



ICAP Demand Curve Reset Schedule Update

Bob Logan
*Senior Market Design
Specialist, ICAP*

ICAPWG
*April 25, 2016
Krey Boulevard*

Purpose

- **The purpose of this presentation is to provide an updated timeline for the ongoing ICAP Demand Curve reset (DCR), as well as to respond to stakeholder feedback received so far concerning the process to date**
 - *In order to get back on track with the overall schedule and ensure adequate opportunity for Market Participant review, NYISO , Analysis Group (AG) and Lummus will use best efforts to post meeting materials and analysis related to the DCR as early as reasonably possible in advance of ICAPWG meetings to review such materials (up to two weeks in advance, if possible)*
 - *NYISO plans to maintain one ICAPWG meeting per month for addressing the DCR*
 - *The NYISO is continuing to assess whether two meetings in July may be necessary to facilitate review and receipt of feedback on the independent consultant's draft report*

DCR Process Overview

- **Approximately an 18 month long process with the following major milestones**
 - *Post Initial Schedule*
 - *RFP process to select independent consultant: review, post, answer questions from bidders, receive bids, select*
 - *New Capacity Zone (NCZ) Study*
 - *Development of DCR principles and framework: draft principles and framework, stakeholder discussion and feedback, updates (as applicable), final principles and framework*
 - *Section 205 filing in May 2016 related to stakeholder approved DCR process changes**
 - *Gross cost of new entry (CONE) estimation process (engineering consultant [Lummus]): environmental issues, potential technology types, design and construction assumptions, preliminary cost and performance estimates, stakeholder discussion and feedback, updates (as applicable), final cost and performance values*
 - *Financial inputs from primary consultant (AG)*
 - *Net Energy and Ancillary Services (EAS) revenue estimation process: methodology, EAS revenue estimation model, draft model and preliminary estimates, stakeholder discussion and feedback, updates (as applicable), final model and revenue estimates*
 - *Performance and variable inputs from engineering consultant (Lummus)*
 - *Independent Consultant Report process: draft report, stakeholder discussion and feedback, updates (as applicable), final report*
 - *NYISO Recommendations process: draft recommendations, stakeholder discussion and feedback, updates (as applicable), final recommendations*
 - *Comments to NYISO Board of Directors (Board) from stakeholders*
 - *FERC filing, as approved by Board*

*** Unique requirement for current DCR**

DCR Schedule

1. Post Schedule – May 2015 **completed**
2. Independent Consultant RFP process
 - *Review SOW – May & June 2015 **completed***
 - *Post RFP and send to bidders – July 2015 **completed***
 - *Pre-bid question and answer period Aug. 2015 **completed***
 - *Bids due – Sept. 2015 **completed***
 - *Select and finalize contract – Sept. to beginning of Oct. 2015 **completed***
3. NCZ Study – September 1, 2015 study initiated
 - *Input and assumptions – on or before October 1, 2015 **completed***
 - *Post report – on or before January 15, 2016 **completed***
 - *FERC filing – on or before March 31, 2016 **completed***
4. DCR principles and framework
 - *Assess potential revisions to current DCR process (periodicity & net EAS revenue estimation) - October 2015 – February 2016*
 - *Development of recommended process changes and refinements based on stakeholder feedback – November 2015 – January 2016 **completed March 2016***
 - *Final approach – February 2016 **completed March 30, 2016***

DCR Schedule **Continued**

5. Gross CONE Process

- *Initial assumptions for peaking unit technologies – December 2015 **completed***
 - Potential technology types - Aeroderivative, Frame and Reciprocating Engines
 - Environmental permitting considerations
 - Technology screening criteria
- *Provide initial cost estimates and update design and construction assumptions – February 2016 **completed***
- *Provide detailed preliminary cost information – March 2016 **Planned for April 25, 2016***
 - Lummus to provide variable cost and performance data to AG for use in net EAS model – April 2016 **completed**
 - Updated financing data from AG for use in developing final cost information – **Planned for May 26, 2016**
- *Recommended final cost information for peaking unit technologies – May 26, 2016*
 - Weighting factors for use in Gross CONE composite escalation factor by technology
 - Updated interconnection cost information
 - Combined Cycle cost data for informational purposes only

DCR Schedule **Continued**

6. Net EAS Process

- *Initial discussions and proposed methodology changes – October 2015 thru March 2016 **completed***
 - *This included all the analysis (including backcasting) related to the assessment and vote on DCR process changes*
- *Net EAS revenue model for peaking plant – March 2016 **Planned for early May 2016***
 - *Construct and develop logic- **Planned for May 2016***
 - *Post preliminary model and preliminary results – April 2016 **Planned for early May 2016***
 - *Post final model– May 2016 **Planned for early June 2016***
- *Final net EAS revenue estimates for peaking unit technologies – May 2016 **Planned for early June 2016** (reflecting data through April 2016; to be updated for data through August 2016 for November 2016 FERC filing)*
- *Post Combined Cycle net EAS for informational purposes by July 2016*

DCR Schedule **Continued**

6. Independent Consultant Report

- *Draft report – June 2016 (reflecting data through April 2016)*
- *Final report- August 17, 2016 (reflecting data through April 2016; will be subsequently updated for data through August 2016 for November 2016 FERC filing)*

7. NYISO Staff Recommendations

- *Draft recommendations – August 17, 2016 (reflecting data through April 2016)*
- *Final recommendations* – September 15, 2016*

**NOTE: Using updated data through August 2016*

8. Comments to Board

- *Stakeholder written comments to Board – October 4, 2016*
- *Stakeholder presentation of views to Board – October 18, 2016*

9. Board approval and filing – on or before November 30, 2016

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*

www.nyiso.com