NYISO Consumer Interest Liaison Weekly Summary

May 31 – June 4, 2021

Notices:

- *The redline and clean versions of the **Market Participant User's Guide** **(UG-01)** have been posted on the **Manuals, Technical Bulletins & Guides webpage**, under the Guides, Under Review folder. The Market Participant User's Guide has been updated to remove a reference that noted Intermittent Power Resources (IPR) are responsible for registration and payment with the NYISO's IPR forecasting vendor. IPRs are free to register with the vendor for forecasting services on their own, but are not required to do so.*

Meeting Summaries:

Thursday, June 3, 2021

Joint Installed Capacity Working Group/Load Forecasting Task Force

Expanding Application of Peak Hour Forecasts

Ethan Avallone of the NYISO updated stakeholders on the Expanding Application of Peak Hour Forecasts project. The NYISO and its stakeholders are considering the use of multiple peak load hours in the Transmission Owner (TO) ICAP obligation allocation to Load Serving Entities (LSEs). The NYISO is still evaluating its initial recommendation to provide data for the top 5 peak load hours, with the identification of these hours to include only non-holiday weekdays in July and August, consistent with design conditions. In this initial recommendation, actual load data would be used to identify the peak load hours, as opposed to reconstituted load data.

Mr. Avallone reviewed the current ICAP market requirement process flow and compared it to the proposed process flow. The NYISO is considering feedback from the last ICAPWG meeting that the ICAP market requirement allocation to LSEs should incorporate non-coincident load from the Localities. The data, however, showed that the coincident and non-coincident peak loads have often occurred during similar dates in previous years.

Mr. Avallone discussed changes that would be required should the proposal move forward. Revised tariff language will be necessary for the TOs to allocate ICAP obligations to the LSEs using multiple peak load hours.
To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/21942500/Expanding_Application_of_Peak_Hour_Forecasts_6.3.2021_ICAPWG_FINAL.pdf/501b1132-e916-9b67-48b8-8d958bed927d

2021 Master Plan – June Draft

Pallavi Jain of the NYISO presented the initial draft of the 2021 Master Plan. The 2021 Master Plan discusses various wholesale market initiatives that will be needed to maintain reliability as the electric grid transitions. Ms. Jain began with reviewing the challenges facing the energy and capacity markets as new resource are integrated:

- *Energy Market Key Themes:*
  - *Balancing Intermittency*
  - *Improving Price Formation*
- *Capacity Market Key Themes:*
  - *Comprehensive Mitigation Review*
  - *Capacity Accreditation Measures*
  - *Capacity Improvements to Support Reliability*

Ms. Jain identified the NYISO initiatives planned and/or underway to address the key themes.
The Master Plan also addresses new resource integration. To maximize the benefits new technologies are capable of providing, the NYISO is considering creation of new models and improving existing market models to properly reflect characteristics, such as limited energy capabilities or lack of fuel certainty.

- *New Resource Integration Key Themes:*
  - *Enabling New Resources and Capabilities*
  - *Improving Market Models*

The next theme addressed in the 2021 Master Plan is planning requirements and projects under consideration to reflect the increase in complexity of forecasting load and operating the bulk power system. The system complexity will increase as additional intermittent resources integrate onto the grid and customers reduce load with behind-the-meter (BTM) resources. Additionally, electrification of other sectors, such as transportation and space conditioning (heating and cooling), is anticipated to increase in response to the Climate Leadership and Community Protection Act.
Ms. Jain provided the timeline for the completion of the 2021 Master Plan as follows:

- *March 2021–Meet with each governance sector to get initial feedback (Today's discussion)*
- *June 3, 2021 (MIWG) – Release and discuss the initial draft of the Master Plan*
- *June 8, 2021 (BPWG) – Release updated draft (no discussion)*
- *August 27, 2021 (BPWG) – Release and discuss near final draft of the Master Plan*
- *December 2021 – Release final Master Plan*

It was noted that all updates to the Master Plan will be coordinated with the overall project prioritization process. The initial draft 2021 Master Plan was posted with the meeting materials for stakeholder review. To see the complete presentation, please go to:
https://www.nyiso.com/icapwg?meetingDate=2021-06-03

Buyer Side Mitigation Reform Considerations

Michael DeSocio of the NYISO led a discussion of Buyer Side Mitigation (BSM) reform considerations. The current BSM rules are increasingly viewed by both state and federal regulators as extremely costly to consumers and ultimately counterproductive. The NYISO believes that any modification to BSM should support just and reasonable ICAP market rates, continue to allow the ICAP market to attract and retain resources to maintain resource adequacy, and be supported by stakeholders and the FERC. The premise of the new approach intends to:

