

*In-City Buyer-Side Mitigation  
Measures – Exemption,  
Determination and Duration of  
Offer Floor*

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# *Background*

- ◆ At four ICAPWG meetings, beginning with the May 21 ICAPWG meeting, the NYISO discussed with stakeholders proposed revisions to the Attachment H NYC ICAP buyer-side mitigation rules. The proposed revisions discussed include:
  - *Timing of Exemption and Offer Floor Tests*
  - *Duration of Offer Floor*
  - *Test for Offer Floor Exemption*
- ◆ At the August 4<sup>th</sup> BIC meeting, stakeholders approved the revisions as described in this presentation and on the tariff sheets that accompany this presentation.

# *Separation of Issues*

- ◆ This presentation covers changes specific to the exemption, determination, and duration of the offer floor.
- ◆ A second presentation at today's MC addresses specific language in Attachment H regarding using the average of 12 months in testing for an offer floor exemption.
  - *Consideration of, and the vote on, that revision can be independent of and is not inconsistent with the revisions described in this presentation or the accompanying tariff sheets.*

# *Definitions*

- ◆ Att H, Sec. 23.4.5.7:
  - *Total Nominal UCAP – MW value used in Interconnection Facilities study (IFS), or if an IFS is not required, the MW value proposed to the TO, multiplied by (1-EFORd based on NERC class average), multiplied by twelve months.*
  - *Total Cleared UCAP – cumulative amount of Installed Capacity Supplier's Cleared UCAP.*
  - *Cleared UCAP – Installed Capacity Supplier's offers of UCAP in NYC Spot Market Auction, provided that such amount is greater than or equal to fifty percent of the initial DMNC value of the ICAP Supplier.*

# *Units for Which the NYISO Will Make Exemption Determinations*

- ◆ Att. H, Sec. 23.4.5.7.3 (“Examined Facilities”):
  - (I) Members of the Class Year requesting CRIS or a transfer of CRIS from another location, that are either new generators/UDR facilities, or existing ERIS-only Generators/UDR facilities;
  - (II) Expected recipients of transferred CRIS rights at the same location;
  - (III) Entities in the NYISO interconnection queue in a Class Year prior to 2009 that have not commenced commercial operation and for which the NYISO has not made an exemption determination, or entities not subject to a Deliverability requirement identified as entering service in a time frame consistent with the Mitigation Study Period.
    - Mitigation Study Period is the period of time defined as the Capability Periods of expected entry of the members of the Class Year.

## *Exemption Determination*

- ◆ 23.4.5.7.2 - The NYISO will determine Unit Net CONE and provide an exemption determination prior to the commencement of the Class Year Initial Decision Period.
- ◆ On or before three days prior to the NYISO issuance of Revised Project Cost Allocations, the NYISO will revise Capacity price forecasts, adjustments to Unit Net CONE (based on changes to the Project Cost Allocation), and any changes to the exemption determination.

# *Exemption Test*

- ◆ 23.4.5.7.2:
  - *(a) NYISO’s forecast for any ICAP Spot Auction price in the two Capability Periods beginning with the Summer Capability Period three years from the year of the Class Year is greater than the highest Offer Floor based on Net CONE.*
  - *(b) NYISO’s forecast for the average of the Spot Auction prices for the six Capability Periods beginning with the Summer Capability Period three years from the year of the Class Year is greater than the reasonably anticipated Unit Net CONE.*
- \*\* *Note: the phrase “any ICAP Spot Auction Price” in the full text of (a) is the subject of changes proposed in a separate agenda item at today’s MC.*

# *Reasonably Anticipated NYC ICAP Spot Market Auction Price Calculation*

- ◆ 23.4.5.7.2 - The NYISO will compute the reasonably anticipated NYC ICAP Spot Market Auction price based on:
  - *Retirements*
    - Any Unit that provided written notice to the NYS Public Service Commission that it intends to retire, plus
    - Any facility 2MW or less that provided written notice to the NYISO that it intends to retire. (Note, these units are not required to give notice to the NYPSC pursuant to the Order in Case 05-E-0889)
  - *Load forecast, and Special Case Resources, as set forth in the most recently published Load and Capacity Data (Gold Book).*



# *Duration of Offer Floor*

- ◆ 23.4.5.7:
  - *Lesser of:*
    - Number of years determined by (initial DMNC of ICAP Supplier + amount of surplus capacity forecast 3 years ahead) divided by NYC forecast average annual MW load growth (from Gold Book), if a positive value,
    - Thirty Capability Periods, and
    - The period of time until the Capability Period in which the Total Cleared UCAP is greater than the Total Nominal UCAP.
  - *In no case will the duration of the offer floor be less than six Capability Periods*

## *Entities Initially Not Requesting CRIS*

- ◆ 23.4.5.7.2 - In cases where a new entrant does not initially request CRIS or declines SDUs but accepts SUFs, subsequently enters the market as an energy-only resource, and later requests CRIS:
  - *The NYISO would make an exemption and Offer Floor determination based on CONE at the time of entry as an energy-only resource, plus any SDU-related costs when being evaluated for CRIS.*
  - *All facilities in a Class Year will be required to submit data necessary for the NYISO to perform the Unit Net CONE analysis regardless of whether they are requesting CRIS.*

## *Additional Provisions*

- ◆ 23.4.5.7.2 - If a project for which the NYISO is to make an exemption or Unit Net CONE determination has not provided required information, the project will be subject to the Net CONE Offer Floor for a period determined in accordance with Section 23.4.5.7.
- ◆ A project for which an exemption determination has been made may only be reevaluated if it was not granted CRIS MW at the time of the prior evaluation and
  - *Enters a new Class Year requesting CRIS rights, or*
  - *Intends to receive transferred CRIS rights at the same location.*

## *Posting of Information*

- ◆ 23.4.5.7.2 - Prior to the Class Year Initial Project Cost Allocation, the NYISO will post:
  - *Inputs to the NYISO's reasonably anticipated NYC Spot Market Auction forecast prices,*
  - *Retirements,*
  - *Proposed new Capacity for which the NYISO will be making exemption determinations.*

# *Effective Date*

- ◆ Proposal:
  - *Request an effective date for the Tariff revisions that is one day after the date of in the Section 205 filing.*

# Next Steps

- ◆ If approved at today's MC:
  - *File request for waiver of current exemption determination provisions promptly after period for appeal of MC approval of tariff revisions has expired, provided an appeal has not been filed.*
  - *The waiver filing would:*
    - Request an effective date of the day after filing, and
    - Provide that the NYISO may notify FERC and stakeholders that it intends to resume effectuating existing exemption and Offer Floor determination provisions if it appears that newly filed tariff leaves will not be accepted by FERC by the requested date (30 days after filing).
- ◆ NYISO Board (September)
- ◆ Section 205 filing with FERC



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