

Operating Reserves

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Reserves

- NYISO Compliance filing on Self Supply
- Other options
 - Locational Pricing
 - Expanded Transmission Optimization

NYISO Compliance filing on Self Supply

- NYISO will make a compliance filing as ordered.
- Filing will describe a means for LSE's to designate qualified suppliers in the DAM of specified amounts of specific reserve categories.

Self Supply Compliance Methodology

- The physical component of the self-supply method consists of:
 - The LSE notifying the ISO of the supplier (generator or demand-side resource) that will be providing reserve
 - The Supplier verifying that it has agreed to be used as reserve self-supply for the LSE
 - The ISO modifying the day-ahead market to recognize the reserve that has been designated as self-supply so that the market:
 - o Will acquire only the additional reserve needed to satisfy the NYCA locational reserve requirements
 - o Will not use the self-supply resource for energy.

Self Supply Compliance Methodology

- The Financial component of the self-supply method consists of:
 - ISO determining the value of the self supplied reserve component
 - Crediting that value toward the LSE's day-ahead financial obligation for reserve
 - Ensuring that the supplier is not paid for the supplied reserve in the DAM settlement

Note: Under SMD2 LSEs have no exposure to real-time reserve prices

Self Supply Compliance Process

- The filed implementation schedule will allow ample time to integrate this work with other high priority post-SMD2 efforts.
- During this period the ISO will continue to:
 - argue at FERC for a financial solution
 - work with the MPs to develop the options.

Other options activity

1. Financial benefit analysis
 - Is there a financial justification to pursue such options
2. Expanded transmission optimization
 - Determine method and cost to integrate proposed methodology into optimization software
3. Locational Pricing
 - Continue search for a fair and acceptable re-allocation of reserve costs