



Status of NYISO Demand Response Programs

April 1, 2004

Price Responsive Load
Working Group

EDRP/SCR Registration by Zone

EDRP/SCR Registration as of 3/29/2004				
Zone	SCR Sold		EDRP Registered	
	MW Sold	# Customers Registered	MW Registered	# Customers Registered
A	287.2	38	53.9	57
B	27.9	18	32.5	15
C	87	34	38.7	156
D	159.7	7	4.8	13
E	16.6	12	57.2	57
F	52.6	14	64.8	62
G	0	0	55.5	42
H	0.7	1	7.3	9
I	4	3	16.7	31
J	150	78	138.8	131
K	9.8	24	182	815
TOTAL	795.5	229	652.1	1388
TOTAL EDRP & SCR	1,448 MW		1,617	Customers

RIP and CSP Total MW Registered

EDRP/SCR Breakdown Effective March 29, 2004

<i>RIP/CSP/DRP Type</i>	<i>EDRP/SCR MW</i>	<i>DADRP MW</i>
9 Aggregators	460.8 MW	} 21.5 MW
9 LSEs	231.5 MW	
5 Direct Customers	125.0 MW	276.4 MW
8 Transmission Owners	630.4 MW	51.3 MW

EDRP Issues - Registration

- Notices seeking updated EDRP registration information, including intent to remain in program for Summer 2004, were emailed to CSP Admin contacts on February 27
- CSPs should:
 - Include new registration expiration dates.
 - Indicate in the "Notes" column any resources that are terminating.
 - Not delete or add any rows/records.
 - Supply missing information in highlighted fields
 - Register new resources as before. These procedures are outlined in the EDRP Manual
- Responses are due no later than May 1
- Early responses are strongly encouraged

EDRP Issues – Manual Changes

Changes for 2004

- Approved at March 17 BIC Meeting
- Eliminate requirement that CSPs submit to the NYISO copies of DEC permits for Distributed Generation resources
- Clarify that CSPs, not NYISO, are responsible for adhering to the 200 hour per year DG operating limit and for notifying NYISO when DG units have been activated in response to Transmission Owner requests/calls
- Amend certain deadlines by which the NYISO will notify LSEs of customer registrations in the EDRP program, as well as deadlines by which program participants will be deemed registered in the absence of specific action by the NYISO
- Allow Distributed Generation to receive energy payments for output in excess of the host facility's load.
 - CSPs must certify that:
 - Utility parallel interconnection requirements have been met, and;
 - Any regulatory approvals required to sell energy at wholesale have been obtained

SCR and EDRP – DG with Net Export

- Previous EDRP and SCR rules prohibited DG from being paid for energy production in excess of host load and restricted SCR UCAP credit for directly metered generation to the host load.
- The value to the NYISO of energy/capacity in excess of host load is the same as energy/capacity less than host load
- PRLWG and ICAPWG recommended that EDRP and SCR program rules be modified to allow UCAP credit and energy payments for generation in excess of host load.
- This change was approved by BIC on March 17

SCR Issues - Testing

- NYISO Conducted tests of SCR resources on January 27 (Zones H-G), 28 (Zone A), and 29 (Zones B-G)
- Tests were mandatory only for resources sold in January, other resources were invited to meet their testing requirements during this test
- Additional tests were conducted in March
- March tests were mandatory for resources sold in March and for resources sold for the Winter 2003-2003 strip that did not test during January
- To prevent undue market impacts, future tests will generally be broken down into zonally-defined groups
- NYISO reserves the right to decide which zones to call and they may not necessarily be contiguous
- To the extent practicable, advance notice will be limited to that provided for during actual events (i.e. 21-hours)
- Zonally-defined SCR tests may take place in different weeks (as opposed to different days in the same week)
- Going forward, NYISO is considering running tests on a bimonthly basis (participation would only be mandatory for each resource once each capability period)

