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NYISO Consumer Interest Liaison Weekly Summary

October 27 – October 31, 2014

Notices:

- *The NYISO is planning to activate Mixed Integer Programming (MIP) optimization during the real time market day of 12/2/2014 and for the day ahead market day of 12/4/2014. This will replace the current NYISO Lagrangian Relaxation (LR) optimization method used by the SCUC and RTS market applications. A MIWG presentation will be given 11/19/2014 on the NYISO's internal testing of MIP. Background information on MIP may be found in the following presentation delivered to [Market Issues Working Group on September 6, 2014](#).*
- *The Demand Response Information System User's Guide (UG-11) has been updated and is now available on the [NYISO Manuals & Guides](#) webpage under the 'User Guides' folder. The guide has been updated to include reporting of a Change of Status after the close of enrollment, viewing both Resource and Market Participant level shortfall details, as well as additional search criteria functionality. Please consult the Revision History section within the User Guide for any additional detail regarding the changes.*
- *The Redline and Clean versions of the Transmission and Dispatching Operations Manual (M-12) have been posted to the [NYISO Manuals & Guides webpage](#) under the 'Manuals>Under Review' folder. All proposed changes were discussed in the 10/8/SOAS and 10/14/14 MIWG meeting and will be further reviewed at the 11/30/14 MIWG in anticipation of the upcoming 11/12/14 BIC and 11/13/14 OC meetings.*

Meeting Summaries:

Monday, October 27, 2014

Installed Capacity Working Group

Fuel Assurance Initiative: Fuel and Performance Incentives

Dr. Nicole Bouchez of the NYISO presented a proposal to provide incentives for generation to be available to reliably meet the real-time needs of the NYCA, especially on Critical Operating Days. This performance incentive is just one aspect of the Fuel Assurance Initiative moving forward and the objective is to provide more incentive for units scheduled in the DAM or via timely SRE to be available on critical operating days. Dr. Bouchez explained how the performance incentive would be structured and that it would be a zero sum program and there would be no additional direct costs to loads. Penalties from under-performers funding payments



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to over-performers. The concept of developing like season unit baselines for the performance comparison was detailed. The NYISO committed to returning to a future ICAPWG with several examples to illustrate the performance incentive calculation, stakeholders are encouraged to provide scenarios they would like to see as examples. Dr. Bouchez introduced the concept of Critical Operating Days and explained the conditions under which they would be enacted. The next step for this proposal will be to evaluate stakeholder feedback and return to the ICAPWG with additional details and examples for clarification. The NYISO is encouraging comments and desired scenarios which can be sent to deckles@nyiso.com. To see the NYISO proposal please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-27/ICAP%20WG%20FA%20Initiative%20Presentation.pdf

External CRIS Rights Offer Cap Update

Joshua Boles of the NYISO presented background to the External CRIS Rights (ECR) offer cap and initiated a discussion on the process of setting the ECR offer cap. ECRs represent a right to supply external capacity via certified bilaterals (contract commitment) and/or Auction offers in return for a must-offer requirement. If it is a non-contract commitment, the offer into an auction is subject to an offer cap. Mr. Boles detailed the process for setting the offer cap price using the calculation defined in the NYISO ICAP Manual. The NYISO has interpreted the tariff to include all capacity that could be sold when initially calculating an offer cap. Some stakeholders opined that imported Capacity that is not assigned to an external generator should not be included as it artificially suppresses the internal price calculation. Stakeholders also suggested that the auction pricing used in the external component of the calculation does not utilize the correct auction (PJM and ISONE) when deriving an opportunity cost but ultimately acknowledged that this is what was intended. Feedback was noted for further consideration and comments after the meeting can be sent to deckles@nyiso.com. To see Mr. Boles' presentation, please go to: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2014-10-27/ECR%20Offer%20Cap%2010-27-2014_Final.pdf

Wednesday, October 29, 2014

Management Committee

Motion #1

Motion to approve the September 30, 2014 draft Management Committee meeting minutes

The motion passed unanimously by show of hands

Motion #2:

The Management Committee hereby recommends that the Board of Directors approve the proposed Rate Schedule #1 Revenue Requirement for the 2015 budget year as described in the presentation materials for the October 29, 2014 Management Committee meeting, subject to the following provisions:

Revenue Requirement – The Revenue Requirement is \$160.9 million.

