

NYISO FERC Order 2222 Compliance – Part 1

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Agenda

- **Background & Overview**
- **FERC Order 2222 Requirements – Part 1**
- **Next Steps**

Background & Overview

- NYISO submitted its Order No. 2222 compliance filing on July 19, 2021 (Compliance Filing)
- FERC issued an Order on June 17, 2022, accepting the Compliance Filing (June 2022 Order), and directing the NYISO to make over thirty additional tariff modifications to achieve compliance with Order No. 2222
- The NYISO is in the process of developing those additional tariff modifications and will present the modifications to stakeholders as available before filing
- Today's discussion will review the first set of tariff modifications related to:
 - Small Utility Opt-in Requirements;
 - Eligibility to Participate in NYISO Markets through a DER Aggregator;
 - Market Participation Agreements; and
 - Coordination between the ISO, Aggregator, and Distribution Utility
- The NYISO anticipates making two additional presentations addressing the remaining compliance obligations

Small Utility Opt-in

Modification to Small Utility Opt-In Requirements

- **The June 2022 Order directed the NYISO to make certain changes regarding the application of Order No. 2222’s small utility opt-in requirement, including:**
 - Replacement of LSE with “Distribution Utility,” and
 - More clearly identifying the small-utility threshold value of four million MWh a year
- **In evaluating the Order’s directives and developing tariff modifications to comply with those directives, the NYISO determined that defining the term “Small Utility” would provide greater clarity to Services Tariff Section 4.1.10**
 - NYISO will propose a new defined term “Small Utility” specific to the provisions of Services Tariff Section 4.1.10
 - Defining “Small Utility” affects the NYISO’s proposed compliance with other of the Order’s directives as described on the following slides

Definition of Distribution Utility

- **The June 2022 Order directed the NYISO to move the definition of “Distribution Utility” from Services Tariff Section 4.1.10.5 to Services Tariff Section 4.1.10.**
- **NYISO will move the definition of Distribution Utility as directed.**

Definition of “Small Utility”

- **The NYISO proposes to define “Small Utility” as:**
 - “a Distribution Utility that distributed less than or equal to four million MWh in the ISO’s immediately prior and completed fiscal year (which runs January 1 through December 31).”

Replacement of LSE with Distribution Utility

- The Compliance Filing proposed that an individual Resource that is a customer of a Load Serving Entity that distributed less than or equal to four million MWh could not be enrolled in an Aggregation unless the Relevant Electric Retail Regulatory Authority authorized such participation.
- Paragraph 34 of the June 2022 DER Order directed the NYISO to replace the term “Load Serving Entity” with “Distribution Utility.”
- NYISO revises section 4.1.10 of its Services Tariff to replace the term “Load Serving Entity” with “Small Utility,” which is a sub-category of Distribution Utility.

Identification of Small Utility Threshold

- The June 2022 Order also directed certain ministerial revisions in Services Tariff Section 4.1.10: replace (1) the phrase “meeting the annual MWh threshold identified above” with the phrase “that distributed 4 million MWh or less in the previous fiscal year”; and (2) the phrase “meets such threshold” with the phrase “distributed 4 million MWh or less in the previous fiscal year.”
- NYISO will revise Section 4.1.10 consistent with FERC’s directives by substituting “Small Utility” for “Distribution Utility that distributed 4 million MWh or less in the previous fiscal year.”
 - The 4 million MWh size threshold is included in the definition of “Small Utility.”

Application of Small Utility Opt-in for a Capability Year

- In comments on the NYISO's Compliance Filing, the New York Transmission Owners (NYTOs) stated that it would be unreasonable and impractical for a resource that is a customer of a Distribution Utility that distributed more than 4 million MWh in one fiscal year to become immediately ineligible to participate, *i.e.*, on January 1, if that utility distributes 4 million MWh or less in the previous fiscal year.
- The NYISO agreed with the NYTOs, and the June 2022 Order directed the NYISO to revise Services Tariff Sec. 4.1.10 to insert “for the forthcoming Capability Year” in the small utility opt-in provision.
- NYISO will revise the Section 4.1.10 consistent with the NYTOs' comments and FERC's directive.

