

NYISO Management Response to the NYISO's SCR Baseline Study Analysis and Report by DNV GL (Formerly DNV KEMA)

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I. Introduction

This New York Independent System Operator (NYISO) Management Response to the SCR Baseline Study Analysis and Report (Report) fulfills the NYISO's commitment to its Market Participants (MPs) to provide insight into its reaction to the study and conclusions presented in the Report, as well as the comments provided by Market Participants. This Management Response provides: (i) a background of the study, (ii) a summary of the three individual tasks associated with the study, each containing the conclusion/recommendations of the NYISO's vendor (DNV GL), (iii) MP comments (summarized from those submitted to the NYISO) on each conclusion/recommendation, (iv) the NYISO's Management Response to the conclusion/recommendation and related stakeholder comment, and (v) a summary of "general" comments (either non-specific or specific to more than one task) and the NYISO Management Response to those comments.

II. Background

At the January 26, 2011, NYISO Business Issues Committee (BIC) meeting, the motion to approve the change of the baseline methodology for the Special Case Resource (SCR) program from Average Peak Monthly Demand (APMD) to Average Coincident Load (ACL) included a commitment by the NYISO to conduct an evaluation of the revised baseline methodology in 2013. This analysis fulfills that commitment by examining the ACL methodology and alternative performance evaluation methods of Customer Baseline Load (CBL) approaches to determine their applicability to the SCR program.

The ACL provides a basis for estimating a demand response resource's available load reduction capability (maximum demand) that is available to be offered and sold in the NYISO's capacity market auctions. The ACL methodology is also currently used for determining the amount of load reduction provided by the resource when called upon by the NYISO during a reliability event. The objectives of the ACL analysis were to compare the existing capacity baseline with variations under consideration; to evaluate how seasonal load variations impact the amount of capacity available for a season; and to identify an estimation of available capacity in advance that closely reflects the estimated load during an event.

The CBL provides an estimate of the amount of energy a demand response resource would have consumed, absent its response to the NYISO's direction to reduce its load. For the CBL portion of this analysis, the NYISO's objectives were to compare the current NYISO CBL methodology to the CBL methodologies in use by other Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs), as well as additional variations the NYISO chose to test. In addition, this comparison evaluated whether specific baselines would be more applicable to sub-segments of the population.

The goals of the of the ACL and CBL analyses were to validate the ACL methodology approved by BIC in January 2011 and provide recommendations for the most appropriate baselines for enrollment/market participation and performance evaluation.

The NYISO used a phased approach to conduct the study. First, a data request was issued to collect hourly interval data and various characteristics of the demand response resources enrolled in the NYISO's SCR program for four consecutive Capability Periods – two Summer and two Winter Capability Periods. The data were evaluated to ensure that the sample that would be used for the analysis was sufficient and representative of the population of demand response resources, based on size, location, weather sensitivity, and load variability. The analysis design phase was divided into three tasks: CBL analysis, ACL analysis, and ACL/CBL combinations.

The CBL analysis was designed using an approach similar to that used in the 2011 CBL baseline assessment performed by DNV GL for PJM Interconnection ¹ (PJM), which compared PJM's existing and candidate baselines to baselines in use at other ISOs/RTOs (PJM Study). This analysis approach was adapted to the NYISO's specific situation, data, and goals, as further described in Section 2 of the Report.

The analysis design included 11 weekday CBL approaches, six of which were included in the PJM Study. The analysis included four adjustment variants of each baseline, commonly referred to as inday adjustments, which typically adjust the CBL for differences in load prior to an event, typically caused by weather variances. The different baseline/adjustment variants resulted in 44 combinations to be evaluated. The CBLs were evaluated on how well they performed with respect to three metrics: accuracy, bias, and variability.

The ACL analysis involved comparing existing capacity baselines with variations currently under consideration, including different ranges of hours, Capability Periods and Monthly ACLs. The analysis

¹ PJM Empirical Analysis of Demand Response Baseline Methods, KEMA April 20, 2011.

was designed to examine the same segmentation scheme (weather sensitivity, size, and load variability) defined above for the CBL analysis.

The metrics developed to evaluate ACL performance were designed specifically to analyze the comparison of an ACL to an ACL and/or the comparison of an ACL to an estimate of NYCA peak demand. These metrics included:

- Relative error The overall performance can most easily be represented by the relative error of the sum of the total ACLs and compared to the sum of the total maximum demand. (Note for comparisons made between two ACLs, the relative difference is reported.)
- The distribution of the individual resources' relative errors The distribution of individual resources' relative errors presents the spread or variability of the ACL's representation of maximum demand among the total pool of resources.

