Broader Regional Markets Report

Rana Mukerji Senior Vice President Market Structures Business Issues Committee January 11, 2017 Rensselaer, NY

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NEW YORK INDEPENDENT SYSTEM OPERATOR



#	Issue	Status
1	Market-to-Market Coordination-PJM Implement mechanism to allow dispatch of generation in neighboring control area to more cost effectively address transmission constraints. The NYISO and PJM activated market-to-market coordination on January 15, 2013.	COMPLETE
2	Interface Pricing Implement mechanism to represent incremental power flows at external proxies for scheduling and pricing decisions. On March 13, 2013, FERC approved the NYISO's proposed interface pricing tariff revisions.	COMPLETE
3	15-minute scheduling with PJM Implementation of intra-hour schedule changes at external proxy. The NYISO activated 15-minute scheduling at Keystone on June 27, 2012, Neptune on October 30, 2012, Linden VFT on November 28, 2012 and HTP on June 3, 2013.	COMPLETE
4	Coordinated Transaction Scheduling (CTS) with PJM Incorporate prices from neighboring control area into dispatch to allow MPs to schedule transactions based on price differences between regions. The NYISO activated CTS with PJM on November 4, 2014.	COMPLETE
5	Coordinated Transaction Scheduling (CTS) with ISO-NE Incorporate prices from neighboring control area into dispatch to allow MPs to schedule transactions based on price differences between regions. The NYISO activated CTS with ISO-NE on December 15, 2015.	COMPLETE



#	Issue	Status
6	Asymmetric Capability Year Impact on Inter-Area Capacity Sales On February 3, 2010, FERC approved tariff revisions necessary to support the Capability Year adjustment election for holders of UDRs. On February 25, 2015, the Analysis Group presented the findings of its capacity market assessment, concluding that development of a forward capacity market structure is not warranted at this time.	COMPLETE
7	Coordination of Regional Day Ahead Electric Market Timing with Gas Day FERC directed the ISOs and RTOs to consider changes to the timing of their Day-Ahead Markets in response to changes to the gas nomination timeline. The NYISO's existing Day-Ahead scheduling practices satisfy FERC's timing requirements.	COMPLETE
8	Michigan-Ontario PAR Cost Allocation Proposal by MISO and ITC to allocate 30.9% of the cost of ITC's Michigan Ontario PARs to New York • On September 22, 2016, FERC rejected the MISO/ITC proposal and ruled in favor of the NYISO and PJM. No rehearing requests by other parties were submitted • The NYISO has received a refund payment from MISO and has begun issuing refunds	ONGOING
9	Five-minute Transaction Scheduling with Hydro Quebec Implement economic scheduling of interchange across controllable interties via the 5 minute Real-Time Dispatch ('RTD') at the HQ Chateauguay proxy	PENDING
10	15-Minute Transaction Scheduling with Ontario Implementation of intra-hour schedule changes at external proxy • IESO has indicated that other priorities will delay the quarter hour scheduling timeline. NYISO and IESO have agreed to revisit prioritization discussions upon resolution of those factors.	PENDING

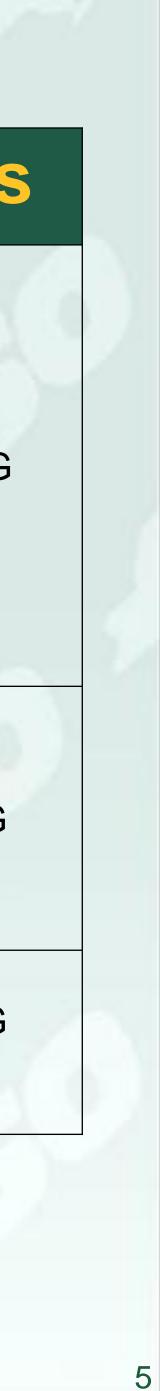


#	Issue	Status
11	Evaluation of Energy Market Offer Cap Differences in offer caps between regions may interfere with economic and reliability driven interchange scheduling	
	 On November 17, 2016, FERC issued Order No. 831 requiring, among other matters, the NYISO to 1) cap each resource's incremental energy offer at the higher of \$1,000/MWh or that resource's verified cost-based incremental energy offer, and 2) cap verified cost-based On December 19, 2016, NYISO filed a request for clarification/ rehearing with FERC NYISO is targeting to provide an update at the January 17, 2017 MIWG meeting 	ONGOING
12	Reserves Participation in Adjacent Regional Markets Allow MPs to purchase/sell reserves and regulation between the NYISO and adjacent control areas	PENDING
13	Congestion Rent Shortfalls Resulting From External Transmission Outages Reductions in transmission capacity external to New York may result in congestion shortfalls. There is currently no mechanism to assign these costs to an external responsible party	PENDING
14	Elimination of Rate Pancaking Reciprocal elimination of fees on export transactions can increase interregional transmission scheduling efficiency. Rate pancaking between NYISO and ISO-NE has already been eliminated.	ONGOING



