

Proposal for Implementation of Stage II UDRs

Stage II Implementation would include:

1. Award UDRs for new capability of free-flowing AC expansions.
2. Award the contribution to statewide reliability of an AC or DC expansion to the firm rights holder of the expansion in the form of Unforced Capacity Credits (UCCs).
3. Allow UDRs to be offered into the relevant UCAP auctions to be combined with qualified capacity to meet Local UCAP requirements.

Implementation of UDRs for Free Flowing AC Expansions

Implementation Steps

- Amend UDR tariff definition to include new incremental free-flowing AC transmission facilities
- The NYISO would model the facility based on its system impact study and quantify the UDR value by utilizing MARS analysis with and without the UDR facility.
- Once quantified as a MW value the UDR award would be treated identically to controllable lines.

Transmission Expansions Contribution to Statewide Reliability

- Unforced Capacity Credits would need to be defined in the Tariff to count as UCAP toward an LSE's minimum requirement
- The assignment of a MW value of UCCs to a UCC facility would be similar to the process defined for UDRS
 - “The amount of UDRs assigned by the NYISO to each new incremental transmission facility, and any future adjustments there to, will be based on the transmission capability, reliability, and availability of the facility, and appropriate NYSRC reliability studies.” (Section 4.14.1 ICAP Manual)
 - NYSRC/NYISO would calculate the impact on the statewide installed reserve requirement of a transmission expansion through MARS analysis, with and without the facility
- Tariff already includes provision that “New Transmission projects to which the NYISO has granted UDRs (add UCCs) will not affect the determination by the NYISO of the amount of Unforced Capacity that must be located within the NYCA or within each Locality of the NYCA.” (Requirement is set as if the contribution to reliability of the UDR/UCC facility does not exist)

UDRs/UCCs Offered in UCAP Auctions

Implementation Steps

- UDRs should be able to be offered separately into the UCAP auctions and when matched with qualified capacity be awarded as locational UCAP.
- Pricing of UDRs and associated capacity in auction would need to be determined by ICAP WG
- Changes to ICAP auction software would need to be implemented