative votes**

**Thursday, May 29, 2014**

**Market Issues Working Group**



***Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings***

### 2014 State of the Market Report – Continuation

Pallas Lee VanSchaick of Potomac Economics (MMU) presented the 2014 State of the Market Report (Report). Mr. VanSchaick began the presentation on May 19, 2014 but did not have time to present the Report in its entirety due to stakeholder discussion. Mr. VanSchaick began by detailing a table illustrating the benefits of Market-to-Market (M2M) with PJM. An internal line, Lake Success (LI to NYC) was highlighted as an example of the benefits of scheduling lines to improve efficiency. MMU recommendation numbers four and five seek to improve these efficiencies. Stakeholders requested to know the status of these proposals at the NYISO. The NYISO committed to review the question and return to a future MIWG with the status. MMU recommendation number seven suggested that the NYISO modify criteria for gas turbines to set prices in the real-time market. Mr. Van Schaick explained that although the need for this modification is not as urgent as it once was, due to a lower frequency of occurrence, this is still a worthwhile improvement when limited to economic (RTC) commitment. Stakeholders expressed interest in pursuing this issue further with the NYISO in future meetings. Stakeholders questioned why Disaggregated Virtual Trading (DVT) was not listed as a recommendation by the MMU as it had been in the past. Mr. VanSchaick responded by explaining the complexity of implementation reduces the desirability of the project. Comments on the Report are welcome and can be sent to Debbie Eckels at [deckels@nyiso.com](mailto:deckels@nyiso.com). Stakeholders can have their comments posted for public view with a request to do so. To see the complete 2014 State of the Market Report please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2014-05-19/NYISO%202013%20SOM%20Report\\_2014-05-05.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-05-19/NYISO%202013%20SOM%20Report_2014-05-05.pdf)

### **Friday, May 30, 2014**

#### **Budget Priorities Working Group**

##### Management Audit Proposal

Kevin Lang of Couch White, LLP, representing New York City presented a proposal for a comprehensive management audit of the NYISO. Mr. Lang described what a comprehensive management audit typically consists of and detailed how an auditor is selected. Mr. Lang used a 2009 audit of Consolidated Edison as an example of the elements to be audited while explaining that the scope of an audit for the NYISO would be specifically tailored to NYISO functions and processes. Mr. Lang acknowledged that the NYISO undergoes several different audits throughout the year, such as FERC and NERC audits, but there is currently no audits performed examining how the company operates in relation to efficiency and cost effectiveness. Citations to recent management audits of energy companies were supplied for stakeholders to reference with associated “not to exceed” costs. Some stakeholders commented that an audit would require the dedication of NYISO resources to assist in the process and were wary that this shift of resources could hinder project development. Other stakeholders noted a concern for the cost of an audit in relation to the size of the NYISO budget. When queried on what the scope of an audit would entail, Mr. Lang explained that he has not developed a recommendation of scope at this time and is interested in receiving stakeholder input on the concept prior to further development. Mr. Lang requested that stakeholders send comments to Leigh Bullock @ [lbullock@nyiso.com](mailto:lbullock@nyiso.com) prior to the next BPWG meeting scheduled for June 27, 2014. To see Mr.



**Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings**

Lang's complete presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2014-05-30/Management%20Audit\\_KLang.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2014-05-30/Management%20Audit_KLang.pdf)

#### 2014 Budget vs. Actual Status

Cheryl Hussey of the NYISO presented an update on the 2014 NYISO budget verses actual collections through April, 2014. After completing the first quarter of 2014, the NYISO had over-collected \$3.7M. April ended with an under-collection of \$100,000 and May is currently trending to an under-collection. To see the complete NYISO presentation, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2014-05-30/Budget\\_vs\\_Actual.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2014-05-30/Budget_vs_Actual.pdf)

#### 2014 Project Schedule Milestone Update

Ryan Smith of the NYISO presented an update on the status of 2014 projects to date. All projects are on schedule with the one exception of "Ranger Optimization and Performance Enhancements (MIPS)". Robb Pike of the NYISO explained that another summer season of accumulating data is necessary to assure accuracy in the system. Stakeholders inquired about the effect of the recent Circuit Court decision in FERC Order 745 on current NYISO projects. Mr. Smith responded that the NYISO is still evaluating the effect of the decision and will inform stakeholders when the evaluation is complete. To see the complete project listing with current status please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2014-05-30/May30\\_2014Project%20Schedule%20Update.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2014-05-30/May30_2014Project%20Schedule%20Update.pdf)

#### NYISO Boundary Property Purchase

Rich Dewey of the NYISO presented details on the purchase of two properties adjacent to the NYISO. The NYISO is making these purchases with the intent of increasing physical security by providing a larger perimeter and utilizing an existing building as a shipping and receiving facility. This use would limit the traffic access to the main facility. Stakeholders commented on the necessity of the purchase and Mr. Dewey referenced recent physical damage to electrical infrastructure and a renewed emphasis on physical security by NERC. To see Mr. Dewey's presentation on the property purchase, please go to:

[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/mc\\_bpwg/meeting\\_materials/2014-05-30/May\\_2015Property%20Purchases.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/mc_bpwg/meeting_materials/2014-05-30/May_2015Property%20Purchases.pdf)

#### New Business

Under new business, Kathleen Kerrigan of ReEnergy announced that ReEnergy would be introducing an issue to the July 7, 2014 MIWG meeting. A ReEnergy generating asset, Black River, has reached an agreement to supply the Fort Drum military base with one half of its output behind the meter. The NYISO does not currently allow behind-the-meter generation to sell energy and capacity into the NYISO markets above the total of the host load. Ms. Kerrigan will be bringing the issue to the MIWG to propose a solution which will allow them to sell energy and capacity into the NYISO markets.



*Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings*

## **FERC Filings**

The NYISO submitted no FERC filings this week.

## **FERC Orders**

May 27, 2014

FERC letter order accepting NYISO compliance filing to state that the ICAP demand curves for the new G-J Locality will be in full effect for the 2014-2015 capability year with no phase-in period

May 27, 2014

FERC letter order denying and granting in part rehearing of the August 13, 2013 Order establishing a new capacity zone and directing NYIOS to submit a compliance filing to revise the rebuttable presumption of its pivotal supplier threshold for a new capacity zone

### **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)