

#### FERC Order 881 Managing Transmission Line Ratings – Draft Tariff Revisions

**Gregory Williams** Manager, TCC Market Operations

ICAPWG/MIWG June 16, 2022

#### Agenda

- Background
- Compliance Plan
- Overview of Changes for DAM Congestion Settlements
- Next Steps



#### **Previous Presentations**

Date	Working Group	Discussion Points and Links to Materials
6-09-2022	SOAS	FERC Order 881 Managing Transmission Line Ratings – NYISO Compliance plan https://www.nyiso.com/documents/20142/31349193/06a_06092022%20NYISO%20- %20FERC%200rder%20881%20Compliance_draft.pdf
3-16-2022	ICAPWG/MIWG	Managing Transmission Line Ratings FERC Order 881– Final Rule https://www.nyiso.com/documents/20142/29177064/03162022%20NYIS0%20- %20FERC%200rder%20881%20v2.pdf



### Background



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#### FERC Order 881 - Summary

- On December 16, 2021, FERC issued Order No. 881 Final Rule on Managing Transmission Line Ratings
  - FERC is revising both the pro forma OATT and the Commission's regulations to improve the accuracy and transparency of electric transmission line ratings.
- FERC order 881 requires ISOs/RTOs and Transmission Owners (TOs) to implement ambient-adjusted ratings (AAR) on the transmission lines over which they provide transmission service
- Timeline
  - NYISO must submit a compliance filing by July 12, 2022.
  - All requirements of the Final Rule must be implemented by July 12, 2025.



### **Compliance Plan**



#### **Overview of the Compliance Plan**

- The NYISO has identified the following categories of potential tariff changes to comply with FERC Order 881
  - Addition of a new Attachment GG (Section 39) to NYISO's Open Access Transmission Tariff (OATT)
    - Attachment GG was discussed at the June 9, 2022 SOAS meeting
  - Revisions to the Day-Ahead Market (DAM) net congestion settlement provisions in OATT Attachment N, Incremental TCC provisions in OATT Attachment M, and OATT Rate Schedules for regulated transmission cost recovery that are awarded Incremental TCCs
    - Today's discussion is focused on these revisions
    - Draft tariff revisions are posted with today's meeting materials



## **Overview of Changes for DAM Congestion Settlements**



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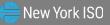
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#### **DAM Congestion Residual Settlement**

- The TCC market is fully funded by the Member Systems, and they are responsible for settling the DAM Net Congestion Rent
  - OATT Section 20.2 describes the procedures to identify and assign congestion rent shortfall/surplus impacts resulting from transmission equipment operational status changes
- The implementation of the rating requirements in Order 881 in the DAM present a new factor that could result in congestion rent shortfalls/surpluses arising from differences in the ratings used in the DAM versus the ratings assumed in TCC auctions
- The NYISO proposes to revise certain of the calculations in Section 20.2 to account for DAM congestion rent impacts of implementing the rating requirements of Order 881
  - Requires revisions to current calculations for addressing the congestion rent impacts of uprates and derates to include a new category of qualifying events resulting from differences in the DAM ratings required by Order 881 and the ratings assumed in TCC auctions
- The NYISO also proposes to extend these calculations to include facilities that are part of projects awarded Incremental TCCs
  - Requires revisions to Section 19.2.4 of Attachment M to the OATT, as well as various OATT Rate Schedules that address transmission cost recovery for projects awarded Incremental TCCs



# OATT Attachment N Revisions



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#### Section 20.2 Attachment N: Overview

- The NYISO is proposing changes that: (1) identify congestion rent shortfall/surplus impacts associated with the limits required by Order 881 for DAM secured transmission facilities, when such limits differ from those employed in TCC auctions, and (2) assign such impacts to the appropriate entity
  - The NYISO proposes to limit the assessment of Order 881 rating impacts to DAM binding constraints involving individual transmission equipment
  - The NYISO does not propose applying this assessment to transmission interfaces



#### **Uprate/Derate Calculations**

 The NYISO proposes to modify the uprate/derate calculations in Section 20.2.4.3 to account for rating changes of the limiting equipment for a DAM binding constraint in comparison to the rating used for such equipment in the relevant TCC auction



