

FERC's RMR Order and NYISO Tariff Filing Obligation

David M. Allen
Manager - Capacity Market Products
New York Independent System Operator

ICAP Working Group
ESP Working Group
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Background and Objective

- ◆ On February 19, 2015 FERC issued an order instituting a proceeding in which it is requiring the NYISO to file certain tariff revisions
 - *150 FERC ¶ 61,116, FERC Docket No. EL15-37-000*
- ◆ In general, the NYISO's filing is to “contain provisions governing the retention of and compensation to generating units needed for reliability”
- ◆ The NYISO's compliance filing is due June 19

Background and Objective (con't)

- ◆ FERC's Order indicated that ISO-NE's, PJM's, MISO's, and CAISO's "RMR" rules may provide guidance. The NYISO is reviewing those rules and pertinent FERC orders
- ◆ The objective of this presentation is to seek stakeholder input on the tariff provisions the NYISO is to file
- ◆ The following slides are based on elements in FERC's Order
 - *The NYISO is exploring these concepts and this presentation is not intended to imply a position on any element*

Process Considerations: “Deactivations”

- ◆ **Rules are to apply to all generator “deactivations,” described in the Order to “encompass generator retirements, mothballing, or any other long-term outages or suspension of service”**

Process Considerations: Notice

- ◆ **Adequate advance notice of a deactivation will be needed to provide the NYISO adequate time to prepare the RMR with the generating unit for filing with FERC**
- ◆ **Current PSC Notice period is 90 or 180 days, which was established to allow time for the NYISO and NYTOs to conduct reliability studies and report the findings to the NYSDPS**

Process Considerations: Evaluation of Alternatives

- ◆ The rules are to include the process the NYISO will use to evaluate alternatives to an RMR
- ◆ Feasible alternatives listed include transmission upgrades, demand-side resources, generation alternatives, operating procedures (e.g., re-dispatch, temporary rating increases, special protection systems)
 - *Identify alternatives*
 - *Evaluate alternatives*
 - *Provide for transparency with stakeholders*

Compensation

- ◆ FERC's Order describes options including a “voluntary” regime and a “mandatory” regime
- ◆ The compensation rules are required to address accelerated cost recovery when generators require upgrades, retrofits or additional investment
 - *The Order also requires a procedure to recover accelerated payments when appropriate*

Cost Allocation

- ◆ **The Order requires that the NYISO determine cost allocation provisions to recover the costs of the RMR**

Participation in the Market and Anti-Toggling

- ◆ The Order requires the NYISO to address how a resource with an RMR participates in the wholesale markets
- ◆ The Order also requires the NYISO develop rules “to eliminate, or at least minimize, incentives for a generator needed for reliability to toggle between receiving RMR compensation and market-based compensation for the same units”

Next Steps

- ◆ The NYISO will consider input received during today's meeting
- ◆ Stakeholders can also provide additional comments in writing to deckels@nyiso.com
- ◆ Further review of the proposal at a future joint meeting of the ICAPWG and ESPWG

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