III. Conclusions, Recommendations, MP Responses, and NYISO Management Response

A. Task 1: CBL Conclusions and Recommendations

In Section 3 of the Report, five CBLs were identified as performing well in aggregate analyses, as well as across various sub-segments. Those five CBLs were the NYISO 10 of 10, the NYISO 5 of 10, the NYISO 5 of 8, the ISO New England Standard, and the CAISO 10 of 10.

Two of the top five CBLs were eliminated from consideration, those being the ISO-NE and the CAISO. The ISO-NE CBL, which has slightly better empirical performance than the other methods, entails significantly more administrative costs because it requires contiguous load data (since each baseline is based on the prior day's baseline). This approach also requires additional administration to ensure transparency to all market participants, and requires significantly more administration for settlement adjustments that result in corrections in load data. Since the empirical performance of the ISO-NE baseline is only marginally better than that of the remaining baselines, it is not apparent that this additional administrative effort is warranted and therefore is not recommended for use by the NYISO.

The fundamental difference between the CAISO 10 of 10 and NYISO 10 of 10 is that the NYISO exclusion rule for low-usage days was modelled for the analysis and the CAISO 10 of 10 did not have such an exclusion rule. The NYISO conducted a limited amount of additional analysis on the remaining NYISO baselines and the CAISO baseline, without the exclusion rules. The finding of this additional

analysis showed that there was no statistically significant difference in the results of the CBLs using the low-usage day exclusion rule and the baselines that did not use this exclusion rule.

The remaining three CBLs were identified as top performers. These were:

- NYISO 10 of 10;
- NYISO 5 of 10; and,
- NYISO 5 of 8.

The performance of these three baseline approaches can be considered statistically equivalent. These CBLs are reasonably similar in terms of empirical performance and ease of administration. These CBLs use exactly the same exclusions, only differing in the CBL Window and CBL Basis for weekdays. Therefore, recommending a baseline becomes a qualitative decision, based on operational and implementation considerations. The NYISO 5 of 10 is the current NYISO energy CBL and has been in use for many years. The processes related to the use of this CBL are well supported with the NYISO and its demand response resources. The only change that may be suggested in this respect is that the CBLs that require the least data or smallest window may be preferable (*i.e.*, 5 of 8). CBLs that have higher "X of Y" relationships require more load data to provide similar results as CBLs having lower "X of Y" relationships. In the case of the remaining CBLs, the NYISO 10 of 10 would require twice as much load data to provide similar results as the NYISO 5 of 10. Also, the true impact of administering the CBL for resources that have frequent settlements, such as those demand response resources participating in economic demand response programs at the NYISO, was not considered in the analysis. The results of the CBL analysis can be found in Section 3 of the Report.

Conclusion #1:

In investigating similar "X of Y" baselines, it can be concluded that the primary difference in performance between the NYISO's and other ISOs' defined baselines is the exclusion rules. Exclusion rules, especially the low-usage day exclusion rule, have the potential to drive the exclusion of a large number of non-event days when calculating the CBL for an event day. For CBLs with large "X of Y" windows and basis, this can be problematic. Therefore, the NYISO-specific exclusion rules should be reviewed in order to confirm their continued applicability.

Market Participant comments related to this conclusion included:

- "Of the three CBL formulations showing the best performance (5/10, 5/8 and 10/10), we believe that the 5/10 methodology is preferable, absent compelling evidence favoring one of the other options. Using a 5/10 approach minimizes the effort needed to modify software provided by RIPs to SCRs, and simplifies the rollout of market rule changes to existing customers."
- "...[We] could support the most accurate CBL metric that the study determines is appropriate for the vast majority of resources."

NYISO Management Response:

The NYISO agrees with the conclusion that the current NYISO exclusion rules should be reviewed for continued applicability. The current NYISO High 5 of 10 CBL is considered to be performing at a high level and on an equal footing with the variations of that CBL in the High 5 of 8 and the 10 of 10. Since there were no statistically significant differences between the top 5 CBLs, and lacking a specific reason to change from the current CBL, the NYISO does not expect to change its current CBL in the near future.

The NYISO-specific exclusion rules have been part of the NYISO CBL since the inception of the Emergency Demand Response Program and the Day-Ahead Demand Response Program and became applicable to the SCR program in 2003 when enrollment in EDRP and SCR became mutually exclusive. The Low-Usage Day exclusion rule is one of the more pervasive exclusion rules in the NYISO CBL, and has the ability to exclude many days from the CBL Window as a result of the average event period usage (determined over the same period of time as the event hours) being less than the "seed" value (peak hourly load over the past 30 days * .25).

The NYISO conducted additional analysis on these baselines without the exclusion rules, finding there was no statistically significant difference in the results of the CBLs with the exclusion rules from those without the exclusion rules. While CBLs that featured the low-usage exclusion also performed very well, including the current CBL used in NYISO's demand response programs, the continued use of the low-usage exclusion rule may not be warranted in the NYISO CBL methodology. Performance evaluation methodologies and their component parts are a critical aspect of a program's design that must be balanced with the objectives of the product being provided. This aspect of the CBL will be part of the proposed 2015 project to develop market rules for SCR

baselines.

Conclusion #2:

The analysis indicates that a same-day uncapped multiplicative adjustment increased accuracy of the baseline over the unadjusted estimates and over the current capped multiplicative adjustment (at 20% cap), also tested by the analysis. However, an uncapped multiplicative adjustment does have somewhat greater susceptibility to gross inaccuracies under certain demand conditions. It is recommended that a cap be used, and that an analysis of alternative caps be conducted to determine the optimal cap value for the multiplicative adjustment.

Market Participant comments related to this conclusion included:

- "The analysis of weather adjustment alternatives and the justification for a capped multiplicative adjustment is particularly detailed and illustrates the problem with the current 1.2x cap on CBL adjustments." This MP supports the use of a 1.5x multiplicative cap on CBL.
- "...[We] would also be able to support a capped multiplicative adjustment (with a cap higher than the current inadequate 20%) to prevent the large inaccuracies that can sometimes result from an uncapped adjustment, as long as NYISO defines exceptions to caps for atypical days."

NYISO Management Response:

The NYISO agrees with the conclusion that the use of a cap is appropriate on its in-day multiplicative adjustment. The NYISO did conduct additional analysis into the accuracy of the baselines with an uncapped multiplicative adjustment and various levels of caps to see if there was an opportunity to make improvements to the in-day adjustment cap and the accuracy of the baseline. While the tested baselines were more accurate with an uncapped multiplicative adjustment, the degree of increased accuracy is tempered by a comparable amount of potential for gross inaccuracies that these uncapped multiplicative adjustments allow for under certain demand conditions. The NYISO could consider changing the in-day multiplicative cap, from 20% to 50%, contingent on the: 1) NYISO receiving hourly, interval meter data for all Demand Response resources; and 2) NYISO calculating all baselines internally for the purposes of settlement and performance evaluation.

Conclusion #3:

In addition, it is presumed that the magnitude of the multiplicative adjustment is correlated to the amount of error that a baseline will produce (*i.e.*, the greater the adjustment the greater potential for an erroneous baseline). It is recommended that an analysis of the relationship between magnitude of the adjustment and the magnitude of error be performed to confirm this presumption. **There were no Market Participant comments applicable to this conclusion.**

NYISO Management Response:

The NYISO agrees with the conclusion that continued analysis is needed to look into the relationship of the magnitude of the adjustment and error induced by the adjustment. The NYISO did conduct additional analysis into the magnitude of the adjustment and the amount of error in the adjustment, to see if there was an opportunity to make improvements to the in-day adjustment cap and also lower errors associated with adjusting the CBL. Capping the baseline does reduce some large relative errors. However, the multiplicative cap does not materially reduce the total error associated with the baselines where such an adjustment is applied. While the cap does provide some safeguards against unconstrained adjustments, it also limits some legitimate adjustments (resulting in increased errors). This aspect of the CBL will be part of the proposed 2015 project to develop market rules for SCR baselines.

Conclusion #4:

The preferred CBL approaches with a same day uncapped multiplicative adjustment have similar results and performed well across all segments, time periods and weather conditions, except for predicting loads for variable load resources. The analysis indicates that a baseline approach to measuring load reduction may not be applicable for accounts with certain kinds of variable load. When a resource's load is uncorrelated to an identifiable previous load pattern, there is no generalized baseline methodology that can produce an effective baseline. It is recommended that the NYISO and its stakeholders evaluate the need for resources with highly variable loads to be segmented for purposes of applying a different CBL and/or market rule for calculating performance.

Market Participant comments related to this conclusion included:

• "We agree that an alternative CBL formulation for highly variable loads should be investigated. Given that 28% of the resources used in the baseline study were classified as being highly variable loads, we recommend that alternative CBL methodologies for these resources be considered as the next step in the study, prior to releasing the final baseline report. Although it may turn out that alternatives are not as practical as the proposed CBL methodologies, the number of resources potentially affected argues for a review of CBL options prior to, rather than subsequent to, any NYISO management response to the baseline study."

- "For highly variable loads, [we] would be able to support an alternate CBL type baseline that is more accurate than the chosen default standard baseline applicable to other less variable resources. We recommend that NYISO define certain CBL alternatives based on the final study results, which would allow a highly variable resource to opt for one of the pre-defined alternative CBLs."
- "These comments focus on a rule change we would like to see as a result of this excellent and thorough study – *an increase in the weatherized CBL adjustment cap*. The cap of 120% (or 1.2) does not accurately reflect the difference in usage between CBL baseline days and event days when events occur during heat waves that follow mild weather, which occurred in 2012. Specifically, we believe the CBL will need modification to accommodate situations where demand response is called during a short heat wave and not enough prior weekdays of similar weather had occurred for the adjusted CBL to be an accurate measure of energy reduction. The KEMA study states: '67% of all multiplicative adjustments in the 99th-100th percentile fall between 1.46 and 2.0.....excluding highly variable loads will increase that percentage to 77%.' Under 'CBL Observations,' it is noted that: 'highly variable loads may need a separate CBL and/or in-day adjustment type.' There is no need to distinguish between low and high load variability when designing the adjustment, or to propose separate adjustments for low and highly variable loads; if a load has low variability, then the adjustment will simply calculate to be a smaller percent change than that of a highly variable load."

NYISO Management Response:

The NYISO agrees with the results of the study that indicate the need for a separate baseline and market rules for highly variable loads. While the demand response programs at PJM and ERCOT allow for the use of different baselines to support the different types of resources, including those that are classified as highly variable loads, the NYISO currently only maintains the High 5 of 10 baseline for energy payments throughout all of its demand response programs. The value of a separate baseline for Highly Variable Loads is evident in the total numbers of these resources, better accuracy of the CBL in estimating the load of the highly variable resource, and more accurate payment/billing for the resource.

In previous discussions with Stakeholders in presentations on Order No. 745 Compliance, the NYISO discussed its requirement when using multiple baselines, including that the baseline should be calculated by the NYISO in-house, and the need for the CBL to be comprehensible, accurate, flexible and reproducible. The NYISO could consider a separate baseline for highly variable loads, contingent upon the: 1) NYISO calculating all baselines internally for the purposes of settlement and performance evaluation; 2) NYISO developing or acquiring an application to determine which resources should be considered highly variable loads; and 3) NYISO receiving hourly, interval meter data for all demand response resources.

B. Task 2: ACL Conclusions and Recommendations

Section 4 of the Report describes the evaluation of the current ACL evaluation methodology, and the impact that the new SCR Load Zone Peak Hours would have on the ACLs of the resources when compared with the existing time period from which the SCR Load Zone Peak Hours were selected. In addition to those two analyses, the NYISO wanted to also evaluate how well a Monthly ACL would reflect the available capacity from a resource and the number of hours that would be needed to produce a Monthly ACL with the least amount of error.

The NYISO's "old" period of hours at the time of the Study used to calculate a Capability Period ACL from SCR Load Zone Peak Hours including Hour Beginning (HB) 13 through HB 18 was found to have slightly less error than the NYISO's "new" period of hours used to calculate a Capability Period ACL from SCR Load Zone Peak Hours including HB 11 through HB 19.

The analysis of the three variants of the Monthly ACL, using different quantities of NYCA Peak Hours, was performed to determine how well a Monthly ACL would reflect the available capacity from a resource when compared to a single Capability Period ACL. In all three analyses comparing the calculated Monthly ACL to the Capability Period ACL, the Monthly ACL better reflected the available capacity from a resource when compared to the Capability Period ACL.

From these Monthly ACL comparisons, the Monthly 10 of 20 SCR Load Zone Peak Hours was determined to be the best of the three Monthly ACLs. This specific Monthly ACL performed the best at

measuring the available capacity of resources during both peak and shoulder months; as well as the difference and percentage of error when compared to the new Capability Period ACL, the Monthly Five Coincident Peak Hours (5 CPk), and to the other Monthly ACLs evaluated. The results of this and the other ACL analysis can be found in Section 4.3 of the Report.

