

NYISO Generator Deliverability Process

**Provided by the NY Transmission Owners, a group of Generators and
the IITF Chair, Glenn Haake**

**Business Issues Committee
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Proposal

Order No. 2003 requires transmission providers to offer interconnection customers two levels of interconnection service: Energy Resource Interconnection Service or ERIS; and capacity/Network Resource Interconnection Service or NRIS.¹ The Commission has afforded the NYISO and its market participants ample time to develop a generator deliverability process to meet the particular needs of the New York market structure. For the past three years the NYISO and its market participants have explored the adoption of a New York generator deliverability requirement. It appears that a majority of the NYISO market participants now believe that a generator deliverability requirement is needed for New York. The following proposal outlines the basic components of the generator deliverability process that we believe would be supported by a majority of the New York market participants.

1. The deliverability test methodology will be part of the interconnection study process performed as part of the NYISO's feasibility, impact and Class Year facilities studies. A generator can elect to study ERIS, NRIS or both at the time of the interconnection request but must finalize its decision when the FSA is executed (conforms to FERC pro forma language section 3.2).
2. The generator deliverability test will be applied within each New York capacity region.² To be declared deliverable, a generator must be deliverable throughout the relevant NYISO capacity region. By way of example, a generator located in the rest-of-state (ROS) region, would be required to demonstrate deliverability throughout the ROS region, but not be required to demonstrate deliverability to the locationally constrained markets, currently limited to the New York City and Long Island localities; a generator located in the New York City locality would be

¹ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003) (Order No. 2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 (2004) (Order No. 2003-A), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2005) (Order No. 2003-B), *order on reh'g*, Order No. 2003-C, 111 FERC 61,401 (2005).

² The NYISO operates three distinct Installed Capacity markets: A statewide market and locational markets for New York City and Long Island. Within these markets, there are three capacity regions that are subsets of the statewide market: Rest of State (zones A through I), Long Island (zone K), and New York City (zone J).

- required to demonstrate deliverability within that locality, but not outside that locality.
3. New generators will be required to elect NRIS in order to participate in a particular NYISO capacity market. Where a new generator elects NRIS, the NYISO will complete the necessary deliverability interconnection studies to identify necessary upgrades, if any, to ensure deliverability, and by fully funding the identified upgrades the generator will be eligible to participate in the appropriate NYISO capacity market to the extent of its deliverable capability.
 4. Where the pre-existing system (existing transmission and generation prior to the implementation of this deliverability requirement) demonstrates deliverability issues, a new interconnecting generator electing NRIS need only address the incremental deliverability of its interconnecting facility, not the deliverability of the pre-existing system. For example a new 50 MW generator that elects NRIS for its full 50 MW in an area with a pre-existing deliverability problem would only be required to fund upgrades sufficient to ensure that its 50 MW of incremental capacity is deliverable.
 5. Pre-existing and new generators eligible for NRIS will retain their NRIS status at the capacity level found deliverable in the study regardless of subsequent changes to the transmission system or the transfer of ownership, provided the unit remains capable of operating at the capacity level studied and is not deactivated. In the case of a deactivation, NRIS status at the capacity level eligible for NRIS found deliverable terminates three years after deactivation unless a new interconnection agreement is executed within one year after deactivation and the developer demonstrates to the NYISO that it continues to meet the milestones enumerated in the interconnection agreement. If a generator deactivates an existing unit and commissions a new one at the same location, NRIS status of the deactivated generator at the capacity level found deliverable may be transferred to that same location. A Pre-Class Year 2007 unit that has not commenced operations within three years of the adoption of a deliverability requirement shall remain eligible for NRIS service so long as it makes substantial progress towards commencement of operations and fulfills the milestones outlined in its Interconnection Agreement.
 6. A generator that elects to interconnect under the ERIS requirements (and limit the interconnection costs that it is responsible for) will not be a NRIS and will not be eligible to participate in the applicable NYISO capacity markets. Rather, such a generator will be eligible to participate only in the energy and applicable ancillary service markets. When a generator elects ERIS, the generator may at a later date ask the NYISO to complete a new deliverability study as part of the next Class Year study process to identify necessary upgrades, if any, to ensure its full or partial deliverability, and by fully funding identified upgrades, if any, the generator will be eligible, after the completion of any necessary upgrades, to participate as a NRIS in the appropriate NYISO capacity market to the extent of its deliverable capability.

7. To ensure the greatest flexibility for generators, generators may elect partial ERIS/NRIS service for a given unit.
8. Work on developing the generator deliverability test and finalizing the definition of deliverability will continue within the NYISO stakeholder process.
9. The deliverability test is to be applied prospectively beginning with the 2007³ Class Year. Generators prior to the 2007 Class Year will continue to participate in the NYISO capacity markets (with respect to existing generating capacity) on the same terms and conditions that currently apply without meeting this new deliverability standard. No upgrades will be required by the Generators prior to the 2007 Class Year or the New York Transmission Owners with respect to this deliverability requirement.

³ Some market participants believe that the deliverability requirement should be applied prospectively beginning with the 2006 Class Year.