Notification of Change in Small Utility Opt-in Determination

- **The Compliance Filing proposed that an individual Resource that is a customer of a LSE (now, Small Utility) that distributed less than or equal to four million MWh in the immediately prior and completed fiscal year shall not be enrolled in an Aggregation without the authorization of the applicable Relevant Electric retail Regulatory Authority.**
- **The June 2022 Order found that the proposed tariff language required further clarification and directed the NYISO to submit tariff modifications that clarify (i) an Aggregator's responsibilities related to a RERRA's opt-in determination, and (ii) the timing of a Resource's ineligibility when the small utility decides to prohibit its participation.**
- **The NYISO will propose additional tariff modifications to Services Tariff Sec. 4.1.10:**
 - When a RERRA determines that one or more customers of a Small Utility may no longer be enrolled in an Aggregation and notifies the Aggregator(s) of such decision, the Aggregator(s) shall notify the NYISO as soon as practical (as described in the NYISO's Aggregation Manual).
 - An affected DER will not be permitted to participate as of the first day of the Capability Year immediately following the NYISO's receipt of notification from the Aggregator, if such notification is provided before April 1 of a calendar year.
 - If notification is provided on or after April 1, but prior to May 1, the affected DER will not be permitted to participate as of the first day of June 1.

Eligibility to Participate in the ISO Markets through a DER Aggregator

Prohibition of DER Providing the Same Service in Wholesale Markets and Retail Markets or Programs

- **The Compliance Filing proposed to prohibit DER from providing “the same or substantially similar service” in NYISO-administered markets as they already provide in retail services or programs.**
- **The June 2022 Order found that inclusion of the phrase “or substantially similar” in Section 4.1.10.6 of the Services Tariff would result in improperly broad restrictions on DER.**
- **NYISO will revise the Section 4.1.10.6 consistent with FERC’s directive and remove the “substantially similar” language.**

Prohibition of DER From Providing Same Service – Aggregator Attestation

- The June 2022 Order directed the NYISO to amend Services Tariff Section 4.1.10.5 to require an Aggregator to attest that DER enrolled in its Aggregation are not providing the same service in a retail service or program as they are in the NYISO-administered markets.
- NYISO will revise the Section 4.1.10.5 consistent with FERC's directive.

Market Participation Agreements

Aggregator Attestation to Compliance with Applicable Rules and Regulations

- The Compliance Filing proposed to require an Aggregator to attest that the individual DER in an Aggregation, and the Aggregation itself, have been authorized to participate in the ISO-administered markets by the applicable Distribution Utility and RERRA.
- The June 2022 Order directed the NYISO to revise this requirement to specify that the Aggregator must attest to its compliance with the tariffs and operating procedures of the Distribution Utilities and the rules and regulations of any RERRA, consistent with the requirement of Order No. 2222.
- NYISO will revise Services Tariff Section 4.1.10.5 consistent with FERC's directive.
 - NYISO proposes a corresponding revision to Services Tariff Section 4.1.10.7.3 to remove language requiring that each Aggregator ensure that its Aggregation and DER comply with all applicable rules and regulations promulgated by the RERRA and included in the applicable Distribution Utility's tariffs that are accepted and/or approved by the RERRA.

Coordination between the Aggregator, ISO, and Distribution Utility

Market Rules on Coordination

- **Order No. 2222 directed RTO/ISOs to develop market rules related to coordination between the Aggregator, Distribution Utility, and RERRA**
- **NYISO proposed tariff revisions related to these requirements**
- **The June 2022 Order directed the NYISO to make several additional revisions**
 - This presentation addresses a subset of the additional revisions directed by the Commission
 - The remaining directives will be addressed at a future stakeholder meeting

Continued Coordination with Distribution Utilities

- **The June 2022 Order found that NYISO developed its distribution utility review process through consultation with Distribution Utilities, consistent with the requirement of Order No. 2222, and directed the NYISO to continue to coordinate with Distribution Utilities in developing the additional tariff revisions related to such coordination.**
- **The NYISO continues to work with Distribution Utilities on matters related to coordination among Utilities, Aggregators, and the NYISO.**

Utility Review of Resources Entering NYISO Markets

- The Compliance Filing proposed to apply the utility review process to each “new” DER that connects to a Distribution Utility’s electric facilities.
- In comments on the Compliance Filing, NYTOs stated that the use of the term “new” conflated the initial interconnection of a DER with the initial registration of a DER seeking to participate in the wholesale markets.
- The NYISO agreed with the NYTOs and proposed to modify the tariff language to state that the utility review process applies to each DER that is connecting or connected to a Distribution Utility’s electric facilities upon the DER’s initial enrollment to participate in the ISO-Administered markets.
- The June 2022 Order directed NYISO to revise section 4.1.10.7.1 consistent with the suggested alternative language, and to delete the phrase “of new facilities” from language also proposed in section 4.1.10.7.1: “The [NY]ISO shall provide to the Distribution Utility the physical and operational data collected for the Distributed Energy Resource upon the Resource’s enrollment in the ISO-Administered markets in order to facilitate review of new facilities.”
- NYISO will revise Services Tariff Section 4.1.10.7.1 consistent with FERC’s directives