#### **Qualifying Uprate/Derate Events**

- Propose to add a new category of qualifying events to the definitions of qualifying uprates/derates in Section 20.2.4.3.1 related to differences in the rating limits applied in the DAM and the rating limits used in the TCC auctions
- Unlike the current categories of qualifying uprate/derate events, this new category related to rating limit changes resulting from the implementation of Order 881 is not dependent on the existence of a qualifying outage/return-to-service
  - Current uprate/derate events are limited to evaluating the secondary impacts of qualify outages/return-to-service events

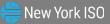


#### **Additional Modifications**

- Proposing modifications to the definitions of the "Rating Change" variable in Section 20.2.4.3.2 and the "Uprate/Derate" variable in Section 20.2.4.1 to describe the measurement of a rating change impact relating to the use of the limits required by Order 881
- Proposed clarifying revisions in Section 20.2.4.4.1 to address assigning responsibility for congestion rent shortfalls/surpluses resulting from Order 881-related rating limit changes
- Proposed revisions to Section 20.2.4.5.1 to exclude Order 881-related limit impacts from the logic for zeroing out of certain charges that are not coincident with an appropriate status change (e.g., outage or return-to-service)
- Proposed clarifying revisions to the definitions of certain formula variables to account for the proposed extension of Order 881-related limit impacts to include facilities that are part of projects awarded Incremental TCCs (further discussed in the upcoming slides)
  - Affected formulas: Formula N-1, Formula N-12, and Formula N-14 (including the language preceding Formula N-14 in Section 20.2.4.5.1)



# OATT Attachment M Revisions

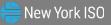


#### Section 19.2.4.10 Attachment M: Overview

- The NYISO is proposing changes to incorporate the proposed application of Order 881related limit impacts on DAM congestion rent shortfall/surplus to facilities that are part of a project awarded Incremental TCCs that is not otherwise subject to Section 20.2.5 of Attachment N.
- Payments or charges, as determined in accordance with the calculations set forth in Section 20.2.4.3 of Attachment N, for a qualifying event shall be assessed to the Primary Holder of the Incremental TCCs associated with the project comprised of the transmission facilities that experience the qualifying event
- The NYISO is not proposing any changes to: (1) the process for awarding Incremental TCCs, including any applicable Partial Outage Incremental TCCs, or (2) the procedures for assessing outage costs to projects awarded Incremental TCCs when facilities that are part of such project are modeled as out-of-service in the DAM

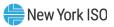


### **Rate Schedule Revisions**



#### **Revisions to OATT Rate Schedules**

- The proposed application of Order 881-related limit impacts on DAM congestion rent shortfall/surplus to facilities that are part of a project awarded Incremental TCCs requires complementary revisions to various OATT Rate Schedules addressing regulated transmission cost recovery for projects awarded Incremental TCCs
- The revisions proposed for each of the affected Rate Schedules are substantially similar and intended to:
  - Broaden the language describing payments and charges to cover the new settlements for Order 881-related limit impacts to facilities that are part of a project awarded Incremental TCCs, and
  - Revise the applicable variable in the rate calculation formula for each affected Rate Schedule addressing charges/payments related to operational status impacts of facilities that are part of projects awarded Incremental TCCs to account for this new category of settlements



#### **Revisions to OATT Rate Schedules**

- Revisions described above are proposed to following Rate Schedules:
  - Rate Schedule 10 Rate Mechanism for the Recovery of the Regulated Transmission Facilities Charge ("RTFC")
  - Rate Schedule 12 Rate Mechanism for the Recovery of the Highway Facilities Charge ("HFC")
  - Rate Schedule 13 Rate Mechanism for the Recovery of the Transco Facilities Charge ("TFC")
  - Rate Schedule 15 Rate Mechanism for the Recovery of the Marcy South Series Compensation Facilities Charge ("MSSCFC")
  - Rate Schedule 16 Rate Mechanism for the Recovery of the Short-Term Reliability Process Facilities Charge for a Regulated Transmission Solution in the Short-Term Reliability Process ("STRPFC")
  - Rate Schedule 17 Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities ("WNY-FC")



### **Next Steps**



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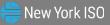
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#### **Next Steps**

- Please provide any feedback to jsweeney@nyiso.com
- Revise the draft tariff revisions, as necessary/appropriate, based on stakeholder feedback
- Submit compliance filing by July 12, 2022



# **Questions?**



#### **Our Mission & Vision**

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#### **Mission**

Ensure power system reliability and competitive markets for New York in a clean energy future



#### Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation

