

Consumer Impact Analysis: 2012 Project List

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KCC

Analysis Guidelines

- ❖ **Anticipated net production cost impact of \$5 Million or more**
- ❖ **Expected consumer impact from changes in energy or capacity market prices is greater than \$50 Million per year**
- ❖ **Incorporates new technology into NY Markets for first time**
- ❖ **Allows or encourages a new type or category of market product**
- ❖ **Creates a mechanism for out-of-market payments for reliability**

Identification of 2012 Projects

2012 Projects

- ❖ ***Identified by***
 - ❖ **Significant Market Design Concepts**
 - ❖ *approved in the budget process*
 - ❖ **Emergent stakeholder issues**
 - ❖ **FERC directives (compliance filings) where the NYISO has implementation flexibility**

2012 Proposed Projects

- ◆ Ancillary Services Mitigation
- ◆ Frequency Regulation Compensation
- ◆ Enhanced Scarcity Pricing
- ◆ Additional Capacity Zones

Ancillary Services Mitigation

- ◆ ***Description:*** Evaluate two mitigation provisions that may limit competitive 10-minute reserves offers in the DAM and identify appropriate modifications, if necessary
- ◆ ***Benefit:*** Improve convergence between day-ahead and real time reserve prices during peak load hours
- ◆ ***Screen:*** Significant market design change.

Frequency Regulation Compensation

- ***Description:*** Compensate frequency regulation providers with a payment for performance, in addition to a payment for capacity (that they receive today), based on the quantity of service provided by a resource in accurately following the dispatch signal
- ***Benefit:*** Enhancing efficient price signals by appropriately compensating frequency regulation resources for performance
- ◆ ***Screen:*** Allows or encourages a new type or category of supplier

Enhanced Scarcity Pricing

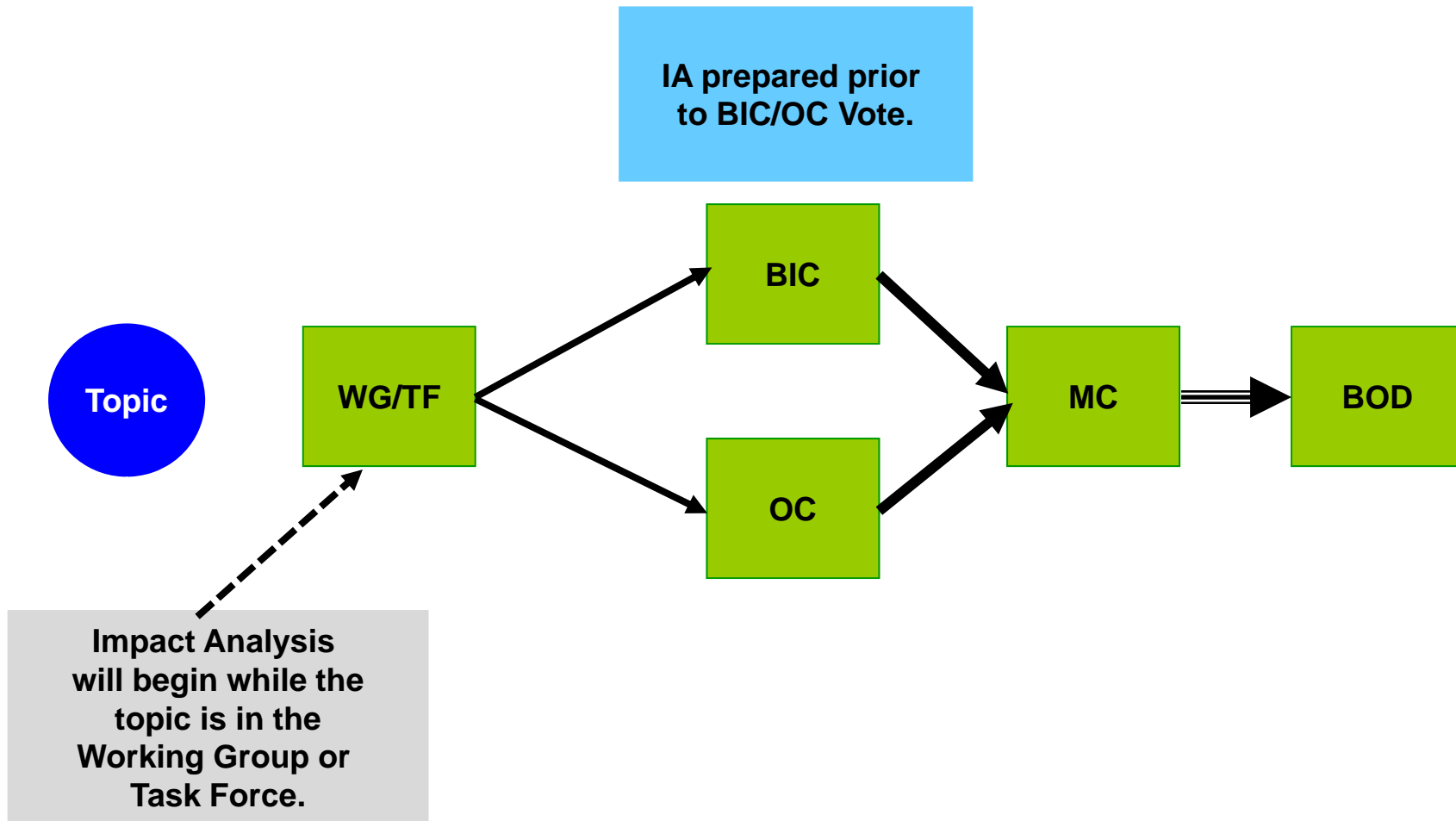
- ◆ **Description:** Evaluate the need for more efficient price setting when energy within the NYCA is scarce
- ◆ **Benefit:** Improved price signals; more efficient scheduling
- ◆ **Screen:** Significant market design change