Rate Schedule #1 – The budgeted Rate Schedule #1 is \$0.971/MWh.



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Spending Under-runs – If a spending under-run occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.
Volume Over-collections – If an over-collection on Rate Schedule #1 occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.

The motion passed by show of hands with abstentions

Motion #3:

Whereas, the Management Committee (MC) approved revisions to Attachment K of the Market Services and Control Area Tariff (“MST”) to include a Projected True-Up Exposure credit requirement, as described in the presentation entitled “Credit Policy Enhancement – Projected True-Up Exposure”, at the July 30, 2014 MC meeting. Whereas, subsequent to the July 30, 2014 MC meeting, the NYISO determined a need for a clarification to the MST language. Therefore, the MC recommends that the Board of Directors authorize the NYISO staff to file these incremental changes as described in the presentation entitled “Credit Policy Enhancement – Projected True-Up Exposure – Clarification” at the October 29, 2014 MC meeting under Section 205 of the Federal Power Act.

The motion passed by show of hands with an abstention

***Andy Antinori was elected 2015 Management Committee Vice Chair**

Thursday, October 30, 2014

Joint Market Issues/Installed Capacity Working Group

Ancillary Services Manual Recertification

Brad Garrison of the NYISO presented the recertification of the Ancillary Services Manual (Manual) including updates to the Manual for Voltage Service Support (VSS) and the Demand Side Ancillary Service Program (DSASP). Stakeholders questioned the timing of the Manual updates as the VSS and DSASP program changes have not yet been approved by FERC. Stakeholders opined that it would be prudent to approve the changes to the Manual after the program updates have FERC approval. The NYISO is considering stakeholder comments and will bring the Manual to the MIWG at the appropriate time.

Transmission and Dispatching Operations Manual Updates – CTS

Chris Brown of the NYISO presented updates to the Transmission and Dispatching Operations (T&D Ops) Manual to accompany the implementation of Coordinated Transaction Scheduling (CTS). The updates incorporate stakeholder feedback received at and after the October 14, 2014 presentation of T&D Ops Manual revisions. Mr. Brown detailed the incremental changes since the October 14, 2014 presentation and provided highlighted materials to illustrate the changes. The NYISO will bring the T&D Ops Manual to the November 12, 2014 BIC and the November 13, 2014 OC for governance approval. To see Mr. Brown’s presentation, please see:

http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg&directory=2014-10-30

Uniform Regulation Movement Multiplier Update



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Ethan Avallone of the NYISO presented the results of a review to determine whether it is necessary to update the uniform Regulation Movement Multiplier (RMM). Following an informational report filed with the FERC on August 26, 2014 the NYISO committed to begin a review with stakeholders of a revised RMM and present further data to stakeholders. The NYISO has observed an increase in the ratio since the introduction of Regulation Service market changes on June 26, 2013. The uniform RMM is currently set to 10. The NYISO is recommending updating the uniform RMM to 13. Tariff language was displayed reflecting the change from ten (10) to thirteen (13). The NYISO will seek governance approval at the November BIC/MC meetings. The change will be implemented no later than the second quarter of 2015. To see Mr. Avallone's presentation, please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-10-30/Uniform%20Regulation%20Movement%20Multiplier%20Update%20October%2030%20MIWG%20FINAL.pdf

