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NYISO Consumer Interest Liaison Weekly Summary

October 6 – October 10, 2014

Notices:

- *As a reminder, the next MC Board Liaison meeting will be held on October 21 at Hunton and Williams, 200 Park Ave, NYC NY. An agenda will be distributed and posted on October 14.*
- *You are cordially invited to attend this year's NYISO Fall Economic Conference on October 21 from 1:00 pm to 3:00 pm at the NYISO Krey Corporate Center, Rensselaer NY. Following the conference, there will be a tour of the NYISO's new Control Center. Marisa Di Natale of Moody's Analytics will begin the conference at 1:00 pm with the outlook for the US, which will run approximately one hour. After a short break, Marisa will present Moody's outlook for New York State. The presentation materials will be distributed a few days in advance of the meeting.*

Meeting Summaries:

Tuesday, October 7, 2014

Joint Installed Capacity /Market Issues Working Group

Proposed ICAP Manual Changes

Zachary T. Smith of the NYISO presented updated revisions to the ICAP Manual. At a prior ICAP/MIWG presentation on September 19, 2014, the NYISO had introduced ICAP Manual updates resulting from the Outage States tariff proposal and other general ICAP Manual updates. At that meeting, the stakeholders indicated a desire to separate the Outage States tariff proposal changes from the other changes. The Outage States tariff revisions will be reflected in a future update. Mr. Smith led a brief review of the changes that would be addressed at this time, including updates to DMNC Procedures, Allocation of Import Rights and general ministerial changes. To see Mr. Smith's complete presentation, please go to:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_icapwg&directory=2014-10-07

Comprehensive Shortage Pricing

Ethan Avallone of the NYISO presented the updated proposal for Comprehensive Shortage Pricing. Mr. Avallone presented two approaches the NYISO considered for limiting the amount of reserves on Long Island that can contribute to NYCA, EAST and SENY reserve requirements:



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- *New Constraint Option - (i) Maintain the nesting of LI reserves with NYCA, EAST and SENY reserve regions, and (ii) model a new type of constraint in the optimization that would cap the amount of reserves on LI that can contribute to NYCA, EAST and SENY*
- *Remove LI from Nesting Option – (i) Remove the LI reserve region from being nested with NYCA, EAST and SENY, (ii) continue to procure 30 minute reserves on LI as is done today, and (iii) reduce the NYCA and SENY 30 minute reserve requirements by a typical amount (200MW) considered always deliverable*

Mr. Avallone explained that the NYISO is proposing to advance the “Remove LI from Nesting Option” due to anticipated time constraints that may occur from implementing the “New Constraint Option.” A representation of the “Remove LI from Nesting Option” was displayed to illustrate how the reserve regions would be structured under this proposal. In response to several questions, the NYISO will return to a future MIWG meeting with further information. To see Mr. Avallone’s presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-07/Comprehensive%20Shortage%20Pricing%20October%20MIWG%20FINAL.pdf

Fuel Assurance Initiative: Background

Dr. Nicole Bouchez presented the background information leading to the NYISO Fuel Assurance Initiative. The presentation was designed to inform stakeholders of the issues that have led the market to consider possible changes to the Installed Capacity (ICAP) Market. Dr. Bouchez displayed data reflecting the national trend of increasing reliance on natural gas for energy production. Data from the winter of 2013/2014 was introduced to demonstrate the issues resulting from the extreme cold during this period, particularly the high cost of natural gas and cold weather operating issues. Oil inventory monitoring and management became a critical function as January, 2014 progressed. Dr. Bouchez explained that the Fuel Assurance Initiative recognizes that the NYISO needs mechanisms that provide incentives for generation to be available to reliably meet the real-time needs of the NYCA, especially on days when there is a high risk of a reduction in real-time resource availability due to factors including high demand from neighboring areas and fuel supply uncertainty. This initiative will incorporate multiple components of the NYISO markets and will be phased in over the next several years. The NYISO welcomes all comments as this discussion proceeds. Comments can be sent to deckles@nyiso.com. To see Dr. Bouchez’s presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-07/ICAP%20WG%20Fuel%20Assurance%20Initiative%20Presentation.pdf

