



Broader Regional Markets Report

Rana Mukerji
Senior Vice President
Market Structures

Business Issues Committee

March 14, 2017
Rensselaer, NY

Broader Regional Markets

#	Issue	Status
1	<p>Market-to-Market Coordination-PJM</p> <p>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.</p>	COMPLETE
2	<p>Interface Pricing</p> <p>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.</p>	COMPLETE
3	<p>15-minute scheduling with PJM</p> <p>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.</p>	COMPLETE
4	<p>Coordinated Transaction Scheduling (CTS) with PJM</p> <p>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.</p>	COMPLETE
5	<p>Coordinated Transaction Scheduling (CTS) with ISO-NE</p> <p>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.</p>	COMPLETE

Broader Regional Markets

#	Issue	Status
6	<p>Asymmetric Capability Year Impact on Inter-Area Capacity Sales</p> <p>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.</p>	COMPLETE
7	<p>Coordination of Regional Day Ahead Electric Market Timing with Gas Day</p> <p>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.</p>	COMPLETE
8	<p>Michigan-Ontario PAR Cost Allocation</p> <p>Proposal by MISO and ITC to allocate 30.9% of the cost of ITC's Michigan Ontario PARs to New York</p> <ul style="list-style-type: none"> • 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 • The NYISO, IESO, MISO, and PJM have completed the Ontario-Michigan Interface PAR Performance Evaluation Report • <i>The NYISO will file a request with the FERC seeking to end its obligation to provide further Annual Broader Regional Markets Reports following submission of this year's report</i> 	ONGOING
9	<p>Five-minute Transaction Scheduling with Hydro Quebec</p> <p>Implement economic scheduling of interchange across controllable interties via the 5 minute Real-Time Dispatch ('RTD') at the HQ Chateauguay proxy</p>	PENDING
10	<p>15-Minute Transaction Scheduling with Ontario</p> <p>Implementation of intra-hour schedule changes at external proxy</p> <ul style="list-style-type: none"> ♦ 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

Broader Regional Markets

#	Issue	Status
11	<p>Evaluation of Energy Market Offer Cap Differences in offer caps between regions may interfere with economic and reliability driven interchange scheduling</p> <ul style="list-style-type: none"> • 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 incremental energy offers at \$2,000/MWh when calculating LBMPs • On December 19, 2016, NYISO filed a request for clarification/ rehearing with FERC 	ONGOING
12	<p>Reserves Participation in Adjacent Regional Markets Allow MPs to purchase/sell reserves and regulation between the NYISO and adjacent control areas</p>	PENDING
13	<p>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</p>	PENDING
14	<p>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.</p>	ONGOING

Broader Regional Markets

#	Issue	Status
15	<p>Capacity Imports from Ontario Ontario has expressed an interest in pursuing eligibility for imports from Ontario to qualify to provide capacity in New York</p> <ul style="list-style-type: none"> • <i>At the February 10, 2016 BIC meeting, NYISO received approval on revisions to the ICAP Manual reflecting multiple sets of import right limits for the Winter 2016-2017 Capability Period including potential availability of import rights at the Ontario interface subject to Ontario meeting eligibility requirements</i> • <i>On August 30, 2016, NYISO posted to its website a Memorandum of Understanding agreed to with IESO on the import of External Capacity from Ontario beginning with the Winter 2016-2017 Capability Period</i> 	ONGOING
16	<p>Buy-Through of Congestion Buy-through of Congestion would provide a scheduling and settlement mechanism to account for costs in control areas that are not specified on the contract path</p> <ul style="list-style-type: none"> • <i>The Lake Erie ISOs and RTOs agree that implementing Buy-Through of Congestion is not necessary at this time</i> 	PENDING
17	<p>Reciprocal Capacity Wheeling with New England Identify the scope of issues pertaining to auction structure, timing, planning, operations, IRM/LCR, cost allocation and other impact areas in NY and ISO-NE markets</p>	PENDING