#	SS
15	Capacity Imports from Ontario Ontario has expressed an interest in pursuing eligibility for New York
	 At the February 10, 2016 BIC meeting, NYISO received a multiple sets of import right limits for the Winter 2016-201 import rights at the Ontario interface subject to Ontario m
	 On August 30, 2016, NYISO posted to its website a Mem import of External Capacity from Ontario beginning with the
16	Buy-Through of Congestion
	Buy-through of Congestion would provide a scheduling and areas that are not specified on the contract path
	 The Lake Erie ISOs and RTOs agree that implementing E
17	Reciprocal Capacity Wheeling with New England Identify the scope of issues pertaining to auction structure, and other impact areas in NY and ISO-NE markets

ue	Status
r imports from Ontario to qualify to provide capacity in	
approval on revisions to the ICAP Manual reflecting 17 Capability Period including potential availability of neeting eligibility requirements	ONGOING
norandum of Understanding agreed to with IESO on the the the Winter 2016-2017 Capability Period	
d settlement mechanism to account for costs in control	PENDING
Buy-Through of Congestion is not necessary at this time	
, timing, planning, operations, IRM/LCR, cost allocation	PENDING



#	ISS
18	Addressing Control Area to Control Area Capacity Identify and alleviate barriers to capacity market import and ex
19	Future of the ConEd/ PSEG Wheel The current ConEd/ PSEG wheel agreement will expire May 2 wheel. The NYISO and PJM are working together to identify n expiration of this agreement
	 NYISO stakeholders approved the proposal at the December NYISO and PJM are targeting a FERC filing at the end of Jac
N	RTC-RTD Forward Horizon Coordination Improven The NYISO aims to improve modeling consistency between R
20	evaluations to facilitate more efficient RTC-RTD scheduling an
	 The NYISO provided an initial presentation on this topic to st An update on this effort was provided at the September 29, 2
	Settlement Intervals and Shortage Pricing in Marke
21	On June 16, 2016, FERC issued Order No. 825 regarding the operating reserves, and intertie transactions. The rule become submit a compliance filing on or before January 11, 2017
	• NYISO believes that its current market rules comply with the compliance filing to the FERC by January 11, 2017

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2017, as ConEd has elected not to renew the contracts for the market design changes necessary to address the anticipated ONC er 2016 MC meeting anuary 2017, subject to NYISO Board of Directors approval ments RTC and RTD and evaluate improvements to look-ahead		Juai
market design changes necessary to address the anticipated ONG er 2016 MC meeting anuary 2017, subject to NYISO Board of Directors approval ments RTC and RTD and evaluate improvements to look-ahead and price convergence ONG takeholders at the April 5, 2016 MIWG meeting ONG 2016 MIWG meeting ONG ets Operated by RTOs and ISOs e alignment of settlement and dispatch intervals for energy, es effective on September 13, 2016, and the NYISO must		PEND
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e requirements of Order No. 825 and will submit its required	ets Operated by RTOs and ISOs e alignment of settlement and dispatch intervals for energy, es effective on September 13, 2016, and the NYISO must	
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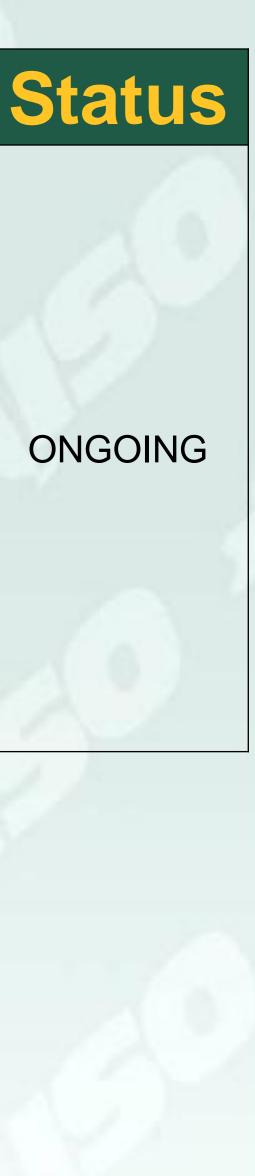
Impact to NYISO Capacity Market of ISO-NE's Proposed Revisions to the Qualification Requirements for 22 Import Capacity Resources Seeking to Participate in ISO-NE's Reconfiguration Auctions and Bilateral **Transactions** The proposed effective date of ISO-NE's proposed revisions to the qualification requirements for "Import Capacity Resources" to participate in ISO-NE's Reconfiguration Auctions and bilateral transactions creates a substantial risk of market •With one modification, stakeholders approved the NYISO's proposal at the October 26, 2016 Management Committee Locality to ISO-NE at 80% from June 2017 through May 2018, rather than utilize the tariff methodology and inputs. •The NYISO Board of Directors upheld the Management Committee's vote •The NYISO filed proposed tariff revisions with FERC on November 30, 2016

Issue

unjustifiably increasing New York capacity prices and creating inefficient price signals in the NYISO-administered capacity

meeting. That modification would set the Locality Exchange Factor for capacity exports from Generators located in the G-J

ONGOING



interest and provide benefit to consumers by:

- Maintaining and enhancing regional reliability •
- Operating open, fair and competitive wholesale electricity markets ullet
- Planning the power system for the future •
- Providing factual information to policy makers, stakeholders and • investors in the power system

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