

NYISO Consumer Interest Liaison Weekly Summary

March 29 – April 2, 2021

Notices:

- The NYISO has [posted](#) an announcement regarding **updates to the securing of certain facilities starting with Round 8 of the Spring 2021 Centralized TCC Auction**. This posting can be found on the NYISO website under Markets > [Transmission Congestion Contracts](#) > Information and Announcements > 2021.
- Please use the link below to access the NYISO's stakeholder summary for the upcoming week.
[NYISO Stakeholder Summary](#)

Meeting Summaries:

Monday, March 29, 2021

Joint Installed Capacity/Market Issues/Price Responsive Load Working Group

Uneconomic Overproduction

Zachary Stines of the NYISO presented proposed tariff revisions related to Uneconomic Overproduction. Based on stakeholder input from prior discussions, Mr. Stines provided the following proposed enhancements to the draft tariff revisions:

- *Revised the impact test to consider a change in price or the congestion component, rather than just an increase (MST 23.3.2.1)*
- *The clarifying language included in the description of uneconomic production was revised following stakeholder feedback received at the March 2nd MIWG*

Mr. Stines noted that the proposed revisions leverage language used in the description of physical withholding.

The clarifying language included in the definition of uneconomic production in the Market Services Tariff Section 24. 2.4.1.3, was updated to:

“For purposes of uneconomic production and uneconomic withdrawal: (a) the ISO shall consider a Market Party to be engaged in uneconomic production or

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uneconomic withdrawal when it operates an Electric Facility at a level that is not a rational competitive response to economic factors other than the exercise of market power; and (b) a Market Party will not be excused from imposition of Mitigation Measures based on a showing that it did not intend to exercise market power or did not benefit from its behavior.”

A stakeholder suggested that Part b of the definition should be dropped from the proposed language. Mr. Stines responded that the NYISO will evaluate this recommendation and determine if it should be included in the definition or not. Another stakeholder noted that the revision should note that any supplier that follows NYISO dispatch instructions will not be evaluated for uneconomic production. Stakeholders noted this could be incorporated into a filing letter or explicitly in the tariff. The NYISO will review the suggestion. To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/20285352/03-29-21_MIWG_UneconomicProduction_Final.pdf/a9126201-983e-872d-5f33-3c1093d2e080

Highlights from the MMU Review of the Class Year 2019 BSM Evaluation

Raghu Palavadi Naga and Pallas LeeVanSchaick of Potomac Economics (Potomac) reviewed the Class Year 2019 (CY19) Buyer Side Mitigation (BSM) evaluation. Potomac, as the NYISO Market Monitoring Unit (MMU), is required by tariff to review the BSM evaluation and post the results of the review to enhance transparency of the NYISO’s evaluation and summarize key drivers of CY19 BSM determinations.

Mr. Naga highlighted new technologies that participated in CY19 and led a review of the results based on different technologies.

The MMU concluded that:

- *In CY19, low capacity margins and regulatory retirements resulted in Part A exemptions and Renewable Entry Exemptions*
 - *Additional retirements (e.g., from DEC Peaker Rule) could enable more*
 - *However, two issues with the REE limit should be evaluated further*
- *Acceptance of NYISO’s Part A Enhancements filing could facilitate additional entry by:*
 - *Prioritizing public policy resources*
 - *Improving the alignment of actual project entry date with the date used in the Part A Test*
 - *However, fixing this in Part B would require additional tariff changes*
- *REC revenues and revenues from distribution-level benefits could significantly lower the cost of new entry of renewables, ESRs, and DERs*
- *Complete and well-substantiated submissions could help reflect more accurate project costs and revenues*

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/20285352/MMU%20Presentation%20re%20CY19%20BSM%20Evaluation.pdf/532d8be1-69c2-a6f2-b29c-b8eb593dc197>

Resource Adequacy Structure 5: Multiple Value Pricing

Michael Cadwalader of Atlantic Economics presented the concept Multiple Value Pricing (“MVP”), a market-based approach for meeting the “missing money” requirements in the grid of the future. Mr. Cadwalader reviewed the concept of missing money, which refers to the portion of a revenue requirement above and beyond Energy and Ancillary Services (A&ES) revenues required to keep energy producers whole. According to Mr. Cadwalader, in the future grid make-up, it’s unlikely that

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the E&AS markets will provide sufficient revenue to support enough capacity to meet policy resource requirements.

In a Resource Adequacy Proceeding, the Department of Public Service (DPS) and NYSERDA engaged The Brattle Group (Brattle) to consider different resource adequacy structures. Mr. Cadwalader reviewed the results of the Brattle study and explained the concept of MVP. MVP auctions would determine the mix of resources that minimizes the amount of missing money that must be provided to meet both resource adequacy and policy resource requirements while eliminating the inefficiencies associated with the current Buyer Side Mitigation (BSM) rules.

Mr. Cadwalader introduced Blended Pricing and stated that it addresses the inefficiencies in capacity auctions while solving the problem of missing money in future capacity auctions. Mr. Cadwalader explained Blended Pricing with the help of graphs, charts and an illustrated example to assist in stakeholder's understanding of the concept.

An appendix was included with the meeting materials with additional, detailed examples.

The MVP methodology is proposed as a 2022 Project Candidate for the NYISO to include in the 2022 Project Prioritization Process by the Joint Utilities. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/20285352/Multiple%20Value%20Pricing%20032521.pdf/cd2be888-de01-2a07-7ed5-906c739b4c00>

Wednesday, March 31, 2021

Management Committee

Motion #1

Motion to approve the draft February 24, 2021 Management Committee meeting minutes

The motion passed unanimously

FERC Filings

April 1, 2021

NYISO filing, on behalf of LS Power Grid New York Corporation I and the settling parties an Offer of Settlement

April 1, 2021

NYISO filing of its annual compliance report regarding unreserved use and late study penalties

March 31, 2021

Notice of the immediate termination of Entrust Energy East, Inc. from the ISO-Administered Markets

March 30, 2021

NYISO request for clarification of interim ICAP Demand Curves that would apply for the upcoming ICAP Spot Market Auctions if the NYISO's DCR proposal is not accepted by the Commission on or before April 13, 2021

FERC Orders

March 30, 2021

Letter order accepted tariff revisions re: Co-located Storage Resource tariff revisions subject to two weeks effective date notice filing

March 29, 2021

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Notice that the NYISO's filing to Procuring Operating Reserves and Supplemental Reserves in the NYCA is deficient and that additional information is required

Filings and Orders:

http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp