



# Market Services Tariff Updates

# Market Mitigation Measures

# Attachment H

---

## Giacinto Pascazio

Technical Specialist

**MIWG**

March 7, 2023

# Agenda

- **The following items will be discussed for recommended changes to the Market Services Tariff – Attachment H**
  - Clarifying the number of hours used in the calculation of Load Pocket Thresholds (23.3.1.2.2.1)
  - Sanctions applied to Generators who submit inaccurate Fuel Cost Adjustments (23.4.3.3.3)
  - Adjusting the time window used in application of Default Bid Mitigation (23.4.8)
  - Clarifying Aggregation’s ability to submit bids in excess of \$1,000/MWh (23.7.3)

# Clarifying the number of hours used in the calculation of Load Pocket Thresholds

# Load Pocket Thresholds

## ■ 23.3.1.2.2.1 – Load Pocket Thresholds

- Current Formula used to calculate Load Pocket Thresholds

$$\text{Threshold} = \frac{2\% * \text{Average Price} * 8760}{\text{Constrained Hours}}$$

- **Every fourth year the number of hours is 8784.**
- **The NYISO proposes to clarify that the number of hours used would be consistent with the actual number of hours in the preceding 12-month period.**

# Sanctions for Inaccurate Fuel Costs Adjustments

# Sanctions for Inaccurate Fuel Cost Adjustments

- The NYISO reviews Fuel Costs submitted by Market Parties for accuracy.
- If the submitted Fuel Costs are inaccurate, and the Generator received an energy schedule, the NYISO is required to determine if the inaccurate submission resulted in impact on market clearing prices or guarantee payments made to the Generator.
- If the impact thresholds are exceeded, the NYISO will impose a penalty in accordance with MST Section 23.4.3.3.3 if the calculated penalty exceeds \$5,000/day.
- If the Generator is not scheduled, the inaccurate Fuel Cost submitted can not result in a penalty but may result in the Market Party losing the option to use the Fuel Cost Adjustment Functionality for a period of time. *See* MST 23.3.1.4.6.9.2.

# Sanctions for Inaccurate Fuel Costs Adjustments...continued

- A Generator that submits inaccurate fuel cost information and is not scheduled to provide energy is not re-evaluated for Economic Withholding using the recalculated reference levels. In 2017 the MMU made a State of the Market Recommendation - *Modify mitigation rules to deter the use of fuel cost adjustments by a supplier to economically withhold.*
- Proposal: If a Generator submits inaccurate Fuel Cost information, and the offer(s) submitted would have resulted in conduct and impact using reference levels with accurate fuel cost information, the NYISO will impose a sanction analogous to the penalty associated with Physical Withholding. The penalty calculation will be based on MW withheld times the Market Clearing Price (23.4.3.3.1).

# Default Bid Mitigation Window



# Default Bid Mitigation Window

- **23.4.8 – Duration of Mitigation Measures**
  - *...any mitigation measure imposed...shall expire not later than six months after the occurrence of the conduct giving rise to the measure...*
- **This Mitigation applies to rest-of-state ex-post screening of conduct with impact on price. If conduct and impact are determined mitigation is applied prospectively expiring no later than six months after the market day of the identified conduct.**
- **Within the current six-month window, there is no defined timeline for completing the Mitigation Consultation.**
- **With no time constraint on the Mitigation Consultation, the Market Party has no incentive to provide the information the NYISO requires to review its bids in a timely manner.**
- **As a result, Default Bid Mitigation may only be applied for a small fraction of the six month window.**

# Default Bid Mitigation Window - Proposal

- **The NYISO proposes to allow up to 50-business days to identify conduct and initiate a consultation, up to 50-business days for the consultation, and for the default bid mitigation to apply for a 50-business day window, including non-business days within the window, at the conclusion of the consultation.**
- **There is an existing process establishing a timeline for Mitigation Consultation for real-time Guarantee Payment Mitigation and Rest of State Reliability Commitments.**

# Real-Time Guarantee Payment Mitigation Process – For Reference

- **23.3.3.3 – Consultation Rules for Real-Time Guarantee Payment Mitigation**
- **For Real-Time Guarantee Payment Mitigation, there is a 50-business day window to resolve the Mitigation Consultation. If after the 50-business day window the Market Party is unable to demonstrate to the NYISO why its Bids were consistent with competitive behavior, the mitigation will be applied.**

Aggregations ability to  
submit Bids in excess  
of \$1,000/MWh

# Aggregations ability to submit Bids in excess of \$1,000/MWh

- 23.7 – Bid restrictions for Incremental Energy Bids and Minimum Generations Bids for NYCA Resources
- However, the DER market rules did not revise Section 23.7 to address Aggregations.
- The NYISO recommends revising Section 23.7 to treat Aggregations consistent with the rules for the types of resources that comprise the Aggregation, consistent with rest of Attachment H.
  - For example, an Aggregation that is entirely comprised of ESR will be treated like an ESR for purposes of MST 23.7. A mixed Aggregation that includes at least some Generators will be treated like a Generator.

# Next Steps:

- Second MIWG in April
- May/June BIC
- Second half of 2023 - MC
  - Vote on Tariff revisions
- NYISO Board of Directors
- FERC Filing

# Questions?

# 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