

Order 844 – Uplift Cost Allocations and Transparency

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Agenda

- **Order 844**
- **NYISO Compliance**
- **Next Steps**

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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

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Order 844 – Goal

- Order 844 primarily addresses the following goal of the price formation proceeding:
 - Provide transparency so that Market Participants understand how prices reflect the actual marginal cost of serving load and the operational constraints of reliably operating the system

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
- Report will reflect the settlement of the Initial Bill

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Order 844 – Resource-Specific Uplift Report

- Total uplift paid to each generator (reported by PTID) over the month
- NYISO intends to report aggregated categories of uplift for individual resources
- Report will be posted within 90 calendar days after the end of each month
- Report will reflect the settlement of the Initial Bill

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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

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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

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Next Steps

- 08/23/18 MIWG: Tariff revisions to comply with Order 844
- 09/07/18: NYISO filing of Tariff revisions with FERC
- January 2019: Deploy updates to reporting to comply with Order 844

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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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