

Buyer-Side Mitigation - Competitive Entry Exemption for Additional CRIS

Jonathan Newton

Senior ICAP Mitigation Analyst, ICAP Market Mitigation

ICAPWG

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Agenda

- **Background**
 - History
 - Objective
- **Competitive Entry Exemption for Additional CRIS**
 - Items to consider in proposal
- **Solicit Stakeholder Input**
- **Closing**
 - Summary
 - Next Steps

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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 | <p>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.</p> <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. |

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Current Rules in Mitigated Capacity Zones

- **Currently, any proposed new Generator or UDR project may request a CEE for its CRIS MW**
 - The project is prohibited from having any direct or indirect Non-Qualifying Contractual relationships with a Non-Qualifying Entry Sponsors
 - Examples of Non-Qualifying Contractual Relationships and Non-Qualifying Entity Sponsors are found in the tariff and Appendix herein.
- **However, all requests for Additional CRIS MW, whether obtained through a Class Year study or a transfer of CRIS, are evaluated under the BSM Additional CRIS MW provisions for a Part A or Part B Tests, and receive a determination of an exemption or an Offer Floor**
 - See MST Section 23.4.5.7.6

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

Design Concepts to Consider

- **Non-qualifying contracts where performance has been completed, the contract has been terminated, or obligations have expired**
 - How to consider the potential eligibility of Examined Facilities requesting Additional CRIS that previously had a non-qualify contract at some point in the past
- **Contracts with non-qualifying entry sponsors that would not apply to requested Additional CRIS MW**
 - For example, an Examined Facility has an existing contract with a non-qualifying entry sponsor that it can demonstrate is unrelated to the new MW

Summary

- **Because the Commission had ruled on the CEE rules before the NYISO even filed the proposed Additional CRIS MW rules, the Commission found that the applicability of CEE to Additional CRIS MW was beyond the scope of the CEE proceeding**
 - The NYISO submitted a filing proposing BSM rules for Additional CRIS MW subsequent to the Complaint Order
 - However, the Commission noted that it expects that the NYISO and stakeholders will discuss this issue in the stakeholder process and file any proposed tariff revisions
- **The NYISO wants to address this issue and propose a design concept regarding the eligibility of Additional CRIS MWs for CEE**
 - The NYISO intends to present a proposal for including Additional CRIS MW that is consistent with the underlying rationale for CEE

Next Steps

- Present initial thoughts on Market Design Concept at August 7, 2018 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 CEE Rules

- **Non-Qualifying contractual relationships includes any:**
 - Written or unwritten contracts, agreements, understandings, relationships, and arrangements, whether executed or unexecuted
- **Non-Qualifying Entry Sponsors include the following:**
 - Transmission owner, public power entity, an entity with a Transmission District, New York State, or an instrumentality of New York State or a subdivision thereof

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