

Status of NYISO Demand Response Programs

March 1, 2004

Price Responsive Load
Working Group

EDRP/SCR Registration by Zone

EDRP/SCR Registration as of 2/26/2004				
Zone	SCR Sold		EDRP Registered	
	MW Sold	# Customers Registered	MW Registered	# Customers Registered
A	292.8	38	53.9	57
B	27.9	18	32.5	15
C	87	34	38.7	156
D	159.7	5	4.7	10
E	16.6	11	57.2	56
F	52.6	14	64.8	62
G	0	0	55	41
H	0.7	1	7.3	9
I	4.6	5	15.7	28
J	150.4	76	133.7	127
K	9.8	24	182	815
TOTAL	802.1	226	645.4	1376
TOTAL EDRP & SCR	1,448 MW		1,602	Customers

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RIP and CSP Total MW Registered

EDRP/SCR Breakdown Effective February 26, 2004

<i>RIP/CSP/DRP Type</i>	<i>EDRP/SCR MW</i>	<i>DADRP MW</i>
8 Aggregators	454.9 MW	} 21.5 MW
9 LSEs	231.8 MW	
5 Direct Customers	130.6 MW	276.4 MW
8 Transmission Owners	630.3 MW	51.3 MW

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EDRP Issues - Registration

- Notices seeking updated EDRP registration information, including intent to remain in program for Summer 2004, were emailed to CSP Admin contacts on February 27
- CSPs should:
 - Include new registration expiration dates.
 - Indicate in the "Notes" column any resources that are terminating.
 - Not delete or add any rows/records.
 - Supply missing information in highlighted fields
 - Register new resources as before. These procedures are outlined in the EDRP Manual
- Responses are due no later than May 1
- Early responses are strongly encouraged

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EDRP Issues – Manual Changes

Changes for 2004

- Eliminate requirement that CSPs submit to the NYISO copies of DEC permits for Distributed Generation resources
- Clarify that CSPs, not NYISO, are responsible for adhering to the 200 hour per year DG operating limit and for notifying NYISO when DG units have been activated in response to Transmission Owner requests/calls
- Amend certain deadlines by which the NYISO will notify LSEs of customer registrations in the EDRP program, as well as deadlines by which program participants will be deemed registered in the absence of specific action by the NYISO
- Allow Distributed Generation to receive energy payments for output in excess of the host facility's load.
 - CSPs must certify that:
 - Utility parallel interconnection requirements have been met, and;
 - Any regulatory approvals required to sell energy at wholesale have been obtained

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SCR and EDRP – DG with Net Export

- Current EDRP and SCR rules prohibit DG from being paid for energy production in excess of host load and restrict SCR UCAP credit for directly metered generation to the host load. Manual is silent in net metering situations.
- The value to the NYISO of energy/capacity in excess of host load is the same as energy/capacity less than host load
- NYISO believes that EDRP and SCR program rules should be modified to allow UCAP credit and energy payments for generation in excess of host load.
- Assuming MP concurrence the intent is to bring this proposal to BIC on March 17
 - EDRP aspect to be vetted at PRLWG today
 - SCR to be vetted at ICAP WG on March 3

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SCR Issues - Testing

- NYISO Conducted tests of SCR resources on January 27 (Zones H-G), 28 (Zone A), and 29 (Zones B-G)
- Tests were mandatory only for resources sold in January, other resources were invited to meet their testing requirements during this test
- Additional tests will be conducted in March
- These tests will be mandatory for resources sold in March and for resources sold for the Winter 2003-2003 strip, provided those resources did not test during January
- To prevent undue market impacts, future tests will generally be broken down into zonally-defined groups
- NYISO reserves the right to decide which zones to call and they may not necessarily be contiguous
- To the extent practicable, advance notice will be limited to that provided for during actual events (i.e. 21-hours)
- Zonally-defined SCR tests may take place in different weeks (as opposed to different days in the same week)
- Going forward, NYISO is considering running tests on a monthly basis (participation would only be mandatory for each resource once each capability period)

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SCR Issues - Aggregation

- SCR program rules allow individual resources to be aggregated to achieve the 100 kW minimum, but not for measuring performance for UCAP purposes
- SCR resources must be certified in 100 kW increments (i.e., 150 kW is rounded down to 100 kW), as has always been the case
- Currently several resources can be aggregated under one PTID for purposes of determining energy payments
- For the Summer 2004 capability period, each resource/meter must have its own unique PTID to facilitate auditing and avoid the possibility of double-counting
- Resources may no longer be aggregated for purposes of determining SCR performance
- Procedures for registering and reporting aggregated SCR resources for 2004 will be determined and issued by the NYISO prior to start of the 2004 Summer capability period.

