

# CRIS Expiration Evaluation

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Emily Conway

Market Design Specialist

**ICAPWG/MIWG**

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# Agenda

- **Background & Recap**
- **3-Year CRIS Retention**
- **CRIS Transfers**
- **Partial CRIS**
- **Next Steps**
- **Appendix**

# Background & Recap

# 2021 Approved Market Project

- The 2021 CRIS Expiration Evaluation project deliverable is a Q3 Market Design Concept Proposed
- 2021 Project Schedule Milestone Update
- 2021 Approved Market Projects Product and Project Management
  - See Project 8 (Pages 11-12 of 26)

# Background

- **As a part of the CRIS Expiration project, NYISO has identified three potential sets of rule changes:**
  - Modifications to the 3-year retention of CRIS by certain Retired units (as described in project description)
  - Modifications to allow more flexibility with respect to CRIS Transfers
  - Rules to provide for partial CRIS Expiration

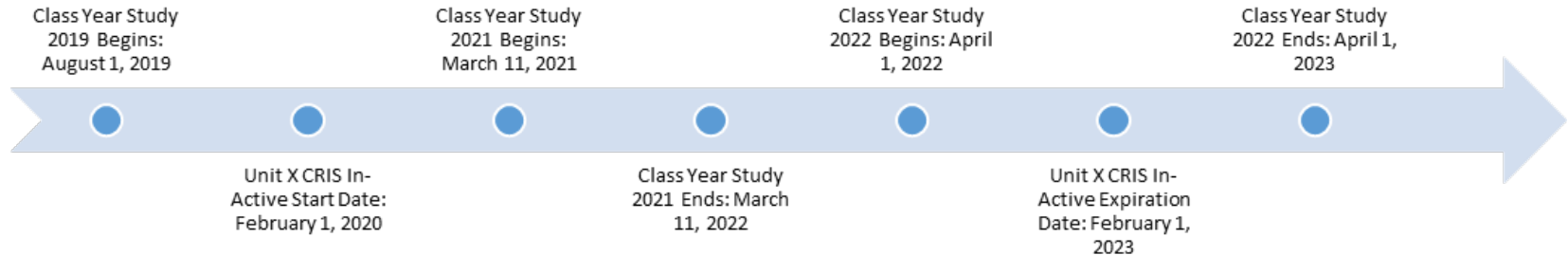
# Recap

- **At the March 11<sup>th</sup> ICAPWG, the NYISO presented the current rulesets related to CRIS retention, expiration and transfer, as well as initial thoughts on proposals that could be evaluated as a part of this effort**
  - [https://www.nyiso.com/documents/20142/19871290/CRIS%20Expiration\\_ICAPWG\\_03112021.pdf/df86f481-4985-7ca5-7377-1b6010817762](https://www.nyiso.com/documents/20142/19871290/CRIS%20Expiration_ICAPWG_03112021.pdf/df86f481-4985-7ca5-7377-1b6010817762)