SCR Issues - Aggregation

- SCR program rules allow individual resources to be aggregated to achieve the 100 kW minimum, but not for measuring performance for UCAP purposes
- To avoid truncation, SCR resources should be registered in 100 kW increments (else 150 kW of SCR is rounded down to 100 kW) in accordance with procedures
- SCR resources will be held to registered kW amounts
- Thus two 75 kW resources could be aggregated to meet 100 kW minimum certification
 - Two resources register at 75 kW
 - $75 \text{ kW} + 75 \text{ kW} = 150 \text{ kW}$ is rounded down to 100 kW, 100 kW is sold
 - Each resource will be derated if it doesn't perform at 75 kW
 - a better solution.....
 - Register both sources at 50 kW
 - 100 kW can still be sold, but only 50 kW of performance is required from each resource
 - better still.....
 - Find one 50 kW or two 25 kW resources join with the two 75 kW resources to get to 200 kW

SCR Issues - Performance

- Occasionally, NYISO has provided the required 21-hour advance notice to SCR resources, but has issued an activation notice less than 2-hours before the time indicated in the 21-hour notice. In these cases, NYISO has considered the entire SCR call to be voluntary for performance tracking purposes
- Going forward, only that portion of the event for which 2-hours advance notice has not been provided is voluntary. The remainder is mandatory.
- Example:
 - NYISO issues notice at 10:45 a.m. that SCR resources may be needed from 8:00 a.m. to 2:00 p.m. the following day
 - The following day, NYISO issues an immediate activation notice at 7:30 a.m.
 - Response is voluntary from 7:30 a.m. until 10:00 a.m.
 - 7:30 + 2 hours = 9:30 a.m. is rounded up to 10:00 a.m.
 - Response is mandatory from 10:00 a.m. to the event's end

DADRP – Proposed Changes

- Make the DADRP program permanent
- Eliminate the Incentive by revising the program to eliminate the aspect of the program that credits a participant's LSE with DADRP accepted schedule, consistent with the non-incentivized recommendation developed at PRLWG in 2003
- Amend the DADRP so as to settle deviations from Day-Ahead schedules at the RT LBMP, consistent with other NYISO markets
 - DRPs would be paid the DA LBMP for accepted schedules and would settle deviations from those schedules at the RT LBMP.
- Remove the requirement that PSC-certified MSP/MDSPs submit meter data. DRPs must identify TO/MDSP supplying data, and the NYISO would retain ability to audit meter data.
- Allow participation by adequately permitted, small, inside-the-fence generators
- Increase the bid floor to \$75/MWh
- Begin to explore the desirability and feasibility of a non-incentivized Real-Time Demand Response Program that allows DR to participate in both the energy and ancillary service markets on a non-incentivized basis

Demand Response Governance Changes

At the February 4 Management Committee Meeting it was agreed that:

- Demand Response providers (including Distributed Generation) should be eligible to participate in NYISO Governance in the “Other Suppliers” Sector, provided however that Distributed Generators may be directed to the “End-User” or “Generator” Sectors by the NYISO if their circumstances (size, location, historical and intended use) dictate that they are more appropriately situated in one of those sectors
- Demand Response Providers with 40 MW or less of aggregated resources and Distributed Generators with 2 MW or less of resources shall be subject to an annual fee of \$1,000 for the year 2004, an annual fee of \$2,000 for the year 2005, an annual fee of \$3,000 for the year 2006 and an annual fee of \$5,000 for the year 2007 and for every subsequent year thereafter

Demand Response Governance Changes

- IPPNY has appealed the February 4 MC decision on the grounds that assigning DR and DG to the Other Suppliers sector could disrupt the balance of NYISO Governance
 - IPPNY posits that DR/DG providers will be pressured by their end-user clients to vote as loads, rather than as suppliers
- IPPNY has proposed an alternative under which a new DG/DR sub-sector with 2% of the aggregate MC voting weight would be created within the Public Power/Environmental Sector
- The By-Laws Subcommittee reviewed, but did not endorse, the IPPNY alternative at its February 24 meeting. The proposal was rejected by the Management Committee at its March meeting
- IPPNY has appealed the rejection of its proposal to the NYISO Board
- The NYISO Board is scheduled to hear oral arguments on the two IPPNY appeals on April 19
- By way of background, on March 24, FERC issued an Order in the RTO-NE RTO case stating:

“alternative energy providers (e.g., renewable generation, distributed generation, and load response entities) represent an important, emerging presence in the New England electricity market which should be adequately represented within RTO-NE’s stakeholder advisory process. Accordingly, we will require the Filing Parties in a compliance filing to reflect the participation of these interests as a sixth voting sector.”