Broader Regional Markets

#	Issue	Status
18	Addressing Control Area to Control Area Capacity Transactions Identify and alleviate barriers to capacity market import and export transactions	PENDING
19	Future of the ConEd/ PSEG Wheel The current ConEd/ PSEG wheel agreement will expire May 2017, as ConEd has elected not to renew the contracts for the wheel. The NYISO and PJM are working together to identify market design changes necessary to address the anticipated expiration of this agreement	ONGOING
	<ul style="list-style-type: none"> • <i>NYISO stakeholders approved the proposal at the December 2016 MC meeting</i> • <i>The Board of Directors approved this proposal at its January meeting</i> • <i>NYISO and PJM filed jointly with FERC on January 31, 2017</i> 	
20	RTC-RTD Forward Horizon Coordination Improvements The NYISO aims to improve modeling consistency between RTC and RTD and evaluate improvements to look-ahead evaluations to facilitate more efficient RTC-RTD scheduling and price convergence	ONGOING
	<ul style="list-style-type: none"> • <i>The NYISO provided an initial presentation on this topic to stakeholders at the April 5, 2016 MIWG meeting</i> • <i>An update on this effort was provided at the September 29, 2016 MIWG meeting</i> 	
21	Settlement Intervals and Shortage Pricing in Markets Operated by RTOs and ISOs On June 16, 2016, FERC issued Order No. 825 regarding the alignment of settlement and dispatch intervals for energy, operating reserves, and intertie transactions. The rule becomes effective on September 13, 2016, and the NYISO must submit a compliance filing on or before January 11, 2017	ONGOING
	<ul style="list-style-type: none"> • <i>NYISO believes that its current market rules comply with the requirements of Order No. 825</i> • <i>The NYISO submitted its required compliance filing to FERC on January 11, 2017</i> 	

Broader Regional Markets

#	Issue	Status
22	<p>Impact to NYISO Capacity Market of ISO-NE’s Proposed Revisions to the Qualification Requirements for Import Capacity Resources Seeking to Participate in ISO-NE’s Reconfiguration Auctions and Bilateral Transactions</p> <p>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 unjustifiably increasing New York capacity prices and creating inefficient price signals in the NYISO-administered capacity market</p> <ul style="list-style-type: none"> • <i>With one modification, stakeholders approved the NYISO’s proposal at the October 26, 2016 Management Committee meeting. That modification would set the Locality Exchange Factor for capacity exports from Generators located in the G-J Locality to ISO-NE at 80% from June 2017 through May 2018, rather than utilize the tariff methodology and inputs.</i> • <i>The NYISO Board of Directors upheld the Management Committee’s vote</i> • <i>The NYISO filed proposed tariff revisions with FERC on November 30, 2016</i> • <i>On January 27, 2017, FERC issued an order accepting the NYISO’s proposed Locality Exchange Factor methodology, but rejected the proposed one-year transitional mechanism for capacity exports from Generators located in the G-J Locality to ISO-NE</i> 	ONGOING
23	<p>PJM Proposal for Pro-Forma Pseudo-Tie Agreements</p> <p>PJM has asked the NYISO to review its proposed <i>pro forma</i> pseudo-tie agreement that would apply to NYCA Generators that sell all or a portion of their capacity to PJM. PJM would provide commitment and dispatch instructions to pseudo-tied generators; such generators would be committed and dispatched to meet PJM’s needs, rather than the NYISO’s needs. The NYISO has concerns about using PJM’s proposed pseudo-tie agreement for Generators located in the NYCA. The NYISO is prepared to work with PJM to evaluate potential alternate solutions that would be acceptable to both parties.</p> <ul style="list-style-type: none"> • <i>The NYISO discussed this topic at the February 22, 2017 MC meeting and the February 28, 2017 MIWG meeting</i> 	ONGOING

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:

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

www.nyiso.com