# 3-Year CRIS Retention

# 3-Year Retention Example

## Unit X

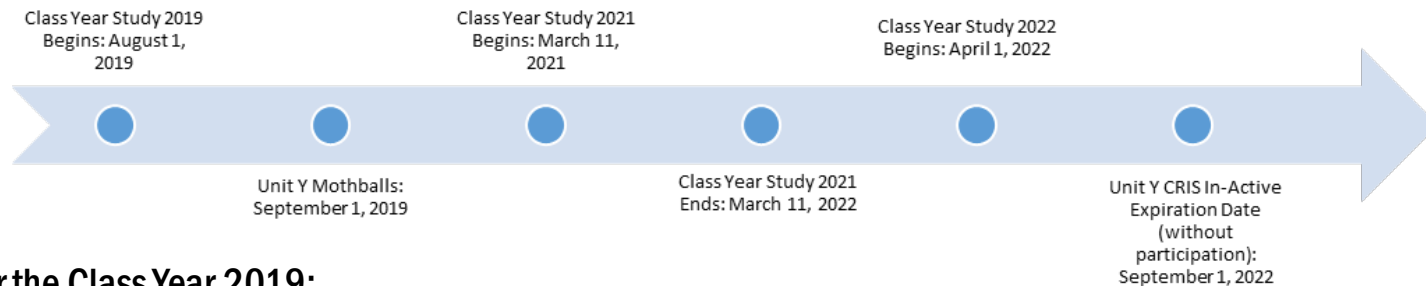


- **For the Class Year 2019:**
  - CRIS of Unit X will be modeled in the deliverability analysis
- **For the Class Year 2021:**
  - CRIS of Unit X will be modeled in the deliverability analysis
- **For the Class Year 2022:**
  - CRIS of Unit X will not be modeled unless a transfer has been notified to the NYISO prior to April 1, 2023
    - Current rules state CRIS will not be modeled if the CRIS is set to expire prior to the end of the Class Year Study unless a transfer is possible prior to the scheduled end of the Class Year
- **CRIS for Unit X has value for roughly 2 years after retirement**



# 3-Year Retention Example

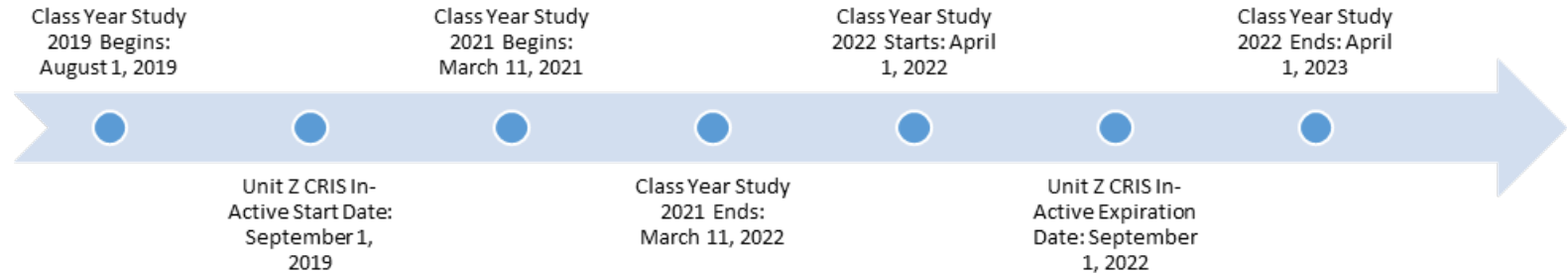
- Unit Y



- For the Class Year 2019:
  - CRIS of Unit Y will be modeled in the deliverability analysis
- For the Class Year 2021:
  - CRIS of Unit Y will be modeled in the deliverability analysis
- For the Class Year 2022:
  - CRIS of Unit Y will be modeled in the deliverability analysis
- The CRIS still has value until the expiration date

# 3-Year Retention Example

## ■ Unit Z



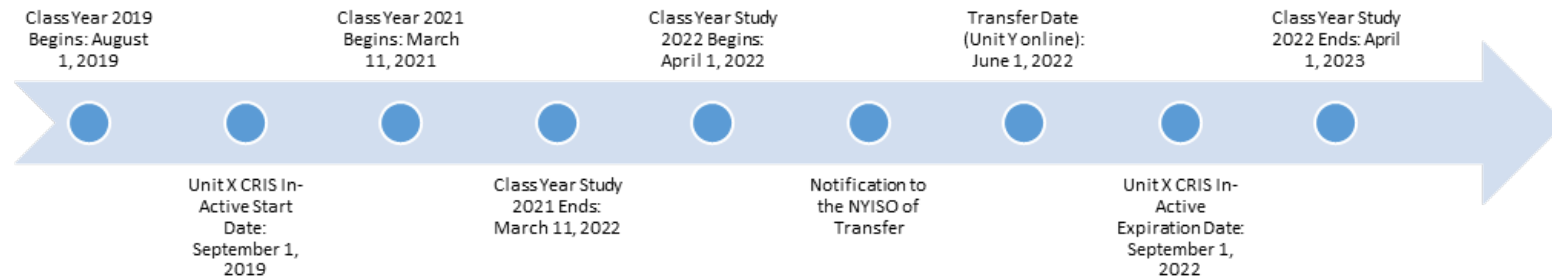
- **For the Class Year 2019:**
  - CRIS of Unit Z will be modeled in the deliverability analysis
- **For the Class Year 2021:**
  - CRIS of Unit Z will be modeled in the deliverability analysis
- **For the Class Year 2022:**
  - CRIS of Unit Z will not be modeled in the deliverability analysis
- **CRIS of Unit Z has value for roughly 2.5 years after retirement**

