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Management Committee
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High Level Problem Statement

- The New York ISO needs mechanisms that provide incentives for generation to be available to reliably meet the real-time needs of the NYCA, especially during days where there is a high risk for a reduction in real-time resource availability due to factors such as interchange and fuel supply uncertainty.
- The NYISO is calling this the Fuel Assurance Initiative



Winter 2014 Cold Snap

- The Winter of 2013-2014 was characterized by many days of gas prices exceeding oil prices -- resulting in high levels of economic scheduling of oil-fired generation.
- The majority of oil-fired generation was able to be replenished by either barge or truck deliveries at rates close to their oil-burn rates.
- The primary operational issues during the first three winter 2014 cold snaps were cold weather equipment issues and gas-only generator outages.
- The primary operational issues during the last two Winter 2014 cold snaps were oil inventory monitoring and management.



- Needed to meet NY needs for the future.
- Multiple components:
 - Energy & Ancillary Service Market Changes,
 - Capacity Market Changes.
- Multi-phase with implementation over the next several years.
- The first task will be working on identifying components of the initiative to meet NY needs.



Possible Energy & Ancillary Market Changes

- Winter outage/availability (MMU recommendation in the 2013 State of the Market Report)
- Additional Reserve areas and quantities
- Creation of critical operating days

Possible Capacity Market Changes

- Looking at ways to better incent and reflect performance especially on critical operating days
- Separate summer and winter EFORd

Work Already Underway or Implemented

- Reference Level Changes (June 2014)
- EMS Visualization of the gas system (October 2014)
- Code of Conduct Revision: Gas Operational Information Sharing (Approved at August MC)



Incent Intra-day Operational Flexibility

Promote Resource Availability

The NYISO's Efforts

Capacity Market

- Ways to better incent and reflect performance
- Possible Summer/Winter EFORd
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Energy Market

- Comprehensive Shortage Pricing
- Comprehensive Scarcity Pricing
- RLS Changes
- ...

Gas-Electric Coordination

- EMS Visualization of Gas System
- Gas Operational Information Sharing
- Fuel Availability Self Reporting project
- ...



Timeline

Work Already Underway or Implemented:

RLS Changes
EMS Visualization
Gas Operational Information Sharing

2014 2015

This year:

Identification of Components

2014/2015 Projects:

Scheduling & Pricing: Comprehensive Shortage Pricing (already initiated)

Scheduling & Pricing: Comprehensive Scarcity Pricing

(discussed at the May MIWG)

Fuel Assurance Market Design Concepts

Fuel Availability Self Reporting

Future 2016 Projects:

2016

To be identified

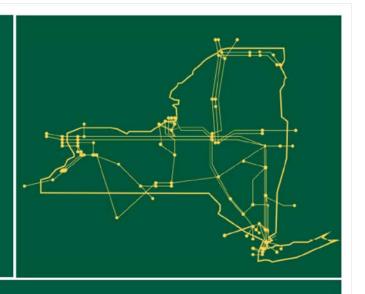


Next Steps

 Identification of Fuel Assurance components with stakeholders in the working groups.



The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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