

Buyer-Side Mitigation - Competitive Entry Exemption for Additional CRIS

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ICAPWG

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Agenda

■ Background

- History
- Objective
- July 18, 2018 ICAPWG

■ Competitive Entry Exemption for Additional CRIS

- Eligibility to request Competitive Entry Exemption for Additional CRIS
- CEE Evaluation for Additional CRIS

■ Solicit Stakeholder Input

■ Closing

- Summary
- Next Steps

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Background

- History
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History

Date	Event
12-4-2014	After the NYISO's proposal to add a competitive entry exemption ("CEE") to the buyer-side market power mitigation ("BSM") rules failed to get the supermajority vote needed to make a Section 205 filing, some of the TOs filed a Section 206 complaint with FERC proposing essentially the same tariff revisions that failed in the stakeholder process.
2-26-2015	FERC granted the complaint in large part and directed the NYISO to make a compliance filing to incorporate the specific CEE tariff language filed as an attachment to the complaint (with some adjustments).
3-13-2015	In a different FERC docket, the NYISO filed proposed BSM tariff revisions for Additional CRIS MW, after receiving stakeholder approval. These rules would govern exemption and Offer Floor determinations under BSM rules for generators and UDR projects that request Additional CRIS MW. Generally, it was the version of the Part A Test and the Part B Test that would apply to Additional CRIS MW.
4-13-2015	The NYISO filed the CEE compliance filing with FERC.
8-4-2015	In the CEE docket, FERC issued an order rejecting arguments to apply CEE to Additional CRIS because Additional CRIS was beyond the scope of the proceeding. <ul style="list-style-type: none">• The Commission noted that it expects that the NYISO and stakeholders will discuss the application of CEE to Additional CRIS MW in the stakeholder process and file any proposed tariff revisions with the Commission under Section 205, or 206 as appropriate.
7/18/2018	The NYISO discussed the application of CEE to Additional CRIS at the ICAPWG and solicited stakeholder input on design considerations

Objective

- **The NYISO is evaluating and developing a proposal so that a CEE can be available to Additional CRIS MW**
 - The underlying rationale for CEE is to exempt merchant projects that are not subsidized by NYS entities or transmission owners, from BSM because the developers of such projects should have competitive incentives to enter based on their own expectations of market conditions

July 18, 2018 ICAPWG

- The NYISO's presentation outlined topics for stakeholder input. Stakeholder suggestions included the following
- Consider existing rules for Additional CRIS MW when determining the eligibility for the Examined Facility to request a CEE for Additional CRIS
 - Existing rules for calculating Unit Net CONE of Additional CRIS MW for use in the exemption analysis are determined by the mitigation status of the Examined Facility's last CRIS MW
 - See MST Section 23.4.5.7.6 and appendix herein
 - The methodology is intended to eliminate the incentive for a developer to adjust the level of CRIS it is requesting in an effort to circumvent the BSM rules

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Size Gaming

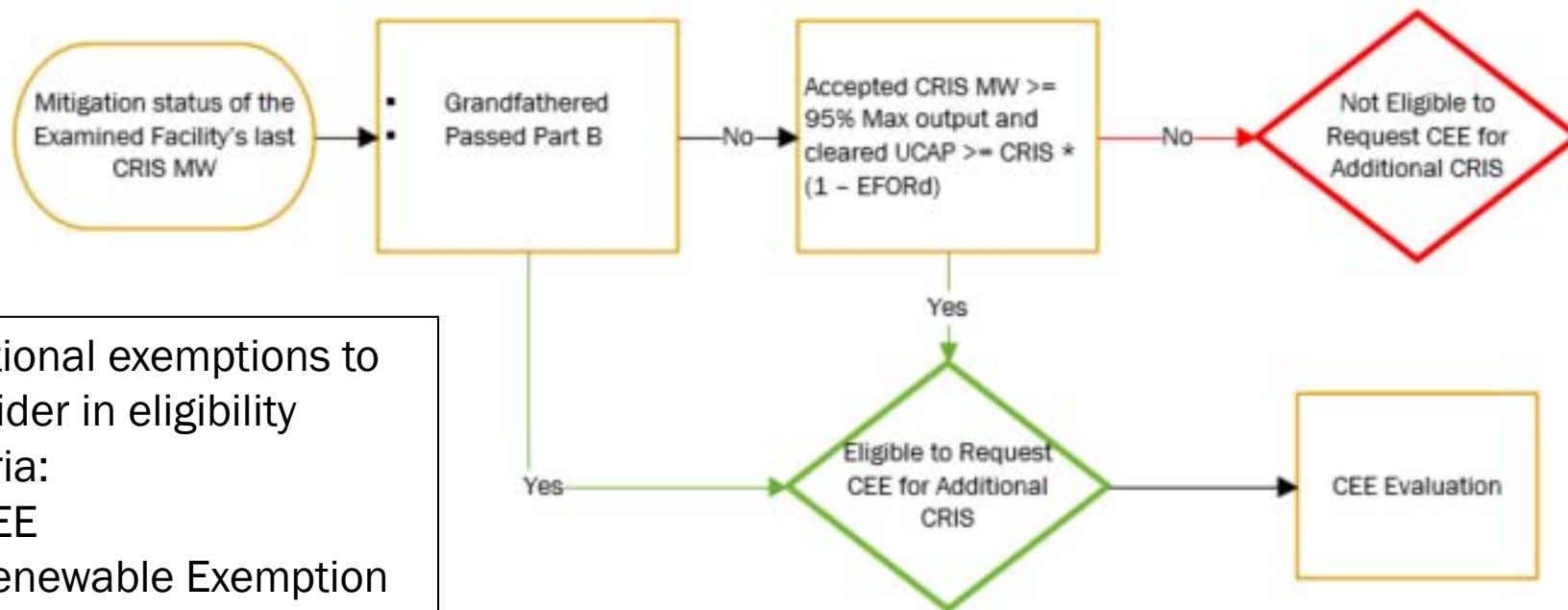
- Existing rules include a requirement that an Examined Facility have accepted all CRIS MW equal to or greater than 95% of electrical capability which is intended to prevent “size gaming”
 - In the absence of this requirement, a resource could “size game” by initially requesting only a low amount of CRIS MW in relation to the amount of capacity the unit is capable of supplying

