

# UDR facility Net Energy Revenue Estimation for BSM Determinations: Compliance Filing

Julia Popova, PhD

Economist, ICAP Market Mitigation
New York Independent System Operator

**ICAP WG** 

January 19, 2016 Krey Blvd, Rensselaer, NY



# **Background**

- Commission's November 19, 2015 order (Docket No. EL12-98-001 and EL12-98-001) directed the NYISO to
  - To file tariff provisions that provide the conceptual basis and general framework for projecting likely energy and ancillary services revenues for UDR projects (P 94)
  - The filing is due February 17, 2016



# **Objectives**

- At today's meeting the NYISO will propose guiding principles to estimate net energy and ancillary services revenues for controllable lines projects (UDR projects)
  - These revenue estimates are used in the Buyer Side Mitigation (BSM) determination
- At a future stakeholder meeting, the NYISO anticipates presenting further details and tariff language



- Principles based on sound economic theories
- Foundation concepts:\*
  - Market structures and known changes in External Control Areas
  - The effect of the exports and imports using the UDR facility on prices in NYCA and External Control Areas
  - Costs of exports and imports using the UDR facility
  - Revenues from exports and imports using the UDR facility
  - Unique attributes of the UDR facility

<sup>\*</sup> These concepts are framed in this presentation to describe an UDR facility with an External Control Area terminus but would also apply to a UDR facility with a terminus in ROS

# Market Structures of External Control Areas

#### Market structures:

- Price formation rules including timing and settlement differences between markets
- Marginal costs of purchasing energy and capacity for export to NYCA
- Characteristics such as import/export limits, load profile, and generating fleet constitution

#### Known market changes including:

- Anticipated load growth
- Anticipated capacity retirements and additions
- Expected market rule changes



# **Price Impact**

- The effect of the UDR project on exports and imports
- and, therefore, on prices in NYCA and External Control Areas



#### **Costs and Revenues**

- Expected costs and revenues associated with exports and imports using the UDR project including (but not limited):
  - Export fees
  - Transmission service charges
  - Ancillary services fees
  - Scheduling fees
  - Opportunity costs of selling to other Control Areas (i.e., not NYCA)
  - Other fees and charges



### **Unique Attributes**

- Technology
  - Uni-directional vs. Bi-directional
  - Other unique features
- Operation constraints
  - Largest single contingency
  - Load profile in source External Control Area
  - Others



#### **Effective Date**

- The NYISO plans on asking FERC for a flexible effective date so that the tariff could be effective for Class Years for which the NYISO issues BSM Rule determinations after the Commission accepts the compliance filing
- The NYISO would notify FERC of the actual requested effective date after FERC issues its order accepting the tariff revisions and after the completion of Class Year 2015
  - That would avoid confusion regarding the NYISO's implementation obligations, and regarding the application to Class Year 2015 for which the NYISO will likely be issuing determinations while the compliance filing is pending before the Commission

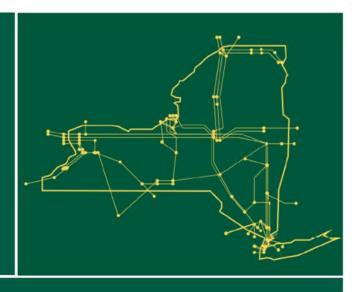


### **Next steps**

- The NYISO will consider input received during today's ICAPWG meeting
- Stakeholders can also provide additional comments in writing to <a href="mailto:deckels@nyiso.com">deckels@nyiso.com</a>
- Further review of the proposal and tariff language at a future ICAPWG meeting
- Filing is due February 17, 2016



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