Implementing DG Rules for Demand Response

ICAP Working Group Meeting
July 6, 2006

Draft – For discussion only

Background

- The NY Dept. of Environmental Conservation (DEC) has drafted rules (Part 222.1) that address environmental restrictions on the use of emergency generators in demand response programs
- Draft rules impose limits on MW registration in the NY metropolitan area (roughly Zones H-K) and elsewhere:

	NYCMA	Upstate
January 1, 2007:	*271.9 MW*	*111.4 MW*
January 1, 2011:	*150.0 MW*	*100.0 MW*
January 1, 2014:	*50.0 MW*	*50.0 MW*

Complicating Factors

- DEC identifies four Demand Response Program Sponsors:
  - *NYISO (including all RIPs/CSPs not identified below)*
  - *Con Edison*
  - *LIPA*
  - *NYPA*
- Individual sponsor caps may also apply
- Need to recognize differences in registration timing, interaction w/NYISO ICAP auction process, activation protocols

Reflecting the Cap in the ICAP Registration/Auction Process

- DEC has indicated NYISO registered MW, not nameplate, will count against the cap
  - *ICAP or UCAP?*
  - *Either would work – UCAP would allow for slightly more participants*
- Need to recognize nesting in time of various programs / auctions:
  - *Capability period vs. strip vs. spot vs. other sponsor programs*
  - *Treatment of SCR bilaterals*

Reflecting the Cap in the ICAP Registration/Auction Process

- One solution: impose the cap when an SCR registers
  - *Simplest approach – would cut off additional registrations once MW cap is reached*
  - *Would need to be coordinated with other program registrations – periodic updates would allow new resources to come in if others drop out*
  - *Creates a rush to registration*

Reflecting the Cap in the ICAP Registration/Auction Process

- Another solution: Impose cap before, during or after spot market auction
  - *Before auction – most straightforward – based on certification data*
    - Known 3-4 days before spot auction
    - Could use strike price as primary differentiator
    - Secondary differentiator needed – consider random draw that, over time, would allow participants equal opportunity to participate
  - *During auction – messy – would likely require extensive modifications to ICAP Automation – could not implement in time for Jan 1, 2007*
  - *After auction – very messy – affects entire ICAP market; no obvious benefits, many drawbacks*

Reflecting the Cap in the ICAP Registration/Auction Process

- Either approach needs to reflect prior capability period sales, other sponsor program registrations, EDRP, bilaterals
- Proposed schedule for process implementation:
  - *Further develop at ICAPWG on 8/1 (and possibly 7/12) – additional meetings as necessary*
  - *Bring to BIC on 8/9; MC on 8/30; BOD on 9/12*
  - *Would need expedited FERC filing to have in place for Winter '06-'07 Capability Period*

NYISO DR Survey

- The NYISO needs accurate information on DG resources participating in EDRP and SCR so that we can work to create a rule that meets the DEC's objectives while minimizing the impact on the NYISO's demand response programs
- The NYISO will be surveying all RIPs and CSPs to determine actual DG registration in EDRP and SCR
- All of the information provided in the survey is protected by NYISO Market Services Tariff confidentiality; only aggregate summary information will be shared with stakeholders.
- If and when the DEC rule is implemented, a separate data collection process will be followed in accordance with procedures to be determined
- Completed surveys should be e-mailed by 5 pm EDT on July 28 to: edrp-scr@nyiso.com

Survey of Distributed Generator Participation in NYISO Demand Response Programs

1	RIP / CSP Organization	
2	Facility Name	
3	Address - Street Address - City Address - Zip Code	
4	PTID or EDRP #	
5	Check if:	
	Zone A, B, C, D, E, F or G and less than 300 kW nameplate	
	Zone H, I, J or K and less than 150 kW nameplate	
6	Generator type (check one)	
	IC engine	
	lean-burn IC engine (>= 1% O2 exhaust)	
	turbine	
	microturbine (less than or equal to 250 kW)	
	other (specify)	
7	Fuel type (check all that apply)	
	diesel	
	natural gas	
	biogas	
	other (specify)	
8	Check if you regularly use low-sulfur (<15 ppm) fuel and are equipped with particulate control device designed to remove 85% or more PM	
9	Year manufactured (or model year)	
10	Approximate annual runtime (hours)	
11	Approximate NOx emission rate (lb/MWh)	
12	Approximate Particulate Matter emission rate (lb/MMBTU)	

Note: NYISO Market Services Tariff confidentiality rules apply to all information provided on this form