

Renewables and Self Supply Compliance Filing

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ICAP WG

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Krey Blvd, Rensselaer, NY

Background

- ◆ **Commission’s October 9, 2015 order (EL15-64) directed the NYISO to revise the buyer-side capacity market power mitigation measures (“BSM Rules”) to exempt certain narrowly defined renewable and self-supply resources from Offer Floor mitigation.**
- ◆ **The Commission concluded that applying buyer-side mitigation measures to such resources was unnecessary to the extent that they have “limited or no incentive and ability to exercise buyer-side market power to artificially suppress ICAP market prices.” (¶10).**
- ◆ **The Commission indicated it “expect[s] NYISO to work with its stakeholders in developing this compliance filing.”(¶10)**

Schedule and timeline

- ◆ The FERC granted an extension of time to March 14, 2016 to make the compliance filing.
- ◆ Stakeholder meetings:
 - *Five prior meetings (the most recent was ICAP WG January 26, 2016),*
 - *ICAP WG February 24, 2016,*
 - *Additional ICAP WG TBD.*
- ◆ Today's presentation will review changes to design concepts since the last meeting.
- ◆ We will also take comments on the separately posted tariff draft.
- ◆ Revisions will also be made to Att. Section O 30.4.6.2 (the responsibilities of the Market Monitoring Unit).

Renewable Exemption

Renewable Exemption

- ♦ ... A renewable resources exemption in NYISO should be limited to renewable resources that are both purely intermittent and that have relatively low capacity factors and high development costs because these resources have limited or no incentive and ability to artificially suppress capacity prices. In addition, the exemption should limit the total amount of such renewable resources—in the form of a megawatt cap—that may receive the exemption, to further limit any risk that these exempted resources will impact NYISO’s ICAP market prices. ... (§51)

Renewable Exemption

- ◆ **Generators requesting a Renewable Exemption**
 - *Cannot request a Competitive Entry Exemption in the same Class Year, but can also request a Self Supply Exemption.*
 - *Will be evaluated under Part A and Part B Tests (and also under Self Supply if the project requested it) and if not exempt would be considered for a Renewable Exemption.*
- ◆ **For each round in the Class Year, and then for final determinations, if the total MW of eligible resources in a given Class Year is greater than the 1000 MW cap, the exemptions would be adjusted proportionally based on ICAP MW among each of the eligible renewable projects that are still in the Class Year. The remaining MW will get their Offer Floor (Unit Net CONE or default Offer Floor).**

Renewable Exemption

- ◆ **“Exempt Renewable Technologies” – Threshold requirement: would either have to be an Intermittent Power Resource or a Limited Control Run-of-River Hydro Resource.**
 - *MST 2.9 definition:*
Intermittent Power Resource: *A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator. In New York, resources that depend upon wind, solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).*
 - *MST 2.12 definition:*
Limited Control Run-of-River Hydro Resource: *A Generator above 1 MW in size that has demonstrated to the satisfaction of the ISO that its Energy production depends directly on river flows over which it has limited control and that such dependence precludes accurate prediction of the facility’s real-time output*
- ◆ **However, not all Intermittent Power Resources meet the Order’s criteria of having a low capacity factor and high costs and limited or no incentive and ability to artificially suppress capacity prices, so the proposed design establishes a process to analyze renewable technologies each Demand Curve Reset Year (after this one), get stakeholder input, and propose to FERC a list to include in the tariff.**
- ◆ **Only Generators (new or existing that request Additional CRIS MW,) and not UDR facilities, can request the Renewable Exemption because of the requirement that the resource be intermittent and renewable.**

Renewable Exemption

- ◆ Other renewable technologies not on the “Exempt Renewable Technology” list would either have to be an Intermittent Power Resource or a Limited Control Run-of-River Hydro Resource or reasonably be expected to be an Intermittent Power Resource or a Limited Control Run-of-River Hydro Resource at the time they enter the market, plus meet other criteria.
 - *This allows new technologies to qualify for a Renewables Exemption while there is a tariff revision to add to the resources defined as Intermittent Power Resources or Limited Control Run-of-River Hydro Resources under consideration, but such a change has not yet been accepted FERC.*

- ◆ Similarly to CEE and BSM processes:
 - *The NYISO will post on its website a list projects requesting a Renewable Exemption and, when the determination is final, the determination of whether a project is exempt (and in full or in part) or non-exempt from an Offer Floor.*
 - *The Market Monitoring Unit will publish a report on the NYISO’s determination.*