Capacity Zone Elimination

Mariann Wilczek of the NYISO initiated a discussion on whether there is a need to develop a mechanism to eliminate Capacity Zones. The NYISO requested stakeholder feedback to help determine whether or not there is a need to develop a mechanism for eliminating a Capacity Zone. Several stakeholders opined that the study must be centered on a process to eliminate Capacity Zones as opposed to a project to eliminate a specific Capacity Zone. Some stakeholders suggested that the NYISO should include in its next presentation the processes established by PJM and ISONE for background as they currently have established processes for Capacity Zone elimination. However, other stakeholders indicated that those other RTO processes for eliminating zones were under a different, dynamic construct. Several stakeholders commented that a discussion on a process to eliminate a Capacity Zone should not be conducted without including pre-defining of Capacity Zones in the discussion. The NYISO recorded comments for consideration and is requesting that additional comments be sent to deckles@nyiso.com. To see the presentation by Ms. Wilczek please go to:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-10-30/Capacity_%20Zone_%20Elimination_Final_103014.pdf

Comprehensive Shortage Pricing

Ethan Avallone of the NYISO reviewed the proposal to implement Comprehensive Shortage Pricing. Mr. Avallone listed its benefits including:

- Improving the reflection of operator actions and system conditions in the Day-Ahead and Real Time markets
- Increasing performance incentive strength and efficiency
- Maintaining pricing consistency with neighboring ISOs/RTOs

Mr. Avallone presented the reasons for limiting reserve contribution from Long Island and explained the process the NYISO used to determine pricing levels for shortages. In response to stakeholder requests, the NYISO will schedule a conference call to discuss the proposal prior to



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seeking governance approval in November. To see Mr. Avallone's presentation, please go to: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-10-30/Comprehensive%20Shortage%20Pricing%20October%2030%20MIWG%20FINAL.pdf

Comprehensive Shortage Pricing Consumer Impact Analysis

Tariq Niazi of the NYISO presented the consumer impact analysis for the Comprehensive Shortage Pricing proposal. Following a brief review of the proposal, Mr. Niazi explained the methods used to determine the impact of Comprehensive Shortage Pricing on consumers. The additional costs were calculated and added to LBMP prices for all intervals for the year. Through this calculation the overall energy cost increase to consumers was captured as well as the additional revenue that would be used to calculate reference prices in the future ICAP Demand Curve process. Mr. Niazi demonstrated the amount of time a Demand Curve proxy unit would be required to operate to increase energy revenues resulting in an equivalent reduction in Capacity costs. Mr. Niazi detailed the benefits of the increase to reliability and system efficiency as a result of implementing the proposal. Another benefit of the proposal is the potential to raise Capacity supplier availability levels. An increase in availability would lower the required Installed Reserve Margin and lower overall Capacity costs. The Comprehensive Shortage Pricing proposal also aids in transparency as it allows suppliers to recover more revenue by competing in the Energy Market therefore reducing the "missing money" covered by the Capacity Market. Stakeholders requested information on an additional time period as 2013 represented a severe weather year and was not a good indicator of average pricing. The NYISO agreed to computing the revenues for an additional time period and posting the results with the original meeting materials as an appendix. To see Mr. Niazi's presentation, please go to: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2014-10-30/CIA%20Comprehensive%20Shortage%20Pricing.pdf

FERC Filings

October 23, 2014

NYISO filing of an answer to the NFG Distribution Protest and the NYPSC Comments that were filed in response to the NYISO's September 17, 2014 filing proposing OATT revisions to permit voluntary sharing of certain non-public operational information with natural gas pipelines and local distribution companies.

October 22, 2014

NYISO filing of a motion to intervene and comment in the FirstEnergy v PJM proceeding regarding demand response

October 21, 2014

NYISO filing of a response to a deficiency letter with a re-filing of the OATT SGIA and SGIP revisions from its Order No. 792 compliance filing



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October 20, 2014

NYISO filing of an answer to protest of LS Power or September 15, 2014, joint compliance filing filed by NYISO and New York TOs regarding Order No. 1000 regional planning proceeding.

October 20, 2014

NYISO filing of a request for rehearing of the Order No. 676-H compliance deadline for PKI standards in WEQ-012

October 20, 2014

NYISO filing of an uncontested offer of settlement regarding Rule I-R3, by NYISO, TC Ravenswood, Con Edison, City of NY, NYPA and the NYSPC

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