

30-Minute Operating Reserve Program Strawman Proposal



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Goals of 30-Minute NYISO DR Program

- Create a sub-class of DR resources that are dispatched with 30-minutes notice to curtail for a specified length of time
- Indirectly conforms with FERC directive to allow DR into the 30-Minute reserve market
- Generates additional value to NYISO as resources can be dispatched with far less notice than previously required
- Generates additional value to participants by potentially increasing frequency of event declarations and payment opportunities

NYISO 30-Minute DR Program

- Making a sub-class of EDRP resources that only require 30-minutes is advantageous but the program is voluntary
- Focus on changing Special Case Resource (SCR) program since these resources are obligated to curtail during declared events
- Create two sub-programs for SCR based on length of dispatch notice
 - SCR 2-Hour (Current program)
 - SCR 30-Minute (New program)

Program Features - Similar

- Metering Requirements
 - Both sub-programs will require interval metering, identical in scope to the current program rules
 - More frequent (5 min) interval sampling will likely be needed
- Testing Requirements
 - Both sub-programs will require a one-hour disconnect test per capability season under sub-program specific advisory and dispatch conditions
- Non-compliance Penalty
 - Both sub-programs will have the same non-compliance penalties that are identical to the current program rules
- Price-Setting Ability
 - Under Scarcity Pricing, both sub-programs resources will be eligible to set Real-Time LBMP, identical to the current program rules

Program Features – Similar (2)

- Up-front Payment
 - Both sub-programs provide UCAP credit for pledging to reduce load below a CMD or ramping up a generator, identical to the current program rules
 - 30-Minute program requires the resource to provide the level of UCAP within 30 minutes of receiving the dispatch signal
 - 2-Hour program requires the resource to provide the level of UCAP within 2 hours of receiving the dispatch signal
- Minimum Event Length
 - Both sub-program events will last a minimum of one hour, identical to current rules
 - Shorter run-time would provide operators with more flexibility and would structure the 30-Min sub-program closer to real 30-minute OR
 - However, questionable whether Ops would use this feature and customers would readily accept it

Program Features - Different

- Advisory notice
 - 2-Hour sub-program receives a day-ahead notice of a possible event the following day, identical to current rules
 - 30-minute sub-program receives no advisory notice of a possible event
- Dispatch notice
 - 2-Hour sub-program receives a dispatch signal that an event will commence in two hours, identical to current rules
 - 30-minute sub-program receives a dispatch signal that an event will commence in thirty minutes

Program Features – Different (2)

- Shutdown period
 - 2-Hour sub-program resources can only be dispatched once a day for up to 4 hours
 - Current rules have no explicit limit on the number of events in a day
 - Historically the program has been called once and only once in a day over contiguous set of hours
 - 30-Minute sub-program resources can only be re-dispatched three hours after an event has ended
 - Allows for “re-cycling” of resources throughout the day
 - Places some limits on the number of times a resource can be asked to provide energy during a reserve pickup
 - Time limit mimics ERCOT’s LaaRs (Load acting as a Resource) program

Program Features – Different (3)

- Performance (Energy) payment
 - 30-Minute sub-program resources are now of greater value to NYISO than 2-Hour sub-program resources
 - Since capacity is valued equally across the two sub-programs, some method must be derived to reflect the added value of having more flexible resources available
 - Energy payment rates is an option used by other ISOs (e.g. ISO-NE demand programs)
 - 2-Hour sub-program maximum strike-price should be reduced from \$500/MWh to \$350/MWh
 - 30-Minute sub-program maximum strike-price should be set to \$500/MWh to reflect added-value of such resources

Program Features – Similar yet different

- Dispatch Method
 - Both sub-programs will be dispatched when there is a forecasted or actual 30-Minute operating reserve deficiency
 - Ordering of resources in dispatch rule must be worked out with NYISO Ops
- NYISO Ops has expressed an interest in having more flexibility in dispatching SCR
 - In theory, less required dispatch notice should provide Ops with more flexibility by waiting longer to call an event
 - If resources were available but not used due to dispatch limitations, Ops would be faulted since the system could have benefited from such resources
 - Flexibility not available through strike price dispatch method since most participants bid at the cap
- Get more details from NYISO Ops on what could satisfy their desire for increased flexibility but yet be agreeable to program participants

ICAP/SCR Program Provisions

<i>Feature</i>	<i>2-Hour SCR</i>	<i>30 Min SCR</i>
Performance Payment	Higher of Strike Price (Max of \$350/MWh) or LBMP	Higher of Strike Price (Max of \$500/MWh) or LBMP
Advisory Notice	Day-Ahead	None
Dispatch Notice	2 Hours	30 Minutes
Shutdown Period	Remainder of Calendar Day	3 Hours
Min. Event Length		1 Hour
Metering Requirement		Interval Meter
Testing Requirement		1 Hour per Capability Season
Non-Compliance Penalty	ICAP De-rating and potential Deficiency Payment	
Price-Setting Ability		Scarcity Pricing
Up-Front Payment		UCAP Credit
Dispatch Method	Forecasted or Actual 30 Minute Operating Reserve Deficiency (Priority ordering must be worked out)	

Bold font - Feature has changed from current SCR rules.