

Order 844 – Uplift Cost Allocations and Transparency

Jeff Varecka

Market Issues Working Group

August 23, 2018

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2018. ALL RIGHTS RESERVED



Agenda

- **Order 844**
- **Background**
- **Proposed Tariff Revisions**
- **Next Steps**

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2018. ALL RIGHTS RESERVED

Order 844 – Background

- **FERC Order Instituting Section 206 Proceeding and Directing Filing to Increase Transparency with respect to reporting Uplift Cost Allocations to remedy potential unjust and unreasonable rates**
 - FERC directed the NYISO to submit tariff revisions for reporting of Zonal Uplift, Resource-Specific Uplift, Operator-Initiated Commitments, and Transmission Constraint Penalty Factors

Background

- At the July 23, 2018 MIWG meeting, NYISO presented an overview of the proposal for compliance with FERC Order 844
- Market Participant comments included a request to consider:
 - Including Special Case Resources (SCRs) in the reporting of Zonal and Resource Specific Uplift
 - The NYISO proposal to report on SCRs is included in this presentation
 - Reporting updates to the Zonal and Resource Specific Uplift based on the 4-month settlement true-up
 - The NYISO proposal to report updates based on the 4-month settlement true-up is included in this presentation

Order 844 – Zonal Uplift Report

- The Order requires that a transmission zone be used for the Monthly Zonal Uplift Report of total uplift payments
- Transmission Zone being, a geographic area that is used for the local allocation of charges
- The Order instructed that Transmission Zones with fewer than four resources may be aggregated with neighboring zones, until each aggregated zone has at least four resources
 - For purposes of zonal aggregation FERC’s Order defines a “resource” as an entire plant; not the individual generators that together comprise a plant
- To comply with the Order, the NYISO proposes reporting data at the Load Zone level
 - While there is some risk that some cost data can be derived for a specific resource when there are only a small number of resources in a Zone, the alternative would be a moving target of aggregations as resources come in and out of the market
- Report will be posted within 20 calendar days of the end of each month and be updated to reflect the 4-month settlement true-up

DRAFT – FOR DISCUSSION PURPOSES ONLY

Order 844 – Resource-Specific Uplift Report

- Will report total uplift paid to each Generator, to each DSASP Resource, and to each DADRP resource or aggregation, by PTID, over the month.
- NYISO intends to report all uplift paid over the entire month as a single number (no categories)
- Report will be posted within 90 calendar days after the end of each month and be updated to reflect the 4-month settlement true-up

DRAFT – FOR DISCUSSION PURPOSES ONLY

Order 844 – Reporting of SCR Uplift

- **Zonal Uplift Report:** will include uplift paid to SCR aggregations
- **Resource Specific Uplift Report:** Total uplift paid to each SCR aggregation (reported by SCR Aggregation PTID) for the month
- **Due to current SCR meter data reporting timeline, this information will not be available within 90 days, so it will be reported for the first time in the update to reflect the 4-month settlement true-up**

DRAFT – FOR DISCUSSION PURPOSES ONLY

Order 844 – Operator-Initiated Commitment Report

- Lists commitments made after the DAM for a reason other than minimizing the total production costs of serving load
- NYISO will post the committed generator’s “economic maximum” (UOLn) MWs and actual committed MWs
- NYISO proposes reporting the location of the generator at the Load Zone level
- Report will be posted in Real Time as an expansion of the existing Operator-Initiated Commitment Report that is posted today on Operational Announcements

DRAFT – FOR DISCUSSION PURPOSES ONLY

Order 844 – Transmission Constraint Penalty Factors

- List in the Tariff the transmission constraint penalty factors, the circumstances under which they can set LMPs, and the procedure by which they can be changed temporarily
 - The NYISO currently complies with these provisions of the Order
 - The transmission shortage price values and their use in determining prices is set forth in Attachment B of the MST (see Sections 17.1.1 and 17.1.4)
 - Section 17.1.4 addresses the procedures for allowing temporary changes to the applicable transmission shortage cost values to avoid operational or reliability issues
 - These procedures include the requirement to consult with and provide notice to Market Participants with respect to any such temporary changes

Proposed Tariff Revisions:

MST Section 4.1.3

- **MST Section 4.1.3 to include reporting details necessary to comply with the Order**
 - Creation of sub-sections within 4.1.3 Informational Reporting Requirements
 - 4.1.3.1 existing language
 - 4.1.3.2 Zonal Uplift Report
 - 4.1.3.3 Resource-Specific Uplift Report
 - 4.1.3.4 Operator-Initiated Commitment Report

DRAFT – FOR DISCUSSION PURPOSES ONLY

Proposed Tariff Revisions:

MST Section 4.2.3.1

- **MST Section 4.2.3.1 to include a cross-reference to the new section 4.1.3.4 Operator Initiated Commitment Report**
 - Purpose is to permit NYISO to continue to report Day-Ahead commitments in the Operator Initiated Commitment Report

Next Steps

- **09/07/18: NYISO filing of Tariff revisions with FERC**
- **January 2019: Deploy updates to reporting to comply with Order 844**

DRAFT – FOR DISCUSSION PURPOSES ONLY

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits 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 policy makers, stakeholders and investors in the power system



www.nyiso.com

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2018. ALL RIGHTS RESERVED