Additional Capacity Zones

- ◆ **Description:** Conduct an analysis of possible new capacity zones demarcated by south of the UPNY-SENY Interface.
- ◆ **Benefit:** Reflect more efficiently through prices capacity values both inside and outside SENY
- ◆ **Screen:** Significant market design change

Impact Analysis - Process Map

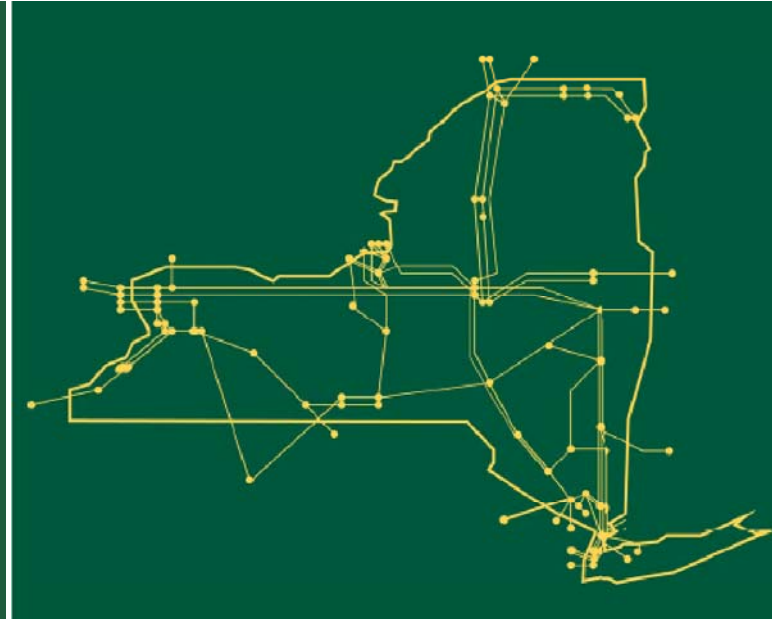
NYISO SHARED GOVERNANCE PROCESS



Next Steps

- ◆ **Stakeholder Feedback**
- ◆ **Presentation to Feb. 13 BIC**

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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