Renewable Exemption

- ◆ **The draft tariff revisions include a revocation clause.**
 - ***If the Generator is not an Intermittent Power Resource or a Limited Control Run-of-River Hydro Resource (as such terms are defined on the date the ISO identifies that the Class Year in which the Generator was granted a Renewable Exemption is completed in accordance with Attachment S,) the Generator must Notify the NYISO in writing. The NYISO will then revoke the Renewable Exemption.***
 - ***The failure to provide the ISO written notice will be a Tariff violation and will be reported to the MMU and the Commission's Office of Enforcement.***
 - ***If the ISO determines that the Generator is not an Intermittent Power Resource or a Limited Control Run-of-River Hydro Resource, the ISO shall notify the Generator that its Renewable Exemption may be revoked, and provided 30 days written notice has been given to the Generator (such notice to the extent practicable,) the ISO may revoke the Renewable Exemption and apply the Mitigation Net CONE Offer Floor.***
 - Prior to the revocation of a Renewable Exemption, the ISO shall provide the Generator or UDR project an opportunity to respond to the ISO's determination. The ISO cannot revoke the Renewable Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.
 - ***This process is substantially similar to the Competitive Entry Revocation process directed by FERC in its CEE order on compliance.***

Renewable Exemption- Wind and Solar Analysis

- ♦ **The NYISO's compliance filing will propose an initial exemption for Wind and Solar technologies based on the current ICAP Demand Curves with certain updated parameters. The filing will include the NYISO's analysis. The next DCR (and each DCR thereafter) would be the time frame for reviewing exempt technologies. This is a transitional provision because the Order establishes a tariff effective date of October 9, 2015.**

Renewable Exemption- Wind and Solar Analysis

- ◆ The NYISO provided details of the preliminary analysis to stakeholders with the January 26, 2016 ICAP WG materials. The NYISO is not anticipating any changes in the analysis.

Resource Location	Onshore Wind	Solar	Offshore Wind
NYC	limited or no incentive	limited or no incentive	limited or no incentive
G-I	limited or no incentive	limited or no incentive	n/a

- ◆ The NYISO will further discuss the analysis at the March 3 ICAPWG meeting.

Self Supply Exemption

Self Supply Exemption

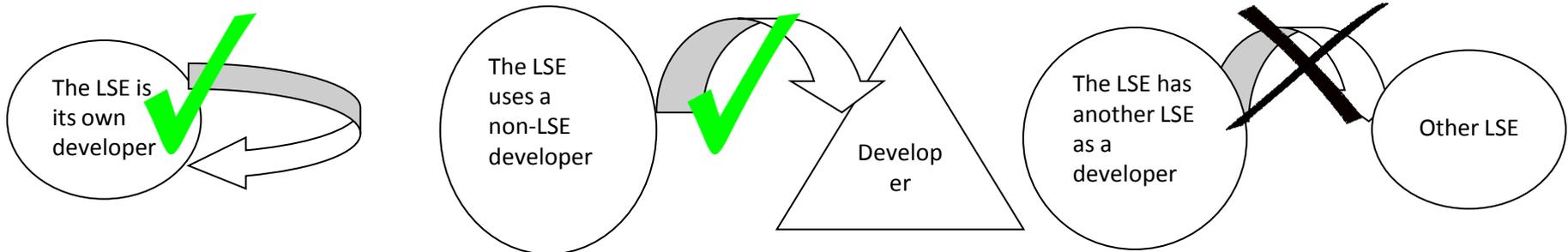
- ◆ **See ¶61 and ¶65 (among others) including:**
 - *... The entity self-supply exemption we direct here must be limited to load serving entities whose ICAP portfolios are consistent with reasonably anticipated levels of their future ICAP obligations.... [T]he net-short and net-long thresholds should be tight enough to prevent a load serving from being able to deliberately overpay for a resource in an attempt to manipulate ICAP market prices in a way that benefits the load serving entity's other purchases from the ICAP market (¶61, footnotes omitted)*

Self Supply Exemption

- ◆ **The Self Supply Exemption applies to Generators, requests for Additional CRIS MW and UDR projects.**
- ◆ **The draft tariff proposes that projects can request both a Renewable exemption and a Self Supply exemption, but a project that requests either or both cannot request CEE.**
- ◆ **Request can be for less than the total MW of requested CRIS.**
- ◆ **Requests can be more than one LSE requesting an exemption for a subset of the requested CRIS.**

