



Buyer-side Mitigation Examination of New Special Case Resources in NYC: Update on Methodology and Administration

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Agenda

- **Background**
- **Process Overview**
- **Clarification of Data Requirements**
- **Administration**
- **Questions**

Background

- ***On March 19, 2015 FERC issued an Order (150 FERC FERC ¶ 61,208) on rehearing and clarification, and the NYISO's 2012 compliance filing, regarding an input in the NYISO's Tariff rule for Buyer-side Mitigation evaluation for new SCRs enrolled in NYC***
 - *It required the NYISO to modify the test to no longer exclude certain payments and benefits in its BSM determination (the "Benefit Exclusion Rule")*
 - *the further tariff revisions filed by the NYISO on compliance with the March 2015 Order only apply to new SCRs in NYC*
- **Prior stakeholder meetings:**
 - *March 30, April 30, and May 28 2015*
 - *The NYISO has described and provided examples of its evaluation of new SCRs in Mitigated Capacity Zones when they are first enrolled (presently, NYC and the G-J Locality) as described in MST Att. H, Section 23.4.5.7.5*
- **The NYISO has reviewed its evaluation process and the methodology used in its SCR BSM evaluation of new SCRs in NYC and has identified a potential need for clarification which we will discuss today**

SCR BSM Evaluation Process Overview

RIPs are required to submit the following information for each new enrollment in NYC:

- *contract terms for each resource for evaluation (e.g., “minimum monthly payment”),*
- *the value of all other benefits or payments from a third-party for providing Installed Capacity*

NYISO calculates :

- *Offer Floor* Revenue: 12 months of contract payments including any subsidy/rebate/incentive payment(s) (\$/kW-month)*
- *Forecasted ICAP Market Revenue for next 12 months (\$/kW-year)*

** Note: “Offer Floor” in the SCR paragraph of the BSM Rules is used in two different manners. Here is it used as a component of the calculation.*

Exempt from BSM, *i.e.*, not subject to Offer Floor **

NO

Offer Floor Revenue > Forecasted ICAP Market Revenue

YES

Not Exempt from BSM, *i.e.*, subject to Offer Floor**

**** Note: Here “Offer Floor” is used as the “at or above” price for mitigated offers.**

Data Requirements

- ***Some utilities and state instrumentalities offer incentives towards capital expenditures to help facilitate participation in the demand response program(s)***
 - ***For example, capital expenditures for energy management and building automation systems, to reduce demand or alter usage patterns***
- ***The NYISO excludes all payments and benefits from certain identified State approved programs for new SCRs in Load Zones G, H, and I (i.e., the G-J Locality, except resources in NYC (Zone J)), which are subject to the March 2015 Order rule.***
- ***As to NYC, the NYISO has observed that capital expenditures eligible under such programs are***
 - ***Case specific***
 - ***for assets that are expected to last longer than BSM evaluation period of 12 months***
- ***The current RIP data submission timeline only provides the NYISO with approximately 5 business days to evaluate a new SCR. Evaluation of capital expenditures and payments and benefits associated therewith is challenging in that period of time.***

Data Requirements: clarification

- **NYISO requires all RIPs for SCRs in NYC to provide in detail:**
 - *Description of programs that they are eligible for*
 - *Description of the capital expenditures & assets*
 - *Total amount of subsidy/rebate/incentive payments to be received*
 - *Its estimates of annualized and levelized costs of such capital expenditures*
- **NYISO reviews and verifies all data submitted**

Administration

- **If a RIP fails to provide such information, the annualized values will be calculated based on straight line depreciation:**
 - ***5-years for expenditures associated with***
 - **computer equipment and peripherals**
 - **batteries and storage upgrades/installation**
 - ***10-years for expenditures associated with***
 - **meters and smart electric grid system**
 - **small back up generators**
 - **A/C system upgrades**

Next Steps

- **The NYISO will be available for further questions**
- **Stakeholders can also provide additional questions or comments in writing to mma_scr@nyiso.com**

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:

- *Maintaining and enhancing regional reliability*
- *Operating open, fair and competitive wholesale electricity markets*
- *Planning the power system for the future*
- *Providing factual information to policy makers, stakeholders and investors in the power system*

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