

CRIS for External- ROS Transmission Investments

Stephanie King

Associate Business Analyst

Installed Capacity Working Group/TPAS

August 22, 2017, Rensselaer, NY



Agenda

- **Background**
- **Market Design Effort**
- **Current Options to Import Capacity**
- **Proposed New Product Features: External-to-Rest of State Deliverability Right (EDR)**

Background

Background

- **Joint IITF/TPAS Meetings**

- HQUS proposed that NYISO develop a method of awarding CRIS to entities that create increased transfer capability into Rest of State (ROS) via transmission upgrades over external interfaces (e.g., the Queue No. 430 Cedars Rapids Transmission intertie project)

- **January 19, 2011 ICAPWG**

- The NYISO committed to reviewing the interaction between requests for External CRIS Rights from new non-UDR transmission and the current process for optimizing annual import limits

Background

- **NYISO presented on this topic at the 12/15/2016 ICAPWG**
 - Options presented:
 - Link the incremental transfer capability created by the transmission expansion process to the External CRIS Rights request in the CY Deliverability Study process, or
 - Obtain CRIS through a “UDR-Like” Model
 - Stakeholders commented that developing a market rules surrounding External to ROS Deliverability Rights would incentivize transmission expansion and may provide significant benefits

Background

- **HQUS requested and FERC granted a Waiver* that permits HQUS to request, and be eligible to receive, CRIS corresponding to the incremental transfer capability (in MW) created by its Queue No. Cedars Rapids Transmission intertie project**
 - Waiver Order provides that any CRIS HQUS obtains in Class Year 2017 due to the waiver will expire upon the occurrence of any of the following events:
 1. Termination of the HQUS Project;
 2. In the event that “External to ROS Deliverability Rights” (“External Deliverability Rights” (“EDRs”) is HQUS’ term) or similar capacity market opportunity is developed in the 2018 project process and accepted by the Commission, HQUS’ failure to pursue NYISO’s procedures to obtain such capacity market opportunity; or
 3. The issuance of a final and non-appealable Commission order which has the result of the HQUS Project being ineligible to obtain EDRs or a similar capacity market opportunity.
- * See H.Q. Energy Services (U.S.) Inc., FERC Docket No. ER17-505-000; Order Granting Tariff Waiver, 58 FERC ¶ 61,098 (2017)

Market Design Effort

CRIS for External-ROS Transmission Upgrade Project

- The NYISO intends to develop in 2018 tariff revisions to establish market rules to accommodate External to ROS Deliverability Rights

Project Overview

- The NYISO Tariffs do not provide a mechanism for a developer of an external transmission upgrade project into ROS that increases inertia capability to obtain Capacity Resource Interconnection Service (CRIS) at the time the project itself is evaluated in the interconnection process
- While the NYISO's Tariffs allow an entity to request External CRIS Rights in a Class Year Study for the incremental MW its transmission upgrade creates, an entity cannot request such rights until the incremental MW from the transmission upgrade are reflected in the annual process for establishing import rights
- This project would address the Class Year timing gap and would allow the developer of the incremental transfer capability to have an opportunity to offer capacity from an External Control Area

Market Principle

- Foster a market environment conducive to new investments

Current Options to Import Capacity

Current Options to Import Capacity

- **Current tariff provisions to import capacity**
 - External CRIS Rights (ECRs)
 - UDRs
 - First come/first served import rights
- **None of the current tariff options provide an entity with the absolute opportunity to obtain CRIS of an unlimited duration for external transmission upgrade projects that sink into ROS**

Current Options to Import Capacity

- **External CRIS Rights (ECRs)**
 - ECRs are akin to long-term import rights in that they are awarded for a term of five (5) years or longer based on a determination of deliverability within the Rest of State Capacity Region of a specified number of MW of External Installed Capacity that satisfy the requirements set forth in Section 25.7.11 of Attachment S to the NYISO OATT
- **ECRs are not suitable for increased inertia capability into Rest of State because it would:**
 - Require the development of a new capacity pricing interface in the auction software
 - Require the development of pricing rules for the interface and its interactions with other interfaces

