

Consumer Impact Analyses: 2016 Project List

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Analysis Guidelines

- ◆ **Anticipated net production cost impact of \$5 Million or more per year**
- ◆ **Expected consumer impact from changes in energy or capacity market prices is greater than \$50 Million per year**
- ◆ **Incorporates new technology into NY Markets for first time**
- ◆ **Allows or encourages a new type or category of market product**
- ◆ **Creates a mechanism for out-of-market payments for reliability**

Identification of 2016 Projects

- ◆ **Significant Market Design Concepts**
 - *Approved in the budget process*
- ◆ **FERC directives (compliance filings) where the NYISO has implementation flexibility**
- ◆ **Emergent stakeholder issues**

2016 Proposed Projects

- ◆ **Alternative Methods for Calculating the Locational Capacity Requirements**
- ◆ **Model Zone K as Export Constrained**
- ◆ **Performance Assurance – Study**
- ◆ **Fuel Assurance – Fuel Constrained Supply Bidding**

Alternative Methods for Calculating the Locational Capacity Requirements

- ◆ ***Description:*** This project would consider alternative methods for calculating Locational Capacity Requirements (LCRs) for the G-J, J and K localities
- ◆ ***Benefit:*** Enhance market efficiency. May reduce the costs of meeting the LCRs
- ◆ ***Screen:*** Significant Market Design Concept
- ◆ ***Preliminary Estimate:*** Expected consumer impact greater than \$50 Million per year

Model Zone K as Export Constrained

- ◆ ***Description:*** Zone K's capacity is not fully fungible with capacity in the G-J Locality, and was excluded from the G-J Locality boundary due to the Zone K export constraints. However, the reliability of the G-J Locality may benefit from Zone K exports, up to the export limit, if it is modeled that way in the auction
- ◆ ***Benefit:*** May increase market efficiency by recognizing the reliability value of Zone K capacity up to the export limit to the G-J Locality
- ◆ ***Screen:*** Allows or encourages a new type or category of market product
- ◆ ***Preliminary Estimate:*** Expected consumer impact greater than \$50 Million per year

Performance Assurance – Study

- ◆ ***Description:*** Explore market design changes that provide generators incentives to be available, especially during times when the risk of reduced real-time resource availability is high due to interchange and fuel supply uncertainty
- ◆ ***Benefit:*** Provide incentives for intra-day operational flexibility and promote increased resource availability and performance
- ◆ ***Screen:*** Significant Market Design Concept
- ◆ ***Preliminary Estimate:*** Expected consumer impact greater than \$50 Million per year

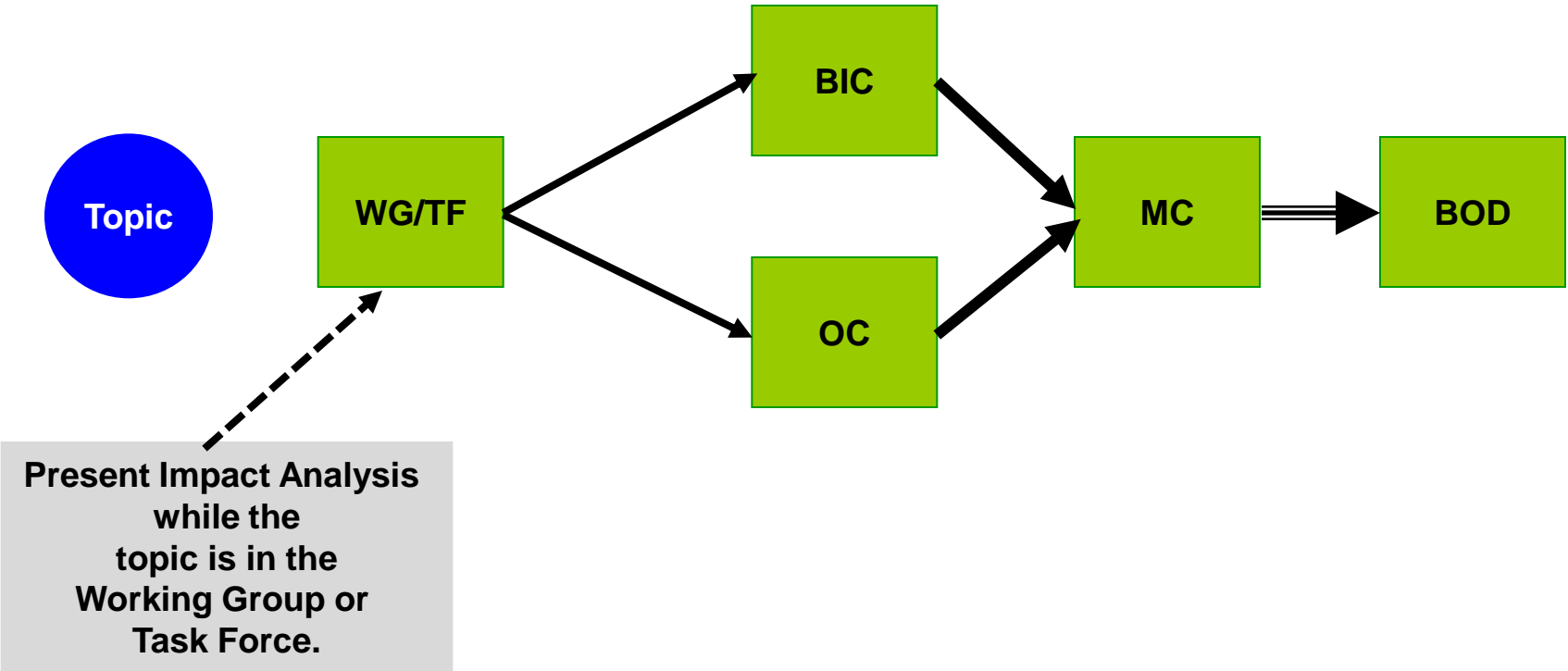
Fuel Assurance – Fuel Constrained Supply Bidding

- ◆ ***Description:*** Allow generators to submit offers that are scheduled subject to an inter-temporal constraint in the day-ahead market. The premise behind this proposal is that generators face significant fuel supply constraints that can be difficult or impossible to reflect efficiently in day-ahead offers. Also, allow generators to submit offers in the Day-Ahead market that reflect quantity limitations over the day. This would allow some generators to be scheduled more efficiently when they are subject to fuel or other production limitations.
- ◆ ***Benefit:*** These measures would reduce the financial risks that generators face and also reduce costs to consumers by allowing generators to schedule more efficiently with energy or fuel limitations
- ◆ ***Screen:*** Significant Market Design Concept
- ◆ ***Preliminary Estimate:*** Expected consumer impact could be greater than \$50 Million per year

Impact Analysis - Process Map

NYISO SHARED GOVERNANCE PROCESS

IA prepared prior to BIC/OC Vote.



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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