



Enhancement of Pivotal Supplier Rules - NYISO Proposal

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Agenda

- **Overview of Previous Presentations**
- **Update**
- **NYISO's Proposal**
- **Tariff Language**
- **Next Steps**

Overview of Previous Pivotal Supplier Rule Enhancement Presentations

- On September 1st, 2016, the NYISO presented two options for updating the Pivotal Supplier rules
 - *(Proposal 1): All MW including those sold in the strip or Monthly Auction for the applicable month would be used to calculate a supplier's cumulative threshold, for each Mitigated Capacity Zones*
 - This rule exists for the G-J Locality and was put in place with the implementation of the new Locality
 - *(Proposal 2): Proposal 1 and additionally, take into account the ability to affect the ICAP Spot Market Auction clearing price(s) by withholding some of the capacity in a given Mitigated Capacity Zone. This would be achieved by altering the first half of the existing calculation.*
 - This Pivotal Supplier threshold (PST) would be calculated prior to each Spot Auction by dividing the UCAP Offer Reference Level* (K) by the absolute value of the slope of the Demand Curve (s)
 - $PST = 100 \times (K/s)$
 - Additionally, the NYISO solicited feedback on the minimum pivotal threshold of 500 MW in Zone J and 650 MW in the G-J Locality, in the calculations for Proposal 2

Pivotal Supplier Rule Enhancement Update

- **The NYISO did not receive indications of interest to pursue either of the following changes, at this point in time:**
 - *Altering the calculation for the Pivotal Supplier threshold ($PST = 100 \times (K/s)$)*
 - *Updating the minimum pivotal threshold of 500 MW in Zone J and 650 MW in the G-J Locality*
- **Each of these changes were unique to “Proposal 2” on previous slide**

Pivotal Supplier Rule Enhancement: NYISO Proposal

- **The NYISO is proposing at this time to move forward with Proposal 1:**
 - *(Proposal 1): All MW including those sold in the strip or Monthly Auction for the applicable month would be used to calculate a supplier's cumulative threshold, in all Mitigated Capacity Zones*
 - This rule exists for the G-J Locality
 - The proposal would align the rule for Zone J and any future NCZ (if any) with the existing G-J Locality rule

Proposal 1: Tariff Language

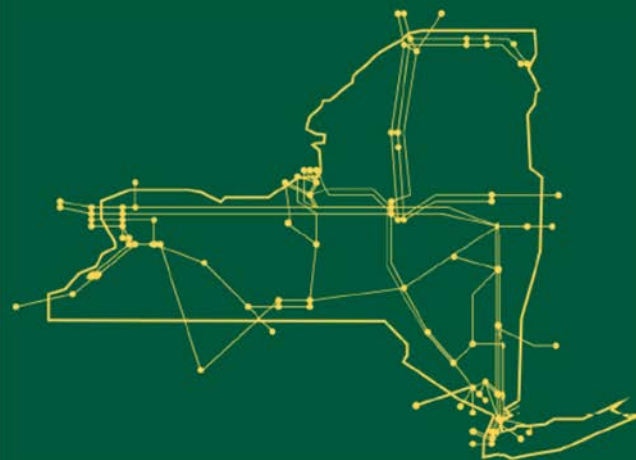
- **Proposal 1:**
 - *Requires Tariff changes but not software changes*
 - *All necessary Tariff revisions are found in MST Section 23.4.5.5*
- **Tariff Excerpt:**

23.4.5.5 Control of Unforced Capacity shall be rebuttably presumed from (i) ownership of an Installed Capacity Supplier, or (ii) status as the Responsible Market Party for an Installed Capacity Supplier, but may also be determined on the basis of other evidence. ~~For purposes of determining if a Responsible Market Party is a Pivotal Supplier in a Mitigated Capacity Zone except the G-J Locality, the presumption of Control of Unforced Capacity can be rebutted by: (1) the sale of Unforced Capacity in a Capability Period Auction or a Monthly Auction, or (2) demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition.~~ For purposes of determining if a Responsible Market Party is a Pivotal Supplier in a Mitigated Capacity Zone~~the G-J Locality~~, the presumption of Control of Unforced Capacity can be rebutted by demonstrating to the reasonable

Next Steps

- The NYISO will consider input received during today's ICAPWG meeting
- Stakeholders may also provide additional comments in writing to deckels@nyiso.com
- If needed, further review of proposal(s) at a future ICAPWG meeting
 - *If not needed, the NYISO will present the proposal for a stakeholder vote on Tariff revisions at an upcoming BIC*

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