

# **ECONOMIC PLANNING: IMPLEMENTATION ISSUES**

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ESPWG Meeting  
April 18, 2005  
Albany, NY

*Draft – for discussion purposes only*

# Approved NYISO “Strawman”

- **Expanded reporting of historic congestion**
  - *Monthly postings on NYISO website*
    - ▶ Starting in April 2005
  - *Track historic congestion by key constraints*
  - *Identification of “unusual events”*
    - ▶ Need to finalize screening methodology (See PowerGem proposal)
  - *Perform “what-if” analysis*
    - ▶ Analyze all hours or sample hours?
    - ▶ Start with “Top 5” constraints
    - ▶ Identification of next binding constraint
  - *Report on other economic parameters*
    - ▶ ICAP, ancillary services, losses
    - ▶ Develop methodology/tools/assumptions

# NYISO “Strawman” (cont’d)

- **Focus on enhanced market-based initiatives**
  - *Analyze performance of all NYISO markets*
    - ▶ Identify key drivers
    - ▶ Identify potential market design problems
  - *Identify areas for improvement*
  - *Consider impact of intangibles*
    - ▶ Barriers to entry; fuel diversity; environmental implications
  - *Convene a Technical Conference*
    - ▶ Consult outside experts
    - ▶ Monitor FERC April 22<sup>nd</sup> Tech Conference
  - *Pursue improvements through NYISO committee process*

# NYISO “Strawman” (Cont’d)

## ➤ Future estimates of congestion

- *Based upon CRPP*
  - ▶ 10-year planning horizon
  - ▶ Base case and scenarios
- *Selection of model or models*
  - ▶ PROBE, MAPS, other?
- *Perform “what-if” analyses for various scenarios*
- *Provide a range of information to markets*
  - ▶ Energy prices
  - ▶ Congestion costs
  - ▶ ICAP/Ancillary Services/Losses
  - ▶ Other?
- *Publish results with appropriate assumptions & caveats*

# Potential Market Initiatives

- Consider TCC options for expansion
- Develop “end-state” TCC auction model
  - *Evaluate use of a DC model*
- Develop cross-border TCC options
- Evaluate expansion of UDR concept to non-controllable lines
- Develop alternate methodology to provide capacity value for transmission expansion in addition to TCCs
- Develop a pro-forma three-party Interconnection Agreement for MT facilities

# Other Market Enhancements

- Convene a workshop of industry experts to explore other, more fundamental, market enhancements
- Explore proposals for enhancements to market-based prices, such as:
  - *Compensation to MT to reflect increased market competitiveness*
  - *Enhancements which explicitly attempt to counteract the “lumpiness” problem associated with transmission expansion*
  - *Other enhancements that may increase the likelihood that societally beneficial lines will be built by the market?*