Conclusion #5:

This analysis suggests that the Monthly ACL may provide a better estimate of the demand response resource's capacity during a Capability Period, possibly more so than the Capability Period ACL. The Capability Period ACL does not recognize the inherent monthly differences in coincident demands, which can vary greatly across the months of a Capability Period. The Capability Period ACLs therefore tend to overestimate coincident demands in the shoulder months when load is lower than the months in which the Capability Period SCR Load Zone Peak Hours typically occur. If a more accurate estimation of temporal differences in available coincident demand would benefit the program, a Monthly ACL approach should be considered.

Market Participant comments related to this conclusion included:

- "It is apparent that the Winter Capability Period (CP) results do not reflect actual SCR program usage. While it is tempting to focus on high load days in the Winter CP as well as the Summer CP, actual system conditions point to a greater likelihood of needing SCRs in April. We believe that the NYISO should focus on Summer CP results when making final determinations on potential rule changes. To the extent that results of the Winter CP analysis may differ significantly from Summer CP results, we urge the NYISO to use the Summer CP analysis to drive baseline recommendations."
- "It is apparent that the NYISO believes a Monthly ACL is the best formulation based upon the analysis performed. We are concerned that moving to a Monthly ACL for SCRs raises fairness questions when compared with other types of capacity resources.... Before making any decisions on a monthly ACL for SCRs, the NYISO needs to investigate whether a similar monthly performance factor is needed for run-of-river hydro, and present the results of its investigation to the ICAPWG."
- "Despite finding that the NYISO's current ACL methodology is functioning as expected, the SCR Baseline Study recommends that the NYISO further assess whether to replace the current methodology with a monthly ACL approach. The recommendation to

transition to use of a monthly ACL ignores the fundamental purpose of the current ACL methodology – to provide a measure of the potential capability of demand response resources during the periods when the NYISO is most likely to require load reduction assistance from such resources. Inasmuch as a monthly ACL approach would undermine the core function of the ACL methodology and result in unnecessary, disparate treatment of demand response resources vis-à-vis other capacity supply resources, the NYISO should reject this recommendation and affirm the continued use of the current ACL methodology."

• "...[G]iven that the capacity offered by all suppliers, DR or generation, should be most representative of that resource's real capacity, and consequently reliability contribution, and in addition, since this change is unlikely to either incent or harm existing DR resources in any significant manner, we could support a move to a monthly ACL if the study finds it to be the most appropriate."

NYISO Management Response:

The NYISO has no plans to change the current ACL methodology at this time. The Report concluded that current ACL method for estimating capacity of a SCR is working effectively. If it is determined that a change is necessary from the current ACL methodology, the NYISO will discuss potential revisions to the current ACL methodology with Stakeholders.

C. Task 3: ACL and CBL Combination, Conclusions and Recommendations

In Section 4.2 of the Report, the NYISO introduced a third task of this study, which was an analysis to determine if a combination of a capacity baseline (ACL) to use for market participation/enrollment and an energy baseline (CBL) to use for performance evaluation was plausible. In this analysis, the Capability Period ACLs (using current year data in place of the effective ACL data), the Monthly 10 of 20 ACL (using current year data), and the three preferred CBLs from Task 1 were evaluated. The specific 10 of 20 Monthly ACL was chosen because it performed the best amongst the three Monthly ACLs tested at measuring the available capacity of resources during both peak and shoulder months. The 10 of 20 Monthly ACL also performed amongst the best in the difference and percentage of error when compared to the new Capability Period ACL, the Monthly 5 CPk, and to the other Monthly ACLs evaluated.

These comparisons across Peak-Like days in all four Capability Periods of the study demonstrate the ability of the three most accurate CBL baselines to estimate load during Peak-Like periods. These comparisons also show that, for event-like days, the Monthly ACL provided better estimates of load levels at the time of an event, when compared to the Capability Period ACL.

Conclusion #6:

The ACL methodology provides a procedure for estimating the coincident demand of a demand response resource, so that the available capacity of the demand response resource is known prior to making a commitment through an offer in one of the NYISO's capacity market auctions. To measure the response at the time of an event, any one of the three candidate CBLs identified as a top performer in the CBL analysis, with a capped multiplicative adjustment, would better reflect the load reduction achieved during an event than the ACL.