Self Supply Exemption

- ◆ **The proposed design (and tariff) reflects a change to the Self Supply to address concerns expressed at the January ICAPWG meeting:**
 - *The NYISO is continuing to propose a Self Supply test that is based on the test proposed in the complaint but is calculated based unit specific inputs.*
 - *The Self Supply test proposed by in the complaint requires that that there not be any incentives to depress capacity prices beyond the LSE’s own incentive to depress capacity prices. In order to maintain this concept, the NYISO is proposing that:*
 - **LSEs can develop their own projects and get a Self Supply Exemption.**
 - **LSEs can have a developer to develop a project and get a Self Supply Exemption.**
 - **The developer developing the generator for an LSE requesting a Self Supply Exemption cannot be an LSE.**
 - It can still has other opportunities to demonstrate that it should be exempt: under the Part A Test, Part B Test, the renewable exemption, and the Competitive Entry Exemption.



Self Supply Exemption

◆ Maximum Net Short Threshold:

- *Calculated for each applicant. Is satisfied if, for the sum of all Localities and the NYCA, the Self Supply LSE together with all its Affiliates' "total capacity costs without the exemption" are expected to be less than the "total capacity costs with the exemption"*
- *Calculated based on the following data:*
 - **Self Supply LSE and all its Affiliates':**
 - MW of capacity from long term contracts and owned generation
 - Expected Retirements
 - Entrant requested CRIS MW or Additional CRIS MW (unit specific) & Entrant Net CONE (unit specific)
 - Load forecast that determined the LSE and all its Affiliates total UCAP Required purchases.
 - **Demand Curve:**
 - ICAP forecast (same as other BSM Rules,) without the entrant
 - Slope (used to calculate price effect of the entrant)
 - Total UCAP translated to ICAP.

Self Supply Exemption

- ◆ **Maximum Net Long threshold:**
 - *The higher of*
 1. 10 years of growth of the ICAP Obligation (using the Gold Book peak load forecast growth for the smallest Mitigated Capacity Zone that the proposed Generator or UDR project is located in) and
 2. 1 % growth in total “ICAP Obligation” over 10 years.
 - *The basis would be the average of the last 3 years of “ICAP Obligation” for the LSE and its Affiliates. Where the ICAP Obligation is the ICAP equivalent of the required UCAP requirements (including the portion of the MW purchased in the Spot Auction in excess of requirements).*
 - *For all Mitigated Capacity Zones, the Maximum Net Long thresholds are compared to the CRIS MW for which the exemption is requested plus the MW of the Self-Supply LSE’s owned and “Long Term Contracts” for capacity adjusted for*
 - Self Supply Exemptions the LSE and its Affiliates received within the past 10 years,
 - Expected Retirements, resources that received a Self Supply Exemption associated with this LSE or its Affiliates whose CRIS has expired.
 - *If less than the Maximum Net Long threshold, the Net Long criteria is satisfied.*

Self Supply Exemption

- ◆ Includes revocation provisions:
 - *If, at the time prior to the Generator first producing, or the UDR project first transmitting, Energy it or the Self Supply LSE no longer satisfies the requirements of the Self Supply Exemption, the Generator and the LSE shall notify the NYISO.*
 - Upon notification, the ISO will revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor.
 - *Where the ISO reasonably believes that a request for a Self Supply Exemption was granted based on false, misleading, or inaccurate information, the ISO shall notify the Generator or UDR project and the Self Supply LSE that the Self Supply Exemption may be revoked, and provided 30 days written notice has been given to the Generator or UDR project (such notice to the extent practicable,) the ISO may revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor.*

Next steps

- ◆ Review draft tariff revisions posted with today's meeting materials.
- ◆ Soliciting stakeholder feedback.
 - *At this meeting, in writing (sent to deckels@nyiso.com) or by scheduling a call (by contacting Nicole Bouchez nbouchez@nyiso.com) as soon as possible.*
- ◆ Review analysis supporting initial exemption for Wind and Solar at March 3, ICAPWG meeting (Excel workbook posted with January 26 meeting materials)
- ◆ Additional ICAPWG meeting on a date to be determined to review further revised draft tariff revisions.

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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