### **NEW YORK INDEPENDENT SYSTEM OPERATOR**<sup>®®</sup> **Buyer-side Mitigation Examination of New Special Case Resources in NYC:** Update on Methodology and Administration

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## Background Process Overview Clarification of Data Requirements Administration Questions

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#### Agenda

**DRAFT – FOR DISCUSSION PURPOSES ONLY** 



## Background

- NYC
  - benefits in its BSM determination (the "Benefit Exclusion Rule")
  - only apply to new SCRs in NYC
- **Prior stakeholder meetings:** 
  - March 30, April 30, and May 28 2015
  - Locality) as described in MST Att. H, Section 23.4.5.7.5
- clarification which we will discuss today

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

It required the NYISO to modify the test to no longer exclude certain payments and the further tariff revisions filed by the NYISO on compliance with the March 2015 Order

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

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



#### **SCR BSM Evaluation** Process Overview

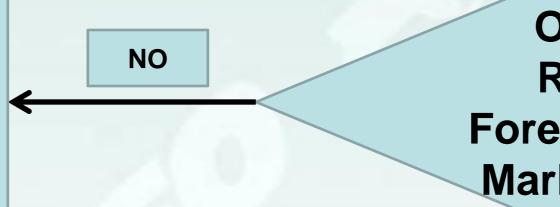
#### **RIPs are required to submit the following** information for each new enrollment in NYC:

#### **NYISO calculates :**

- payment(s) (\$/kW-month)
- 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 \*\*



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

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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

Offer Floor\* Revenue: 12 months of contract payments including any subsidy/rebate/incentive Forecasted ICAP Market Revenue for next 12

> **Offer Floor** Revenue > **Forecasted ICAP** Market Revenue

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

YES



## Data Requirements

- Some utilities and state instrumentalities offer incentives towards capital
  - systems, to reduce demand or alter usage patterns
- 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.

expenditures to help facilitate participation in the demand response program(s)

For example, capital expenditures for energy management and building automation

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



#### **Data Requirements: clarification**

- detail:
  - **Description of programs that they are eligible for**
  - **Description of the capital expenditures & assets**
  - received

Its estimates of annualized and levelized costs of such capital expenditures **NYISO reviews and verifies all data submitted** 

NYISO requires all RIPs for SCRs in NYC to provide in

• Total amount of subsidy/rebate/incentive payments to be



#### Administration

# If a RIP fails to provide such information, the 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

annualized values will be calculated based on straight



#### The NYISO will be available for further questions Stakeholders can also provide additional questions or comments in writing to mma\_scr@nyiso.com

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#### Next Steps



# interest and provide benefit to consumers by:

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

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