Eligibility Criteria to Request CEE for Additional CRIS MW

- Based on mitigation status of existing CRIS MW

Eligibility Criteria to Request CEE for Additional CRIS MW

The criteria presented below is consistent with existing rules for calculating Unit Net CONE of Additional CRIS MW for use in the exemption analysis:



Additional exemptions to consider in eligibility criteria:

- CEE
- Renewable Exemption
- Self-Supply Exemption

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CEE Evaluation for Additional CRIS MW

- Items to consider when evaluating CEE for Additional CRIS MW

How to Treat Expired Contracts

- **Non-qualifying contracts*** where performance has been completed, the contract has been terminated, or obligations have expired
 - Relevance to Additional CRIS
 - Can it be demonstrated that expired contract had no impact on the potential for, and will have no impact on, the Additional CRIS MW
 - Elapsed Period
 - Should Examined Facilities not be disqualified from CEE if they have contracts that have been expired for some defined period of time (e.g., seven years)

**“Non-qualifying contracts” is used in this PPT as the shorthand version of what is prohibited under the current CEE tariff provisions; i.e., generally, a contract with a Non-Qualifying Entry Sponsor that is not on the list of exceptions, with “contract” meaning written or unwritten, executed or unexecuted, arrangements, agreements or relationships.*

How to Treat Pre-Existing Contracts/Relationships Not Relevant to Additional CRIS

- **Contracts with non-qualifying entry sponsors that might not disqualify Additional CRIS MW from receiving a CEE**
 - Relevance to Additional CRIS
 - Can it be demonstrated that pre-existing contracts will have no impact on the Additional CRIS MW
 - Should some active pre-existing contracts be allowed
 - Current CEE rules allow certain contracts (e.g., Interconnection Agreements, agreement for construction of interconnection facilities)
 - See MST 23.4.5.7.9.1.3 for complete list of contracts that do not constitute “non-qualifying contractual relationship”
 - Should other contracts be considered allowable for Additional CRIS CEE

Continuing Obligations for Eligibility

- **Currently, new Generators and UDR projects have an on-going requirement to maintain compliance with the CEE obligations until the Generator first produces power or UDR first transmits energy**
 - This may not be sufficient for Additional CRIS MW
 - It may be difficult to verify the increased output is the result of the uprate associated with the Additional CRIS MW

Next Steps

- Present Market Design Concept Proposal at an upcoming ICAPWG

Feedback?

- Email additional feedback to: jnewton@nyiso.com and deckels@nyiso.com

Questions?

We are here to help. Let us know if we can add anything.

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



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Appendix

Additional Overview Information on Current Rules for Additional CRIS

- **Unit Net CONE for Additional CRIS MW shall be based on the Additional CRIS MW and costs and revenues of and associated with Additional CRIS MW if:**
 - a) Prior BSM determination concluded that the Examined Facility accepted CRIS was exempt pursuant to Part B rules
 - b) Examined Facility has accepted CRIS MW equal to, or greater than, 95% of Examined Facility's maximum output
 - As determined in accordance with NYISO procedures
 - c) Examined Facility's CRIS MW were received prior to November 27, 2010.
- **In all other cases, Unit Net CONE, shall be the greater of two values:**
 - One based on total Evaluated CRIS MW, and the costs and revenues of Total Evaluated CRIS MW;
 - "Evaluated CRIS MW" are ones for which the facility did not receive a Unit Net CONE determination
 - And one based on the Additional CRIS MW, and the costs and revenues of the Additional CRIS MW