

Reference Level Manual

Changes for FERC Order 831

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Objective of this Working Group session

- **Review new sections of the Reference Level Manual**
 - Section 6.3 – Fuel Cost Adjustments
 - Section 6.4 – Fuel Cost Adjustments with Generator Bids in excess of \$1000/MWh
 - Section 10 – Reference Level Development for Demand-Side Resources (DR)
- **Next Steps**

Section 6.3 - Fuel Cost Adjustments (FCA)

- **6.3 – Fuel Cost Adjustments**
 - Functionality to allow Generators the ability to reflect updated fuel information to the NYISO for reference level development
- **6.3.1 – NYISO Automated Screening**
 - Primary fuel entry thresholds (applied to specific fuel sources, e.g. Transco Z6) are values the NYISO maintains to allow for an FCA above the posted market price for fuel. In addition, the NYISO can apply an additive “secondary” threshold that reflects a Generator's specific fuel cost.
- **6.3.1.1 – Implication for Generators of NYISO Automated Screening**
 - FCAs submitted that exceed the posted market price for fuel, plus the primary fuel entry threshold, are not automatically included in the development of reference levels
- **6.3.2 – How Validated FCAs are used**
 - Valid FCAs are used to automatically recalculate Generator reference levels

Section 6.4 – FCA with Generator Bids in excess of \$1000/MWh

- **6.4 – Submission Process for bidding in excess of \$1000/MWh**
- **6.4.1 – FCA submittal requirement to bid in excess of \$1000/MWh**
 - Generator requirement to submit an FCA with their energy offer to bid in excess of \$1000/MWh. Bids submitted in excess of \$1000/MWh without an FCA will be invalidated.
- **6.4.1.1 – FCA process for Generators who don't burn oil or natural gas**
 - ALL Generators, irrespective of fuel source, will be required to use the FCA functionality to allow the NYISO to use cost-based reference levels. Consultation process to update current cost-based reference levels must be concluded prior to closing of bidding window.
- **6.4.2 – How the NYISO uses costs based Reference Levels for Bids in excess of \$1000/MWh**
 - Validated cost-based reference levels between \$1000/MWh - \$2000/MWh will serve as the bid cap.
- **6.4.3 – Process for Demand-Side Resources to place Bids in excess of \$1000/MWh**
 - 30 days prior to the start of the Capability Period, DADRP and DSASP resources that may want to bid in excess of \$1000/MWh must initiate a Reference Level Consultation with the NYISO to develop cost-based reference levels.

Section 10 – Reference Level Development for Demand-Side Resources

- 10.1 – Introduction
- 10.2 – Reference Level Development Methodology
 - A Demand-side Resource's cost to reduce load should be their discounted net revenues in the immediate near future
 - Demand-side Resources who desire the option to bid in excess of \$1000/MWh are required to establish a cost-based reference level
 - Only available to DADRP and DSASP

Next Steps

- December BIC

Questions?

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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