

Cost Recovery for NYISO designated IROL Critical Generators



Market Issues Working Group

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Problem Statement



- Under NERC guidelines, it is the NYISO's responsibility to identify and designate Interconnection Reliability Operating Limits (IRLO) Critical generating units interconnected into the bulk electric grid.
- Once a unit is designated as a IROL Critical Generating Unit, the generator is required to make NERC mandated investments in related to cyber or physical security.
 - Example: CIP-002-5.1 Cyber Security – Investments can be in range of \$3-4MM
- **The NYISO tariff currently does not have any language to address cost recovery of these NERC mandated investments**

Other ISOs/RTOs including PJM and ISO-NE have provisions for cost recovery of these investments.

ISO-NE IROL Critical Resource Cost Recovery



- ISO-NE has had tariff provisions for IROL CIP cost recovery since May 2020
- The ISO-NE OATT Schedule 17 allows cost recovery for incremental capital, operation and maintenance and associated administrative and regulatory costs paid to comply with NERC CIP Reliability Standards corresponding to medium impact category generating facilities.

PJM IROL Critical Resource Cost Recovery



- PJM received FERC approval on Oct 17, 2023 for tariff revisions for new rate schedule to establish a mechanism for Generation Owners of units that PJM designates as IROL Critical Resources to recover costs of necessary upgrades as the result of PJM’s designation.
- PJM added a Schedule 18 IROL Critical Resource Cost Recovery section to their tariff to allow Generator Owners recovery of capital expenses and ongoing operational and maintenance associated with additional NERC Reliability Standards due to PJM’s designation of the Generation Resource as a IROL Critical Resource.

Recommendation



- NYISO proceed to prepare a 205 filing to allow NYISO designated IROL Critical Generation Resources to recover costs associated with compliance with NERC Critical Infrastructure Protection requirements.
- 205 filing should be consistent with precedent filings from ISO-NE and PJM.



- **ISO-NE references:**
 - **1/6/2020 ISO-NE 205 filing IROL –CIP Cost Recovery Rules (ER20-739-000)**
 - https://www.iso-ne.com/static-assets/documents/2020/01/cip_irol_filing.pdf
 - **5/26/2020 FERC Order Accepting ISO NE 205 filing**
 - https://www.iso-ne.com/static-assets/documents/2020/05/er20-739-000_5-26-20_order_accept_cip-irol.pdf
- **PJM References:**
 - **8/13/2023 PJM 205 filing IROL Critical Resource Cost Recovery (ER23-2649-000)**
 - <https://www.pjm.com/directory/etariff/FercDockets/7526/20230818-er23-2649-000.pdf>
 - **10/17/2023 FERC Order Accepting PJM 205 filing**
 - <https://pjm.com/directory/etariff/FercOrders/7003/20231017-er23-2649-000.pdf>