# Potential Changes

- **Based on stakeholder feedback we have received thus far and internal NYISO discussion, the NYISO sees value in exploring options for expanding on the notification requirement process**
  - Current rules state the facility must notify the NYISO if a transfer will occur prior to the start of the next Class Year Study
  - Modifying the rules to require retired units to demonstrate that a transfer is anticipated and feasible before the CRIS expires could free up unused CRIS on the system
    - I.e., if a retired unit does not demonstrate that a transfer can be effectuated to a facility that will be in-service before the CRIS expires, its CRIS will not be modeled in the next Class Year Study

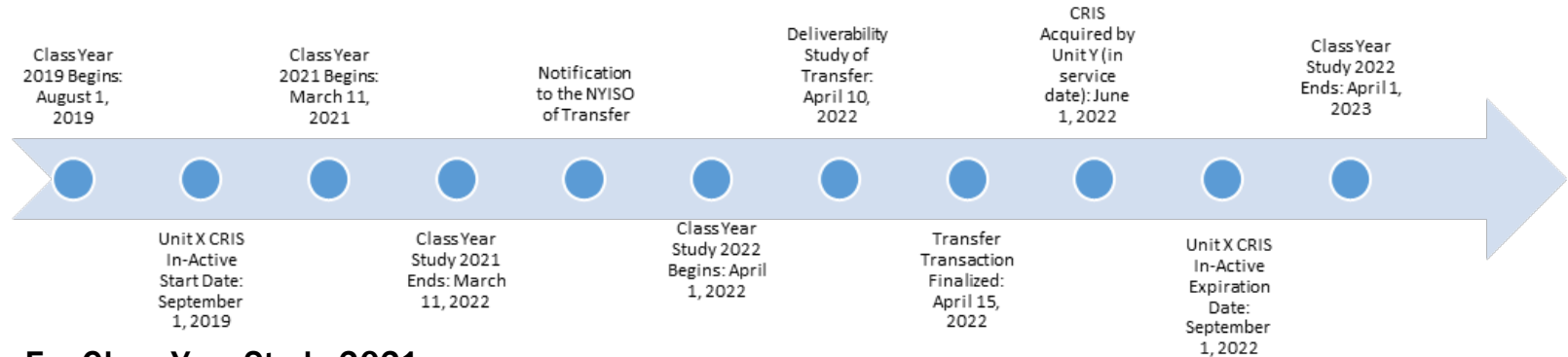
# CRIS Transfers

# CRIS Transfers Example – Same Location



- **For Class Year Study 2021:**
  - CRIS will be modeled in the deliverability analysis
- **For Class Year Study 2022:**
  - CRIS will be modeled in the deliverability analysis
  - The CRIS transfer does not have to go through the 2022 Class Year Study and will be awarded immediately at the date of the transfer
  - No deliverability study would be required
  - If transferred in a Mitigated Capacity Zone, a BSM evaluation is required

# CRIS Transfers Example – Different Location



- **For Class Year Study 2021:**
  - CRIS will be modeled in the deliverability analysis
- **For Class Year Study 2022:**
  - CRIS will be modeled in the deliverability analysis
  - The CRIS transfer must go through the 2022 Class Year Study in order to determine if the CRIS transfer is allowable
  - If the Class Year transfer deliverability analysis finds the transfer undeliverable, the transfer cannot proceed; however the new project may request CRIS separately in either a Class Year Study to obtain a cost allocation for required SDUs
  - The new unit must be in service before September 1, 2022 to acquire the CRIS
  - If transferred in a Mitigated Capacity Zone, a BSM evaluation is required