- *Eliminate BSM risk for CLCPA resources*
- *Simplify currently complex and administratively burdensome BSM process*

The NYISO is considering several options and is looking for stakeholder feedback on considerations, such as:

- For any potential BSM reform, what rationale or standard should be considered to support the just and reasonableness of such a proposal?
- Should BSM reforms be focused primarily on exempting CLCPA resources?
    - How would CLCPA resources be defined?
    - Should the exemption be explicit, or implicit/mechanical?
- Should BSM reforms be focused on allowing revenues for attributes valued by state policy and not procured by the NYISO-administer wholesale markets?
    - Would this be specific policies or all state policies?
- Should the NYISO consider an approach similar to the "Presumed Good Faith Standard" that was proposed by PJM on April 28, 2021?[1]

Stakeholder feedback was noted for future discussion. A high level timeline of the anticipated process was provided for discussion with stakeholders. To see the complete presentation, please go to: https://www.nyiso.com/documents/20142/21942500/20210603%20NYISO%20-%20BSM%20Reforms%20Consideration%20vFinal.pdf/4189be01-f9a3-01c1-3b3b-04632db0a25b

Grid Services from Renewable Generators: Consumer Impact Analysis Methodology

Tariq Niazi of the NYISO presented the Consumer Impact Analysis methodology for the Grid Services from Renewable Generators initiative. Prior to each Consumer Impact Analysis, the Consumer Interest Liaison presents stakeholders with the opportunity to discuss the methodology proposed for conducting the analysis.

Recent industry studies have indicated the ability of renewable generators to potentially provide additional services such as fast frequency response, inertial response, and ramping services. In response to these studies and stakeholder requests, the NYISO investigated the ability of renewable generators to provide the Ancillary Services that it currently procures, and also other services renewable generators could potentially provide in the future. The study results indicated that the only additional service that renewable generators can potentially provide to the NYISO is regulation "down" service.

Based on the study results, the NYISO will conduct the consumer impact of renewable generators providing regulation "down" service in the future. The NYISO currently procures regulation "up" and "down" as a single service. The project would consider bifurcating regulation into two separate services.

Mr. Niazi explained that the Consumer Impact Analysis will investigate impacts to consumers in four areas; Reliability, Cost Impact/Market Efficiencies, Environment/New Technologies and Transparency to the market.

[1] Link to PJM proposal - https://www.pjm.com/-/media/committees-groups/cifp- mopr/2021/20210428/20210428-item-04-pjms-initial-proposal-minimum-offer-price-rule.ashx

Mr. Niazi noted that the Regulation market is relatively small when compared to the Energy and ICAP markets and provided examples of the market prices for the study period considered.
The NYISO proposes to compare historical real-time regulation prices from March 2019 through February 2020 against average historical real-time Energy Bids from wind resources. The analysis will use three scenarios to provide a potential range of impacts. Mr. Niazi also noted that the analysis results may overstate or understate the amount of intervals where renewable resources would clear in the regulation market, but still provide valuable insights into potential consumer cost impacts. The amount of estimated cleared MW from wind generators in the regulation market will demonstrate various potential impacts on consumer cost.
The methodology for the analysis was proposed as:

- *Compare historical real time regulation prices from March 2019 through February 2020 against average historic real-time wind resource energy bids*
- *Assume several possible levels of bids to provide multiple estimates of consumer impact rather than focus on a single estimate (observed historic real time bids, +20%, and -20%)*
- *Determine price deltas for intervals where the wind resource bids are lower than the historical regulation prices*
- *Multiply the price deltas by the actual corresponding demand during the historical one-year period where wind resource bids were lower than the historical regulation prices to estimate an annual consumer impact*

Feedback was noted for consideration at the meeting. Additional comments can be sent to deckels@nyiso.com. To see the complete presentation, please go to: https://www.nyiso.com/documents/20142/21942500/CIA%20-%20Methodology%20for%20Grid%20Services%20from%20Renewable%20Generators.pdf/7bae387e-4704-a0f0-c4e0-1e477ff54e18

FERC Filings

There were no filings to FERC for this week.

FERC Orders

June 4, 2021

Letter order accepted the Transmission Project Interconnection Agreement among the NYISO, National Grid, and LS Power Grid New York Corporation I, SA No. 2612, effective April 2, 2021 as requested.
ER21-1687-000

June 3, 2021

FERC letter order accepted the Engineering, Procurement & Construction Agreement Among NY Transco, Castleton Power, and NYISO SA No. 2615, effective 3/1/21 as requested.
ER21-1641-000

Filings and Orders:

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