

# FERC Order 881 – Day-Ahead Market Congestion Settlement Enhancements

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# Agenda

- **Background**
- **Overview of Proposed Day-Ahead Market (DAM) Congestion Settlement Enhancements**
- **Overview of Proposed Tariff Changes**
- **Next Steps**

# Previous Presentations

| Date      | Working Group | Discussion Points and Links to Materials  |
|-----------|---------------|---|
| 6/1/2023  | ICAPWG/MIWG   | FERC Order 881 Ambient Adjusted Line Ratings Compliance Filing<br><a href="https://www.nyiso.com/documents/20142/37883690/FERC%20Order%20881%20AAR%20Compliance%20Filing%20MIWG%2006012023%20FINAL.pdf">https://www.nyiso.com/documents/20142/37883690/FERC%20Order%20881%20AAR%20Compliance%20Filing%20MIWG%2006012023%20FINAL.pdf</a>           |
| 6/16/2022 | ICAPWG/MIWG   | FERC Order 881 Managing Transmission Line Ratings – Draft Tariff Revisions<br><a href="https://www.nyiso.com/documents/20142/31532822/4%20FERC%20Order%20881%20Compliance%20Tariff%20Revisions-FINAL-Approved.pdf">https://www.nyiso.com/documents/20142/31532822/4%20FERC%20Order%20881%20Compliance%20Tariff%20Revisions-FINAL-Approved.pdf</a> |
| 6/9/2022  | SOAS          | FERC Order 881 Managing Transmission Line Ratings – NYISO Compliance plan<br><a href="https://www.nyiso.com/documents/20142/31349193/06a_06092022%20NYISO%20-%20FERC%20Order%20881%20Compliance_draft.pdf">https://www.nyiso.com/documents/20142/31349193/06a_06092022%20NYISO%20-%20FERC%20Order%20881%20Compliance_draft.pdf</a>                |
| 3/16/2022 | ICAPWG/MIWG   | Managing Transmission Line Ratings FERC Order 881- Final Rule<br><a href="https://www.nyiso.com/documents/20142/29177064/03162022%20NYISO%20-%20FERC%20Order%20881%20v2.pdf">https://www.nyiso.com/documents/20142/29177064/03162022%20NYISO%20-%20FERC%20Order%20881%20v2.pdf</a>  |

# Background

# FERC Order 881 - Summary

- **On December 16, 2021, FERC issued Order 881**
- **Order 881 requires ISOs/RTOs and Transmission Owners (TOs) to implement ambient-adjusted ratings (AAR) on the transmission lines over which they provide transmission service**
- **NYISO submitted a compliance filing on July 12, 2022**
  - As part of its compliance proposal, the NYISO proposed changes to its current DAM congestion settlement procedures to quantify the impacts resulting from circumstances when AAR rating limits employed in the DAM differ from the rating limits assumed in Transmission Congestion Contract (TCC) auctions
- **On April 20, 2023, FERC issued an order on compliance rejecting in part and accepting in part the NYISO's proposed compliance plan**
  - FERC determined that the proposed DAM congestion settlement enhancements were outside the required compliance for Order 881 and could instead be pursued through a separate Section 205 filing
  - FERC declined to make any substantive determination regarding these proposed enhancements
- **On June 20, 2023, NYISO submitted a further compliance filing requirements of the April 2023 order**

# Proposed DAM Congestion Settlement Enhancements

# Proposed DAM Congestion Settlement Enhancements

- **As indicated at the June 1, 2023 ICAPWG/MIWG meeting, the NYISO proposes to pursue implementation of the previously developed DAM congestion settlement enhancements through the normal share governance process**
- **The purpose of today's presentation is to commence the stakeholder process to seek approval of the previously discussed DAM congestion settlement enhancements related to the implementation of AAR limits in response to Order 881**
  - The NYISO seeks to proceed with the development and implementation of the proposed DAM congestion settlement enhancements described herein on the same schedule as the remaining requirements to implement the Order 881 compliance proposal accepted by FERC
- **Draft tariff revisions are posted with today's meeting materials**

# Proposed DAM Congestion Settlement Enhancements (cont.)

- **The implementation of the rating requirements in Order 881 in the DAM present a new factor that could result in congestion rent shortfalls/surpluses arising from differences in the ratings used in the DAM versus the ratings assumed in the TCC auctions**
- **The NYISO previously discussed the proposed DAM congestion settlement enhancements related to implementation of Order 881 at the June 16, 2022 ICAPWG/MIWG meeting**
  - The NYISO proposes to seek stakeholder approval of these previously discussed enhancements through this initiative
- **The NYISO proposes to revise certain of the calculations in Section 20.2 of Attachment N to the OATT to account for the DAM congestion rent impacts of implementing the rating requirements of Order 881**
  - Requires revisions to current calculations for addressing the congestion rent impacts of uprates and derates to include a new category of qualifying events resulting from differences in the DAM ratings required by Order 881 and the ratings assumed in TCC auctions
- **The NYISO also proposes to extend these calculations to include facilities that are part of projects awarded Incremental TCCs**
  - Requires revisions to Section 19.2.4 of Attachment M to the OATT, as well as various OATT Rate Schedules that address transmission cost recovery for projects awarded Incremental TCCs