# Potential Changes

- **In addition to potential changes with the notification process, the NYISO sees value in evaluating modifying the rules for same location CRIS transfers**
  - Current rules only transfer CRIS to another facility interconnecting at the same electrical location if the facility is deactivating, and the new unit will be online before the CRIS expires
  - Modifications may include permitting “same-location” CRIS transfers even if the transferor unit is not deactivating, which could allow for more flexibility as more resources (including public policy resources) come on to the system

# Partial CRIS



# Potential Changes

- **The NYISO currently sees value in limiting CRIS in excess of capability (previously discussed as “CRIS in excess of ERIS”) for new and existing CRIS resources**
- **Example of when this could be possible:**
  - A facility requests CRIS at its full nameplate, but goes in-service at a lower MW level
    - The Net MW output can likely never reach full nameplate so the facility gets to hold onto more CRIS than it can ever use
  - Facility downsizes after the facility has obtained its CRIS
  - A facility only uses a percentage of their CRIS in the ICAP Market

# Next Steps

# Next Steps

- **The NYISO is seeking stakeholder feedback on this discussion and will return to a future working group meeting to continue the discussion**

# Appendix

# Current Rules

- **Once a facility begins operation, if it is CRIS-inactive for 3 years, its CRIS will expire unless transferred prior to its expiration**
  - Current rules allow a facility to retain its full CRIS for 3 years after becoming Retired
  - Current rules also allow a facility to retain its full CRIS regardless of how much of that CRIS it is using. As a result, a facility that offers only 0.1 MW into the capacity market once in a 3 year period may maintain its full MW level of CRIS
- **It is important to note that a CRIS-inactive unit's CRIS is not necessarily modeled in the Class Year or Expedited Deliverability Study for 3 full years**
  - CRIS is not modeled if it will “expire prior to the scheduled completion of the applicable Class Year study or the CRIS is associated with a Retired facility that cannot transfer such rights prior to CRIS expiration.”

# Current Rules

## ■ CRIS Transfers

- Currently facilities can only transfer CRIS to another facility interconnecting at the same electrical location if:
  - The facility is deactivating, and
  - The new unit will be online before the CRIS expires.
- Currently, facilities can transfer CRIS to a facility at a different electrical location without deactivating the transferring facility
- Same location CRIS transfers are not subject to a Class Year Deliverability Study but different location CRIS transfers are
- Both types of transfer are subject to BSM evaluations

# Property Rights Question

- **FERC has not indicated that interconnection rights are property rights**
  - When this issue has come up at FERC, FERC has rejected requests to weigh in regarding whether interconnection rights are property rights
    - This was most recently addressed in the 2015 NYISO Outage States Order in which the property rights question focused on contractual rights to a Point of Interconnection, stating, “we make no finding here on whether a generator’s interconnection rights under an interconnection agreement are property rights under the “Takings Clause.” (See 2015 Outage States Order at n. 108)
- **Even if CRIS rights were property rights, tariff rules expiring or limiting those rights would not be an unconstitutional taking under the 5<sup>th</sup> Amendment to the U.S. Constitution**
  - FERC has held that a just and reasonable tariff change, cannot by definition, constitute a Fifth Amendment taking. (See, e.g., the 2015 Outage States Order at P 63)
  - The 2015 Outage States Order found that even if the contractual rights there rose to the level of a property right, that the proposed tariff changes were not an unconstitutional “taking”
  - FERC found that parties that have signed NYISO’s pro forma interconnection agreement have agreed to accept the terms and conditions of service established by the NYISO tariffs as they change over time; thus there can be no “taking” of interconnection service under those agreements when tariffs change

# Questions?



# Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system

