



*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*

# End Use Summary

---

## July 27– August 3, 2012

### Items of Interest

- The Federal Energy Regulatory Commission (FERC) has scheduled a series of regional technical conferences to discuss Coordination between Natural Gas and Electricity Markets. The Mid-Atlantic regional meeting, which will include discussions focused on New York issues, is scheduled for August 30th.

See link to the FERC website for more information.

<http://www.ferc.gov/EventCalendar/EventDetails.aspx?ID=6416&CalType=%20&CalendarID=116&Date=&View=Listview>

- The NYISO Market Training Department is offering a one day MT-101 Market Overview Course on September 11, 2012, from 8:30 AM to 4:30 PM at the NYISO at 10 Krey Boulevard Rensselaer, NY 12144.

This one-day course is an introduction to the NYISO markets and their functions.

It is designed for beginners and intended to provide participants a basic understanding of the following topics: Governance, Power System Operation, Locational Based Marginal Pricing, Energy Market Place, Transaction, Ancillary Services, Capacity Market, and Demand Response.

The course is recommended for those with less than one year industry experience or those new to the NYISO Markets.

The course information is posted on the NYISO.com Market Training web site. To register for the course, complete the



*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*

registration process at

[http://www.nyiso.com/public/markets\\_operations/services/market\\_training/course\\_catalog/index.jsp](http://www.nyiso.com/public/markets_operations/services/market_training/course_catalog/index.jsp)

## **Meeting Summaries:**

### **Monday, July 30, 2012**

#### **Price Responsive Load Working Group**

##### Open Forum to Discuss Future Topics

Stakeholders led the discussion regarding the current projects and possible additions to the list of proposed projects planned to be prioritized and ultimately budgeted as the 2013 approved Project list.

The NYISO stated in response to the Demand Response project questions posed at the July BPWG meeting that a presentation is planned for the July 31 ICAP/PRLWG meeting to discuss the prioritization process and how it is related to the 2013 project candidates.

### **Tuesday, July 31, 2012**

#### **Joint Price Responsive Load and Installed Capacity Working Group Meeting**

##### Prioritization of SCR Issues and Related 2013 Preliminary Project Candidates

The NYISO stated that this presentation is to tie the outstanding SCR issues to the 2013 Project list. The NYISO reviewed the scoring process used to prioritize the projects during the project selection process. The NYISO stated the scores are a starting point used to discuss the priority of a project with stakeholders. This discussion typically occurs with stakeholders during the Budget and Priorities working group meetings where prioritization discussions are currently taking place.



***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***

The NYISO reviewed the 2013 preliminary project candidates that are related to Special Case Resource program. The NYISO provided an overview of the items to be covered in the Provisional ACL project candidate.

The NYISO reviewed the description of the Local Generator project candidate. Questions were raised from stakeholders' regarding information on behind the fence generation participants. The NYISO stated that it publishes annually via a report filed with FERC the Demand Response statistics on all participants which includes whatever behind the fence generation information it has. The NYISO also added that there is limited guidance from FERC on the requirements that should be reported by behind the fence generation participants. In addition, the NYISO is awaiting a decision from FERC regarding the Technical Bulletin 217 filing made by Market participants.

The NYISO provided an overview of the Six-Hour Performance and Weather Adjustment for ACL project candidates.

The NYISO provided an overview of the SCR baseline study project candidate. The NYISO stated that more discussion is required to obtain additional detail on the scope of the work. The NYISO agreed to come back to an upcoming ICAPWG meeting to discuss next steps in defining the requirements of the study. The NYISO agreed to the stakeholder request to consider the concept of implementing a tiered structure of SCR resource types especially in the six hour SCR response project.

#### Preliminary Evaluation of the NYISO Capacity Market

Scott Harvey, a representative for FTI Consulting, presented the preliminary results of the study of the New York Capacity Market. The main elements of the presentation were FTI's

- Evaluation of selected elements of the current NY ISO capacity market design

- Review the impact of differences in capacity market design across New York, ISO-New England, and PJM on portability

- Evaluation of the desirability of implementing a forward capacity market in NY.

