

In-City Buyer-Side Mitigation
Measures – Exemption,
Determination and Duration of
Offer Floor

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Background

- ◆ Beginning with the May 21 ICAPWG meeting, the NYISO has conducted four meetings with stakeholders on proposed revisions to Attachment H addressing four issues associated with the NYC ICAP buyer-side mitigation rules:
 - *Timing of Exemption and Offer Floor Tests*
 - *Duration of Offer Floor*
 - *Test for Offer Floor Exemption*
 - *Offers of Capacity with an In-City Offer Floor in the NYCA Spot (discussed only at two of the four meetings)*
- ◆ Based on stakeholder feedback, the NYISO proposes to revise Attachment H as described in this presentation.
- ◆ The NYISO will be presenting changes to revise the draft tariff revisions it presented to stakeholders for two ICAPWG meetings in July. Those changes will be consistent with this presentation, and will be reviewed with stakeholders prior to the Management Committee meeting on August 25, 2010.

Separation of Issues

- ◆ This presentation covers changes specific to the exemption, determination and duration of the offer floor.
- ◆ A second presentation for today's BIC addresses specific language in Attachment H regarding using the average of 12 months in testing for an offer floor exemption.
- ◆ At the July 27th ICAPWG meeting, the NYISO indicated that details related to Offers of Capacity with an In-City Offer Floor in the NYCA Spot would be discussed with stakeholders over the next 2-3 months, and any resulting tariff concepts brought to BIC at that time.

Definitions

- ◆ Att H, Sec. 23.4.5.7:
 - *Total Nominal UCAP – MW value used in Interconnection Facilities study (IFS), or if IFS not required, the MW value proposed to TO, multiplied by (1-EFORd based on NERC class average), multiplied by twelve months.*
 - *Total Cleared UCAP – cumulative amount of Installed Capacity Supplier’s Cleared UCAP.*
 - *Cleared UCAP – Installed Capacity Supplier’s offers of UCAP in NYC Spot Market Auction, provided that such amount is greater than or equal to fifty percent of the initial DMNC value of the ICAP Supplier.*

Units for Which the NYISO Will Make Exemption Determinations

- ◆ Att. H, Sec. 23.4.5.7:
 - Members of the Class Year requesting CRIS or that requested a transfer of CRIS rights from another location;
 - Expected recipients of transferred CRIS rights at the same location;
 - Entities not subject to a Deliverability requirement identified as entering service in a time frame consistent with the Mitigation Study Period.
 - Mitigation Study Period is the period of time defined as the Capability Periods of expected entry of the members of the Class Year.

Exemption Determination

- ◆ 23.4.5.7.2 - The NYISO will determine Unit Net CONE and provide an exemption determination prior to the commencement of the Class Year Initial Decision Period.
- ◆ On or before three days prior to the NYISO issuance of Revised Project Cost Allocations, the NYISO will revise Capacity price forecasts, adjustments to Unit Net CONE (based on changes to the Project Cost Allocation), and any changes to the exemption determination.

No Increase in CRIS MW

- ◆ 23.4.5.7.2 – An increase in CRIS MW of the same facility would be subject to an exemption and Offer Floor determination unless:
 - *The increase is less than or equal to two MW above:*
 - CRIS MW, or
 - For units not subject to deliverability, the MW amount in the unit's Interconnection Agreement

Exemption Test

- ◆ 23.4.5.7.2:
 - *(a) NYISO’s forecast for any ICAP Spot Auction price in the two Capability Periods beginning with the Summer Capability Period three years from the year of the Class Year is greater than the highest Offer Floor based on Net CONE.*
 - *(b) NYISO’s forecast for the average of the Spot Auction prices for the six Capability Periods beginning with the Summer Capability Period three years from the year of the Class Year is greater than the reasonably anticipated Unit Net CONE.*
- ** *Note: the phrase “any ICAP Spot Auction Price” in the full text of (a) is the subject of changes proposed in a separate agenda item at today’s BIC.*

Reasonably Anticipated NYC ICAP Spot Market Auction Price Calculation

- ◆ 23.4.5.7.2 - The NYISO will compute the reasonably anticipated NYC ICAP Spot Market Auction price based on:
 - *Retirements*
 - Any Unit that provided written notice to the NYS Public Service Commission that it intends to retire, plus
 - Any facility 2MW or less that provided written notice to the NYISO that it intends to retire. (Note, these units are not required to give notice to the NYPSC pursuant to the Order in Case 05-E-0889)
 - *Load forecast as set forth in the most recently published Load and Capacity Data (Gold Book).*

Duration of Offer Floor

- ◆ 23.4.5.7:
 - *Lesser of:*
 - Number of years determined by (initial DMNC of ICAP Supplier + amount of surplus capacity forecast 3 years ahead) divided by NYC forecast average annual MW load growth (from Gold Book), if a positive value,
 - Thirty Capability Periods, and
 - The period of time until the Capability Period in which the Total Cleared UCAP is greater than the Total Nominal UCAP.
 - *In no case will the duration of the offer floor be less than six Capability Periods*

Entities Initially Not Requesting CRIS

- ◆ 23.4.5.7.2 - In cases where a new entrant does not initially request CRIS or declines SDUs but accepts SUFs, subsequently enters the market as an energy-only resource, and later requests CRIS:
 - *The NYISO would make an exemption and Offer Floor determination based on CONE at the time of entry as an energy-only resource, plus any SDU-related costs when being evaluated for CRIS.*
 - *All facilities in a Class Year will be required to submit data necessary for the NYISO to perform the Unit Net CONE analysis regardless of whether they are requesting CRIS.*

Additional Provisions

- ◆ 23.4.5.7.2 - If a project for which the NYISO is to make an exemption or Unit Net CONE determination has not provided required information, the project will be subject to the Net CONE Offer Floor for a period determined in accordance with slide 10.
- ◆ A project for which an exemption determination has been made may only be reevaluated if it was not granted CRIS MW at the time of the prior evaluation and
 - *Enters a new Class Year requesting CRIS rights, or*
 - *Intends to receive transferred CRIS rights at the same location.*
- ◆ An increase in MW above the CRIS MW does not constitute a reevaluation; however, the evaluation of the incremental MW would not alter the exemption or Offer Floor determination for the initial MW of CRIS.

Posting of Information

- ◆ 23.4.5.7.2 - Prior to the Class Year Initial Project Cost Allocation, the NYISO will post:
 - *Inputs to the NYISO's reasonably anticipated NYC Spot Market Auction forecast prices,*
 - *Retirements (per slide 9),*
 - *Proposed new Capacity for which the NYISO will be making exemption determinations.*

Effective Date

- ◆ Proposal:
 - *Request an effective date for the Tariff revisions that is one day after the date of in the Section 205 filing.*

Next Steps

- ◆ Submit for vote at MC (8/25)
 - *File request for waiver of current exemption determination provisions promptly after period for appeal of MC approval of tariff revisions has expired, provided an appeal has not been filed.*
 - *The waiver filing would:*
 - Request an effective date of the day after filing, and
 - Provide that the NYISO may notify FERC and stakeholders that it intends to resume effectuating existing exemption and Offer Floor determination provisions if it appears that newly filed tariff leaves will not be accepted by FERC by the requested date (30 days after filing).
- ◆ NYISO Board (September)
- ◆ Section 205 filing with FERC



The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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