# Proposed OATT Attachment N Revisions

# Section 20.2 Attachment N: Overview

- **The NYISO proposes changes that: (1) identify congestion rent shortfall/surplus impacts associated with the limits required by Order 881 for DAM secured transmission facilities, when such limits differ from those employed in TCC auctions, and (2) assign such impacts to the appropriate entity**
  - The NYISO proposes to limit the assessment of Order 881 rating impacts to DAM binding constraints involving individual transmission equipment
  - The NYISO does not propose applying this assessment to transmission interfaces

# Changes to Uprate/Derate Calculations

- The NYISO proposes to modify the uprate/derate calculations in Section 20.2.4.3 to account for rating changes of the limiting equipment for a DAM binding constraint in comparison to the rating used for such equipment in the relevant TCC auction
- Propose to add a new category of qualifying events to the definitions of qualifying uprates/derates in Section 20.2.4.3.1 related to differences in the rating limits applied in the DAM and the rating limits used in the TCC auctions
- Unlike the current categories of qualifying uprate/derate events, this new category related to rating limit changes resulting from the implementation of Order 881 is not dependent on the existence of a qualifying outage/return-to-service
  - Current uprate/derate events are limited to evaluating the secondary impacts of qualifying outages/return-to-service events

# Additional Modifications

- Propose modifications to the definitions of the "Rating Change" variable in Section 20.2.4.3.2 and the "Uprate/Derate" variable in Section 20.2.4.1 to describe the measurement of a rating change impact relating to the use of the limits required by Order 881
- Propose clarifying revisions in Section 20.2.4.4.1 to address assigning responsibility for congestion rent shortfalls/surpluses resulting from Order 881-related rating limit changes
- Propose revisions to Section 20.2.4.5.1 to exclude Order 881-related limit impacts from the logic for zeroing out of certain charges that are not coincident with an appropriate status change (e.g., outage or return-to-service)
- Propose clarifying revisions to the definitions of certain formula variables to account for the proposed extension of Order 881-related limit impacts to include facilities that are part of projects awarded Incremental TCCs (further discussed in the upcoming slides)
  - Affected formulas: Formula N-1, Formula N-12, and Formula N-14 (including the language preceding Formula N-14 in Section 20.2.4.5.1)

# Proposed OATT Attachment M Revisions

# Section 19.2.4.10 Attachment M: Overview

- The NYISO is proposing changes to incorporate the proposed application of Order 881-related limit impacts on DAM congestion rent shortfall/surplus to facilities that are part of a project awarded Incremental TCCs that is not otherwise subject to Section 20.2.5 of Attachment N.
- Payments or charges, as determined in accordance with the calculations set forth in Section 20.2.4.3 of Attachment N, for a qualifying event shall be assessed to the Primary Holder of the Incremental TCCs associated with the project comprised of the transmission facilities that experience the qualifying event
- The NYISO is not proposing any changes to: (1) the process for awarding Incremental TCCs, including any applicable Partial Outage Incremental TCCs, or (2) the procedures for assessing outage costs to projects awarded Incremental TCCs when facilities that are part of such project are modeled as out-of-service in the DAM

# Proposed Rate Schedule Revisions

# Revisions to OATT Rate Schedules

- **The proposed application of Order 881-related limit impacts on DAM congestion rent shortfall/surplus to facilities that are part of a project awarded Incremental TCCs requires complementary revisions to various OATT Rate Schedules addressing regulated transmission cost recovery for projects awarded Incremental TCCs**
- **The revisions proposed for each of the affected Rate Schedules are substantially similar and intended to:**
  - Broaden the language describing payments and charges to cover the new settlements for Order 881-related limit impacts to facilities that are part of a project awarded Incremental TCCs, and
  - Revise the applicable variable in the rate calculation formula for each affected Rate Schedule addressing charges/payments related to operational status impacts of facilities that are part of projects awarded Incremental TCCs to account for this new category of settlements

# Revisions to OATT Rate Schedules

- **Revisions described on the prior slide are proposed to following Rate Schedules:**
  - Rate Schedule 10 - Rate Mechanism for the Recovery of the Regulated Transmission Facilities Charge (“RTFC”)
  - Rate Schedule 12 – Rate Mechanism for the Recovery of the Highway Facilities Charge (“HFC”)
  - Rate Schedule 13 – Rate Mechanism for the Recovery of the Transco Facilities Charge (“TFC”)
  - Rate Schedule 15 – Rate Mechanism for the Recovery of the Marcy South Series Compensation Facilities Charge (“MSSCFC”)
  - Rate Schedule 16 – Rate Mechanism for the Recovery of the Short-Term Reliability Process Facilities Charge for a Regulated Transmission Solution in the Short-Term Reliability Process (“STRPFC”)
  - Rate Schedule 17 – Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities (“WNY-FC”)
  - Rate Schedule 18 – Rate Mechanism for the Recovery of the Smart Path Connect Facilities Charge
  - Rate Schedule 19 – Rate Mechanism for the Recovery of the CLCPA Facilities Charge
  - Rate Schedule 20 – Rate Mechanism for the Recovery of Niagara Mohawk Segment A Facilities

# Next Steps

# Next Steps

- **Q3/Q4 2023 ICAPWG/MIWG (if necessary): Review any updates to the proposed DAM congestion settlement enhancements and associated tariff revisions in response to stakeholder feedback**
- **Q4 2023 BIC/MC: seek stakeholder approval of proposed DAM congestion settlement enhancements**
- **Proposing to implement together with the compliance requirements for Order 881**
  - NYISO continues to assess Order 881's implementation timeline

# 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?