Distribution Utility Review Results

- Order No. 2222 required that the results of a distribution utility's review be incorporated into the distributed energy resource aggregation registration process, and directed the NYISO to explicitly state in Services Tariff 4.1.10.7.1 that it shall consider information provided by the Distribution Utility in the Aggregation registration process.
- NYISO will revise Services Tariff Section 4.1.10.7.1 consistent with FERC's directive

Distribution Utility Review Results

- Order No. 2222 requires that the Distribution Utility have the opportunity to request that the RTO/ISO place operational limitations on an aggregation or seek the removal of one or more DER from an Aggregation to address specific significant reliability or safety concerns.
- The NYISO’s compliance filing proposed that the NYISO “may” limit the capacity and/or wholesale market services a DER is authorized to supply to address the reliability and/or safety concerns identified by the Distribution Utility.
- The NYTOs argued that the NYISO must limit the wholesale services when specific significant reliability and safety issues are identified by the Distribution Utility.
- FERC agreed, and the June 2022 Order directed the NYISO to modify Services Tariff Section 4.1.10.7.1 to state: “The ISO shall may limit the capacity and/or wholesale market services a Distributed Energy Resource is authorized to supply to address the reliability and/or safety concerns communicated in writing by the Distribution Utility to the ISO to the extent such concerns are not resolved to the satisfaction of the Distribution Utility through the course of the enrollment process.”
- NYISO will revise Services Tariff Section 4.1.10.7.1 consistent with FERC’s directive

Ministerial Revisions

■ The June 2022 Order directed certain ministerial revisions:

- Revise section 4.1.10.7.1 of its Services Tariff as follows: “If a Distribution Utility notifies the ISO within sixty days that a Distributed Energy Resource’s participation in the ISO Administered Markets poses a significant threat to the reliability and/or safety of the Distribution Utility’s electric facilities, the ISO shall incorporate such finding(s) in its review of the Distributed Energy Resource.”
 - The proposed tariff revisions described on slide 19 further modify the above sentence.
- Revise section 4.1.10.7.2 as follows: “Such coordination shall be consistent with the requirements set forth in the ISO’s manuals, including the Day-Ahead Scheduling Manual, Transmission and Dispatch Manual, and Emergency Operations Manual.”
 - NYISO proposes to replace “ISO’s manuals” with “ISO Procedures.”
- Revise section 4.1.10.7.2 as follows: “An Aggregator shall identify to the applicable Distribution Utility, or the Transmission Owner (if it is a different entity from the applicable Distribution Utility), the Generator(s), Demand-Side Resource(s), and/or Distributed Energy Resource(s) within its Aggregation that will be operated to meet a NYISO-issued schedule prior to the dispatch of any Generator, Demand Side Resource or Distributed Energy Resource participating in an Aggregation in accordance with the ISO Procedures.”
 - NYISO will revise Services Tariff Section 4.1.10.7.2 consistent with FERC’s directive.

Role of Relevant Electric Retail Regulatory Authorities

- The June 2022 Order found that NYISO's proposal creates a potential undue barrier to entry for DER Aggregations because Aggregators/DER will not have access to the information that a RERRA provides about Aggregations and facilities to the NYISO, which may affect their access to the NYISO market, and therefore does not fully comply with Order No. 2222.
- FERC directed the NYISO to revise section 4.1.10.7.3 of its Services Tariff to require that any information provided by the RERRA to NYISO about a specific Aggregation under this provision must be shared with the Aggregator.
- NYISO will revise Services Tariff Section 4.1.10.7.3 consistent with FERC's directive

Next Steps

Next Steps

- **NYISO will return to present additional tariff revisions to comply with FERC's June 2022 Order at the September 20 ICAPWG.**
 - Topics to be discussed include:
 - Locational Requirements
 - Metering and Telemetry System Requirements
 - Modifications to List of Resources in an Aggregation
 - DER Interconnections
- **Please send any questions that were not addressed during this presentation to: DER_Feedback@nyiso.com**

Our Mission & Vision



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

Questions?