Market Participant comments related to this conclusion included:

- "At this time we do not have a firm opinion on whether CBL should be used for SCR performance measurement (in addition to determining energy reduction levels), but we are open to such a recommendation. When considering modifications to the CBL, if CBL is to be used for performance measurement, the NYISO should consider allowing CBL add-backs on event and test days. If CBL reporting becomes mandatory, there is no reason for the NYISO to continue to eliminate event and test days from the [ACL] baseline calculation."
- "We also believe that the ACL analysis may need to consider additional formulations to ensure that the best combination of ACL (needed to predict offer kW) and CBL (calculated post-event for energy payment and potentially for performance measurement) are chosen. The current results from Task 3 (Combination of ACL and CBL) are not presented in a way that reflects how the respective baselines will be calculated. The NYISO needs to compare baselines using an ACL based upon previous like CP data, not data coincident with that used for CBL calculation."
- "...[N]otably, although the SCR Baseline Study characterizes this approach as a "hybrid" methodology, such recommendation is the functional equivalent of eliminating use of the ACL methodology in its entirety in favor of sole reliance on the CBL methodology."

- "[We] could support the NYISO in adopting such a change if the study concludes that it, in fact, it is a superior and more equitable measure of DR contribution as compared to the status quo."
- "...it is clear that the various CBL methodologies (at least the better ones) are much better than the ACL measures at estimating the load levels of the Hosts. There is a line in the study, and I believe you have made comments, about the idea of using ACL for capacity and CBL for performance measures. Unfortunately, nothing in the report appears to explain how this would work and how it would overcome the problems with ACL...."

NYISO Management Response:

The NYISO agrees with the conclusions of the Report that the combination of an ACL for market participation/enrollment and a CBL for performance evaluation provides a better estimation of the available capacity of a resource at the time of the event. The ACLs evaluated in the study, Capability Period or Monthly, reflect the past year's coincident maximum demands, and are not reflective of the load level of the resource just prior to the event. An in-day multiplicative adjustment applied to the CBL allows the CBL to better estimate the actual load of the SCR and therefore provides a better overall estimate of the performance of the SCR to the NYISO's reliability event request. While the Report does not explicitly describe how the CBL would be used for evaluating performance of a SCR, for the purpose of measuring hourly response during an event or test, the same calculation currently in place for determining energy payments to SCRs would apply: hourly CBL minus the hourly metered load. This aspect of the market rule changes will be part of the proposed 2015 project to develop market rules for SCR baselines.

D. General Comments

These general comments were captured in the feedback from the Market Participants. Because these comments are not specific to a single conclusion or recommendation, the comments are presented in this section.

Market Participant comments included:

• "...[We] strongly opposes the further assessment or implementation of any substantial rules changes in response to the SCR Baseline Study, including, but not limited to: (a) utilization of "hybrid" M&V protocols that rely on the ACL methodology for the limited purpose of establishing the maximum amount of capacity a resource can provide, while using the CBL methodology as the sole measure of both energy and capacity performance; (b) replacing the current ACL methodology with a monthly ACL methodology; and (c) implementing a new CBL methodology. If, however, the NYISO determines that modifications to the current program rules are warranted in response to the SCR Baseline Study, which [we] [do] not concede, it should focus its efforts on further assessing certain limited "tweaks" to the current program rules that may further enhance the accuracy of the existing M&V procedures…"

• "[We] believe that there is enough useful information generated from this study for additional action to be taken. The NYISO should continue to lead efforts to improve further integration of DR into the markets with appropriate M&V and baselines."

NYISO Management Response:

The NYISO intends to address requests from Stakeholders in a balanced manner. The NYISO will place a priority on focusing on the related groups of rule changes that improve the measurement and verification and will take into consideration the necessary regulatory timeframes for approval and software development to implement these changes to align with the start of Capability Periods. The NYISO will attempt to provide Stakeholders with as much advanced notice of such changes as is practicable. Stakeholders will have opportunities in the Project Prioritization process to suggest the topics for future projects related to the continued development of the NYISO's demand response programs.

IV. Conclusion

The Report shows that the current CBL methodology for energy payments and the current ACL method for estimating capacity of a SCR are working effectively. This report also shows that a CBL utilizing a multiplicative adjustment with an appropriate cap would be an effective method of performance evaluation of an SCR. As the NYISO moves forward from this study, Stakeholder involvement and input, as always, will be crucial to successfully implementing any of the Report's conclusions/recommendations. The NYISO commits to ensuring any adjustments to its demand response markets are carefully considered in its open and transparent stakeholder processes.