

Update on Demand Response Backstop Design

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**Joint Market Issues, Installed Capacity and Price-
Responsive Load Working Groups**

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NYISO, Rensselaer, NY

Agenda

- ◆ Update on Legal Proceedings
- ◆ NYISO's Plans and Timing
- ◆ NYISO's Development of a Backstop Model
- ◆ Approach
- ◆ Next Steps

Update on Legal Proceedings

- ◆ **Appeal of *EPSA v. FERC*:**
 - *The Solicitor General filed a Petition for a Writ of Certiorari with the Supreme Court on January 15; EnerNOC filed a separate Petition on the same day*
 - *Respondents (EPSA, et al.) have until March 19, 2015 to submit a response (called a Brief in Opposition)*
 - *After any responses are filed, the Petitioners have the opportunity to submit a Reply Brief (typically within 10 days)*
- ◆ **PJM DR Tariff Filing (Docket No. ER15-852)**
 - *Comments were due in the proceeding on February 13*
 - *Many sets of comments, but some general themes:*
 - **PJM's filing was premature; there is too much legal uncertainty to proceed at this time**
 - **More stakeholder process is needed to develop the backstop**
 - **Comments both in favor of market design and opposed, with suggested alternatives (e.g., using PJM's Price Responsive Demand tariff language)**
 - **Other issues specific to PJM's backstop proposal**

NYISO's Plans and Timing

- ◆ **NYISO is obligated to administer its existing tariffs, including demand response, until there is further direction by FERC**
- ◆ **NYISO recognizes the need to be prepared in the event that its demand response programs are no longer subject to FERC jurisdiction in order to minimize the market and reliability impact**
 - *NYISO intends to develop a backstop model in the stakeholder process, with focus on the Special Case Resources program*
 - *The goal of the plan would be to allow the NYISO to quickly address guidance from FERC while maintaining the benefit of demand response in New York*
- ◆ **NYISO does not intend to make a filing at FERC until it receives guidance from FERC**

NYISO's Development of a Backstop Model

- ◆ The NYISO presented two models at the December 12, 2014 Joint ICAP and Price-Responsive Load Working Group Meeting
 - *Model 1 – LSE receives a credit to its capacity requirement for demand side resources from the LSE's own load customers*
 - *Model 2 – LSE receives a credit to its capacity requirement for any demand side resources in its Zone, with a maximum credit limited to the LSE's capacity requirement*
- ◆ Based on further review and stakeholder feedback, the NYISO is developing a backstop that reflects Model 2
- ◆ Objective of the backstop is to be able to implement any required changes quickly

Related NYPSC Developments

- ◆ **Transmission Owners (TOs) were directed by PSC to develop retail tariffs to compensate demand response participants that reduce wholesale load**
- ◆ **NYISO provided input to NYS DPS staff and TOs to support the development of the retail tariffs**

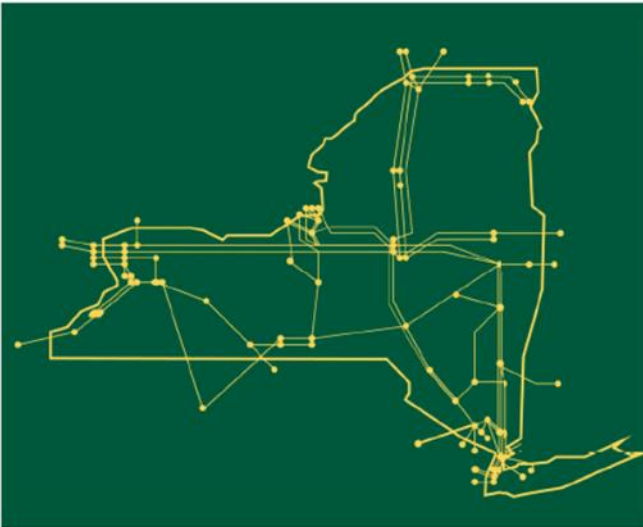
Approach to Evaluation of Changes Required to Implement “Model 2”

- ◆ Review processes for changes
 - *SCR processes*
 - *Capacity auction processes*
 - *Capability Period Close-out processes*
- ◆ First focus on processes that lead up to and include the Spot auction, then work through post-auction functions and Capability Period close-out operations
- ◆ Document process changes to sufficient level of detail to allow implementation team to provide estimates and draft tariff language to be developed
- ◆ Begin tracking of transition requirements
- ◆ Evaluate impacts of a mid-Capability Period implementation

Next Steps

- ◆ **Continue to identify potential tariff changes and develop estimate software changes required to implement the backstop**
- ◆ **Presentation of backstop model in greater detail in March**

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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