Current Options to Import Capacity

■ UDRs

- Are available to a new transmission project or a project incrementally increasing the capability of a line that already has UDRs
- Must sink into a Locality and be controllable

■ UDRs are not suitable for projects that increase intertie capability into ROS because:

- They do not sink into a Locality and are not necessarily controllable

Current Options to Import Capacity

- **First Come/First Serve Import Rights**
 - Requested and acquired through the “race to the fax” open to all Market Participants
 - Are allocated for the 6 month Capability Period or individual months
- **First Come/First Serve Import Rights are not suitable projects to increase intertie capability into ROS because**
 - Due to the Class Year and project development timing issue described previously, the MW of incremental transfer capability may be treated as emergency assistance, which would result in a reduction of the FCFS Import Rights
 - There is no assurance the Developer would get any rights to import capacity because it is on equal footing in the “race to the fax” with all other FCFS Import Rights requestors
 - The 6 months Capability Period or shorter period of allocation does not correspond to the Developer’s investment

Proposed New Product Features

External-to-ROS Deliverability Rights (EDRs)

EDR Features

- **Allow entities to request CRIS associated with “EDRs” in Class Year**
 - A Developer can propose a transmission upgrade to increase transfer capability by submitting an application under the Transmission Interconnection Procedures
 - A System Impact Study (SIS) and a Facilities Study (FS) would be performed as part of the Transmission Interconnection Procedures
 - The project is evaluated for CRIS in a Class Year
 - The request cannot pre-date the completion of the System Impact Study of the transmission upgrade that creates the incremental transfer capability for which the Developer is requesting CRIS
 - The proposed project must meet the Class Year base case inclusion rules
 - The CRIS requested can be no greater than the MW of the incremental transfer capability determined by the NYSIO in the SIS to be created by the transmission upgrade

EDR Features

- **External to ROS Deliverability Rights (EDR)**
 - Used for new or incremental transfer capability on a designated scheduling path over an External interface, caused or created by investment in transmission facilities
 - Must sink in ROS (*i.e.*, not a Locality)
- **External capacity will sink in ROS and will be treated like other imports into ROS**
 - Does not require the addition of interfaces in the ICAP auction

EDR Features

- **For a Scheduled/Designated Schedule Line**
 - Provides a measurable and knowable increase in transfer capability
 - Will not apply to AC tie lines into ROS
- **There is no obligation to offer capacity associated with the EDRs**
- **No minimum price offer**
- **Line Availability and Line Losses will be accounted for**

EDR Features

- **CRIS can be transferred to an EDR project from either a generator, UDR, or another EDR project**
- **The Developer/holder of the CRIS associated with an EDR can change (subject to ISO Procedures)**
 - The holder of the CRIS will have the same opportunity as other ICAP Suppliers to identify a different billing organization or bidding organization
- **EDRs would not be limited in duration**

EDR Features

■ Annual Election

- Rightsholder may elect to return a MW amount of their EDRs, up to the maximum MW awarded
- MW returned will be available to be treated as emergency assistance in the IRM and LCR studies
- UCAP associated with the MW of EDRs “returned” cannot be offered in the ICAP market

EDR Features

- If a New Capacity Zone (NCZ) is created, EDRs that 1) sink into the NCZ at the time that NCZ is proposed and 2) do not satisfy the criteria for UDRs will no longer exist
- An existing EDR that satisfies all requirements for a UDR that sinks in a NCZ at the time that NCZ is proposed will become a UDR
 - If all of the characteristics of a specific EDR satisfy the criteria for a UDR, it will be a UDR
 - Because the EDR would have already been evaluated in the Deliverability Study in the same manner as for a UDR, no additional planning studies are required for it to be a UDR when the NCZ is proposed (new Locality is established)

Next Steps

- The NYISO will return to a future ICAPWG/TPAS meeting with additional details and an updated proposal

Feedback?

- The NYISO will consider input received during today's ICAWG meeting
- Email additional feedback to : deckles@nyiso.com

Questions?

We are here to help. Let us know if we can add anything.

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