

Constraint Specific Transmission

Shortage Pricing: Manual Updates

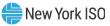
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Market Issues Working Group



Agenda

- Background
- Draft Manual Updates
- Next Steps



Background



Previous Presentations

| Date | Working Group | Discussion Points and Links to Materials | | | |
|------------|---------------|---|--|--|--|
| 06-30-2022 | MC | Constraint Specific Transmission Shortage Pricing : Multiple Active Transmission Constraints Proposal https://www.nyiso.com/documents/20142/31859086/02%20CSTSP%20MATC%20Proposal.pdf | | | |
| 06-22-2022 | BIC | Constraint Specific Transmission Shortage Pricing : Multiple Active Transmission Constraints Proposal <u>https://www.nyiso.com/documents/20142/31589128/4%20CSTSP%20-</u> <u>%20MATC%20Proposal%2006222022%20BIC.pdf</u> | | | |
| 05-24-2022 | ICAPWG/MIWG | Constraint Specific Transmission Shortage Pricing : Pricing Proposal for "Multiple Active Transmission Constraints" <u>https://www.nyiso.com/documents/20142/30888946/4%20CSTSP%20-</u> <u>%20MATC%20Proposal%2005242022%20MIWG.pdf</u> | | | |
| 05-03-2022 | ICAPWG/MIWG | Constraint Specific Transmission Shortage Pricing: Multiple Active Transmission Constraints <u>https://www.nyiso.com/documents/20142/30342744/CSTSP%20-</u> <u>%20MATC%20Same%20Facility%20Proposal%2005032022%20MIWG%20Draft%20v5_final%20(002).pdf</u> | | | |
| 04-5-2022 | ICAPWG/MIWG | Constraint Specific Transmission Shortage Pricing: Multiple Active Transmission Constraints <u>https://www.nyiso.com/documents/20142/29688278/CSTSP%20-</u> <u>%20MATC%20Topology%20Proposal%2004052022%20MIWG_final.pdf</u> | | | |
| 01-20-2022 | ICAPWG/MIWG | Constraint Specific Transmission Shortage Pricing: Introduction on Multiple Active Transmission Constraints https://www.nyiso.com/documents/20142/27799605/20220120%20NYIS0%20- %20CSTSP%20Managing%20Multiple%20Transmission%20Constraints%20vFinal.pdf | | | |
| 10-27-2021 | MC | Constraint Specific Transmission Shortage Pricing : Market Design Proposal https://www.nyiso.com/documents/20142/25598577/06%20CSTSP.pdf | | | |
| 10-13-2021 | BIC | Constraint Specific Transmission Shortage Pricing: Market Design Proposal https://www.nyiso.com/documents/20142/25263575/6%20CSTSP%20BIC%2010132021%20presentation.pdf | | | |

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Manual Updates



Overview

- The Constraint Specific Transmission Shortage Pricing project introduces several enhancements to the current transmission constraint pricing logic
 - Six-step transmission demand curve mechanism for facilities and interfaces assigned a non-zero constraint reliability margin (CRM) value
 - Two-step transmission demand curve mechanism and assignment of non-zero CRM value for internal facilities the facilitate flows out of export-constrained areas (referred to as "Identified Facilities")
 - Elimination of transmission constraint "relaxation" logic for facilities/interfaces that utilize a transmission demand curve mechanism
 - This logic remains applicable to external interfaces assigned a zero CRM value and remain subject to a single value (\$4,000/MWh) shadow price cap
 - Enhancements to address the operation of transmission demand curves in assisting to resolve multiple active transmission constraints and redundant transmission constraints on in-series and parallel facilities



Draft Manual Updates

- Revisions are proposed to the Day-Ahead Scheduling Manual and the Transmission and Dispatch Operations Manual to address the Constraint Specific Transmission Shortage Pricing project
 - Consistent revisions are proposed for each manual
- Updates to each manual are limited to the respective sections that describe the current transmission constraint pricing logic
 - Section 4.3.5 of the Day-Ahead Scheduling Manual
 - Section 7.3.7 of the Transmission and Dispatch Manual



Draft Manual Updates (cont.)

- Revisions include acknowledgement of Identified Facilities that are subject to a different pricing logic (<u>i.e.</u>, two-step transmission demand curve mechanism) than other facilities/interfaces assigned a non-zero CRM value
 - Section 4.3.5 of the Day-Ahead Scheduling Manual
 - Section 7.3.7 of the Transmission and Dispatch Operations Manual
- Proposed updates add the obligation to include all Identified Facilities and their associated CRM values within the current <u>posting</u> that identifies all facilities/interfaces assigned a CRM value other than 20 MW
 - Section 4.3.5.1 of the Day-Ahead Scheduling Manual
 - Section 7.3.7.1 of the Transmission and Dispatch Operations Manual



Draft Manual Updates (cont.)

- Revisions identify the transmission constraint pricing logic that applies for each facility/interface type (<u>i.e.</u>, non-zero CRM value other than Identified Facilities, Identified Facilities, and external interfaces [zero CRM value])
 - Section 4.3.5.2 of the Day-Ahead Scheduling Manual
 - Section 7.3.7.2 of the Transmission and Dispatch Operations Manual
- The table of Transmission Shortage Cost values has also been updated (see following slide)
 - Section 4.3.5.3 of the Day-Ahead Scheduling Manual
 - Section 7.3.7.3 of the Transmission and Dispatch Operations Manual



Updated Transmission Shortage Cost Values

| NY Region | Region Type | | and Curve (MW) | Demand Curve Price (\$/MWh) | |
|-----------|--|----|--|--------------------------------|---------|
| All | Facilities/Interfaces other than Identified Facilities with | 1) | MW value equivalent to 20% of the applicable CRM | 1) | \$200 |
| | a non-zero CRM value | 2) | MW value equivalent to an additional 20% of the applicable CRM | 2) | \$350 |
| | | 3) | MW value equivalent to an additional 20% of the applicable CRM | 3) | \$600 |
| | | 4) | MW value equivalent to an additional 20% of the applicable CRM | 4) | \$1,500 |
| | | 5) | MW value equivalent to the remaining 20% of the applicable CRM | 5) | \$2,500 |
| | | 6) | Any MW value greater than the applicable CRM | 6) | \$4,000 |
| All | Identified Facilities | 1) | MW value equivalent to the applicable CRM | 1) | \$100 |
| | | 2) | Any MW value greater than the applicable CRM | 2) | \$250 |
| All | Facilities/Interfaces with a zero CRM value | | | \$4,000 | |



Next Steps

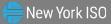


Next Steps

- SOAS (9/7/2023): review draft manual updates
- September MIWG (if necessary): review incremental revisions to manual updates in response to stakeholder feedback
- September/October 2023 BIC: seek approval of proposed manual updates
- September/October 2023 OC: seek approval of proposed manual updates
- Proposed manual updates will not become effective until implementation of the Constraint Specific Transmission Shortage Pricing enhancements
 - Enhancements are currently anticipated to become effective in the early to mid-October 2023 timeframe following deployment of the enabling software revisions
 - NYISO will submit a notice to FERC (Docket No. ER23-1863) to specify the anticipated effective date for the enhancements at least two weeks in advance



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