Scott Harvey discussed the preliminary results of the selected features of the current NYISO Capacity market. He stated that the utilization of the cost of new entry (CONE) value to anchor the Demand Curves can be a misleading



***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***

economic indicator because it is not based on actual market assessments, nor does it include the heterogeneous nature of the different capacity resources operating in New York. Therefore, the value of CONE can be either higher or lower than the actual cost of entry for new generation. Mr. Harvey also stated that the CONE value is a proxy to the actual cost of generation and should not be frequently adjusted, unless the cost environment shifts drastically. For example, it might be worthwhile to evaluate CONE if a dramatic increase in gas prices occurred; then the CONE value should be changed to reflect the present environment.

The second feature reviewed was the adjustment of net energy revenues in the Demand Curve reset. Mr. Harvey reported that based on the analysis it was difficult to assess the accuracy of the methodologies used to project net energy revenues in recent years because of the current financial crisis. The financial crisis basically resulted in a decrease in electrical demand and capital costs. During an energy glut there is potential to overstate the demand curve which will make the slope of the curve steeper. Mr. Harvey agreed to return to an upcoming meeting with concrete suggestions on how to improve the methodology.

With regard to the Demand Curve, he stated that all three of the Demand Curves are too flat relative to the target to respond to shortfalls in capacity. However, Mr. Harvey stated this becomes negligible through the RNA process used by the NYISO.

Mr. Harvey stated that based on FTI's evaluation of a forward capacity market for New York, it would not reduce the uncertainty of capacity resources' staying in business costs. FTI identified benefits but there were associated risks.

FTI identified that the introduction of a new capacity zone in the New York markets would support reliability by avoiding the reduction of capacity in the lower Hudson Valley region. New Capacity zone also supports a more efficient economic capacity market by reducing the likelihood of inefficient substitution of high cost Zone J capacity for lower cost Hudson Valley capacity.

Mr. Harvey stated FTI's final report will follow the final presentation of the analysis.



*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*

#### Demand Curve Reset Consultant Final Draft RFP

The NYISO presented the final draft of the request for proposals for a Demand Curve reset consultant.

### **Thursday, August 2, 2012**

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

##### DayAhead Demand Response Tariff Revisions

The NYISO presented the tariff amendments it intends to present to the BIC and MC regarding recovery of the costs of its DADRP program. It included a settlement overview of how the tariff currently settles a demand reduction provider, and the Load Serving Entity (LSE), who serves the demand reduction provider. The NYISO agreed to present numerical examples to review the settlement process. The NYISO also agreed to report back on the settlement calculation for a scenario when a DAM schedule does not exist for the LSE, who serves the load for the demand reduction provider.

The next step is to bring a presentation with numerical examples to the August MIWG meeting.

##### Automation of ROS DAM BPCG Mitigation Process

The NYISO reported statistics on how often the manual mitigation determination process occurs in response to the action item agreed upon at the May 15 MIWG meeting. As a result of the review it was determined that this is a software change only and does not require any Tariff changes as originally proposed.

##### Minimum Oil Burn Tariff Revisions – Follow Up

The NYISO provided a verbal update regarding the expansion of eligibility in the minimum oil burn program for units using auto-swap equipment. The NYISO agreed to bring Tariff language to review with stakeholders at next MIWG meeting. The section of the Tariff to be modified is 4.19.2 of the Market Services Tariff.

##### Ancillary Services Manual 755 Frequency Regulation

The NYISO reviewed the manual changes to the Ancillary Services Manual.

## **FERC Filings**



***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***

July 27, 2012 – NYISO filing on behalf of NYPA of an amendment to the NYPA annual transmission revenue requirement in the NYISO Services Tariff. Docket No. ER12.

July 27, 2012 – NYISO filing of a motion to intervene and clarifying comments regarding DRP request for waiver. Docket No.ER12-2212-000.

July 30, 2012 – IRC Comments supporting this incorporation in FERC regulations of the NAESB DR/EE Standards. Docket No.RM05-5-02

July 30, 2012 – NYISO Corrected Joint Statement of Issues and Motion for leave concerning MISO/ITC PARs Issue. Docket No.ER11-1844-000.

July 31, 2012 – NYISO filing of its Twelfth Price Validation informational Semi Annual report. Docket No.ER06-1014-000.

## **FERC Orders**

July 25, 2012 – FERC letter order accepting an amended and restated large generator interconnection agreement among NIYSO, NYDPS and Marble River. *Docket No. ER12-2098-000*