Regulation Movement Shortage Pricing

Ethan Avallone of the NYISO presented a possible approach to introduce shortage pricing to Regulation Movement. Currently, Regulation Movement is not considered in the Comprehensive Shortage Pricing proposal and the NYISO is seeking stakeholder feedback on whether or not it should be addressed. The proposal would consider setting Regulation Capacity and Regulation Movement shortage prices proportionately. Stakeholder feedback is requested by October 17, 2014 prior to the NYISO presenting further details at a future MIWG meeting. To



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see the NYISO proposal, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-07/Regulation%20Movement%20Shortage%20Pricing%20October%20MIWG%20FINAL.pdf

Uniform Regulation Movement Multiplier (RMM) Update

Ethan Avallone of the NYISO presented the update on the FERC commitment to determine with stakeholders whether it is necessary to revise the uniform RMM and, if so, to pursue this revision. The uniform RMM is based on the average ratio of movement to Regulation Capacity and is currently set at 10. The NYISO provided additional data on the uniform RMM adjustment, and through that process stakeholders indicated that the current data appeared to be sufficient to allow the NYISO to pursue the necessary tariff change to revise the uniform RMM. The NYISO committed to return to the MIWG with updated tariff language prior to proceeding through the governance process. To see Mr. Avallone's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-07/Uniform%20Regulation%20Movement%20Multiplier%20Update%20October%20MIWG%20FINAL.pdf

New Business

In response to a stakeholder question at TPAS, Gloria Kavanah of the NYISO stated that the assumptions matrix for the Class Year 2012 buyer-side mitigation exemption test is not ready for posting at this time.

Friday, October 10, 2014

Electric System Planning Working Group

NYSEG Local Transmission Plan Update

Chris Diebold of New York State Electric and Gas (NYSEG) presented an update to the NYSEG Local Transmission Plan. The update is a reconfiguration of the Oakdale Substation. The reconfiguration will consist of:

- Convert existing ring-bus to breaker-and-half configuration
- Add a third 345kV transformer for redundancy

The new configuration will eliminate an N-1-1 reliability issue and will be in service prior to May 1, 2018. A map was provided to illustrate the location of the Oakdale Substation. To see the complete NYSEG presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2014-10-10/NYSEG%20LTP%20Update.pdf

2014 CRP Assumptions Matrix

Yachi Lin of the NYISO presented the 2014 Comprehensive Reliability Plan (CRP) assumption updates. Assumptions that are consistent with the 2014 Reliability Needs Assessment (RNA) are:

- Ten year load forecast



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- External area representation
- Topology
- Environmental initiatives
- NYCA capacity models (with updates listed in this presentation)
- NYCA network model (with Local Transmission Plan (LTP) updates)

Ms. Lin listed several updates to the NYCA capacity model and the reasons they are now included in the assumption matrix. The NYCA network model for the CRP will incorporate the LTP updates that have been received by October 1, 2014. To see Ms. Lin's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2014-10-10/2014%20CRP%20Assumption%20Matrix.pdf

FERC Filings

October 8, 2014

NYISO compliance filing to notify FERC of effective date for CTS Credit Requirement tariff revisions filing

October 8, 2014

NYISO compliance filing to notify FERC of effective date for CTS tariff revisions

October 8, 2014

NYISO compliance filing to provide a two-week advance notice of the implementation/effective date for certain CTS-related tariff revisions

October 7, 2014

NYISO resubmission of unexecuted minimum oil burn agreement to defer FERC action for an additional 60 days

FERC Orders

October 8, 2014

FERC letter order accepting tariff amendments to reflect to elimination of Non-Firm Point-to-Point Transmission Service for external transactions as well as to remove a provision regarding Real-Time Bid Production Cost Guarantee payments to conform to an earlier Commission order, Effective October 9, 2014

October 6, 2014

FERC deficiency letter requesting additional information regarding the SGIA compliance revisions filed in response to Order No. 792

Link to FERC Filings and Orders:

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