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SCR Issues - Performance

- Occasionally, NYISO has provided the required 21-hour advance notice to SCR resources, but has issued an activation notice less than 2-hours before the time indicated in the 21-hour notice. In these cases, NYISO has considered the entire SCR call to be voluntary for performance tracking purposes
- Going forward, it is the NYISO intention to clarify that only that portion of the event for which 2-hours advance notice has not been provided is voluntary
- Example:
 - NYISO issues notice at 10:45 a.m. that SCR resources may be needed from 8:00 a.m. to 2:00 p.m. the following day
 - The following day, NYISO issues an immediate activation notice at 7:30 a.m.
 - Response is voluntary from 7:30 a.m. until 10:00 a.m.
 - 7:30 + 2 hours = 9:30 a.m. is rounded up to 10:00 a.m.
 - Response is mandatory from 10:00 a.m. to the event's end

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DADRP – Proposed Changes

- Make the DADRP program permanent
- Eliminate the Incentive by revising the program to eliminate the aspect of the program that credits a participant's LSE with DADRP accepted schedule, consistent with the non-incentivized recommendation developed at PRLWG in 2003
- Amend the DADRP so as to settle deviations from Day-Ahead schedules at the RT LBMP, consistent with other NYISO markets
 - DRPs would be paid the DA LBMP for accepted schedules and would settle deviations from those schedules at the RT LBMP.
- Remove the requirement that PSC-certified MSP/MDSPs submit meter data. DRPs must identify TO/MDSP supplying data, and the NYISO would retain ability to audit meter data.
- Allow participation by adequately permitted, small, inside-the-fence generators
- Increase the bid floor to \$75/MWh
- Begin to explore the desirability and feasibility of a non-incentivized Real-Time Demand Response Program that allows DR to participate in both the energy and ancillary service markets on a non-incentivized basis

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DADRP – Recommendations (cont.)

Recommendations to NYSERDA & PSC

- Shift the focus of upcoming outreach and education effort to DADRP participation, while continuing to promote EDRP and SCR. The effort should focus on both DRPs and end-use customers likely to find DADRP useful. DRPs should be brought in to help develop brochures and other materials
- Upcoming “Roadshow” presentations will focus on increasing end-user and Demand Resource Provider awareness of and participation in DADRP

NYISO Supports Neenan DADRP Recommendations

- (1) Develop a program to retain performance contractors to conduct audits, advise potential DADRP participants of their options and potential savings, and assist in the development of bidding strategies
- NYISERDA has indicated that they are interested in pursuing this recommendation further.

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DADRP – Recommendations

Recommendations to NYISERDA & PSC (cont.)

- Support a DADRP bid aggregator to facilitate participation in the program by easing bidding and providing convenient, unbiased information to facilitate bid development.
- The Bid Aggregator would:
 - Develop, in consultation with interested DRPs, standardized DADRP products (block size, hours, minimum run time, etc.) to facilitate aggregation of customer bids
 - Provide NYISO market data (prices, trends, indicators) in an understandable format to DADRP participants,
 - Accept, aggregate and submit DADRP bids to defined NYISO buses in each zone (this would address the 1 MW minimum bid problem identified by potential participants)
 - Communicate in a customer-friendly format accepted bid data to participants and advise them when load reduction should be initiated based on accepted bids
 - Settle aggregated DADRP schedules with the NYISO and disaggregated schedules with aggregated DADRP participants
 - Aggregator accepts DADRP bids from all Market Participants on a non-discriminatory basis and does not compete with DRPs or solicit end-users
- NYISO is considering other approaches to implementing the Bid Aggregator proposal, including implementation by the NYISO (using either internal or external software development resources), outsourcing to a third party Agent, and encouraging private parties to undertake the effort on a commercial basis.

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Demand Response Governance Changes

At the February 4 Management Committee Meeting it was agreed that:

- Demand Response providers (including Distributed Generation) should be eligible to participate in NYISO Governance in the “Other Suppliers” Sector, provided however that Distributed Generators may be directed to the “End-User” or “Generator” Sectors by the NYISO if their circumstances (size, location, historical and intended use) dictate that they are more appropriately situated in one of those sectors
- Demand Response Providers with 40 MW or less of resources and Distributed Generators with 2 MW or less of resources shall be subject to an annual fee of \$1,000 for the year 2004, an annual fee of \$2,000 for the year 2005, an annual fee of \$3,000 for the year 2006 and an annual fee of \$5,000 for the year 2007 and for every subsequent year thereafter

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Demand Response Governance Changes

- IPPNY has appealed the February 4 MC decision on the grounds that assigning DR and DG to the Other Suppliers sector could disrupt the balance of NYISO Governance
 - IPPNY posits that DR/DG providers will be pressured by their end-user clients to vote as loads, rather than as suppliers
- IPPNY has proposed an alternative under which a new DG/DR sub-sector with 2% of the aggregate MC voting weight would be created within the Public Power/Environmental Sector
- The By-Laws Subcommittee reviewed, but did not endorse, the IPPNY alternative at its February 24 meeting
- The NYISO Board is likely to address the IPPNY appeal at its March meeting

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