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**Advanced Energy Management Alliance and Other Parties' Comments and
Alternate Proposal on NYISO DER Market Design Audit Rules**

Advanced Energy Management Alliance¹ (“AEMA”) is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource (“DER”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of the nation’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. These comments represent the

¹ [AEMA](#) is an alliance of providers and supporters of distributed energy resources united to overcome barriers to nationwide use of distributed energy resources, including demand response and advanced energy management, for an environmentally preferable and more reliable grid. We advocate for policies that empower and compensate customers to manage their energy usage to make the electric grid more efficient, more reliable, more environmentally friendly, and less expensive.

opinions of AEMA as an organization rather than those of any individual association members. In addition to AEMA, CPower, Enel X, Energy Spectrum, Inc., Innoventive Power, and NuEnergen, LLC (herein jointly referred to as “the Parties”) support these comments.

Introduction

Under the current NYISO proposal for auditing requirements for the DER Roadmap, all resources would be required to audit once per capability period for the full duration they are qualified for to provide capacity, or to provide operational data in lieu of a full-duration audit to prove their DMNC. In comments on the DER Market Design submitted to the NYISO in January, 2019,² AEMA detailed concerns with NYISO’s proposal. In addition to those concerns, the Parties agree that load curtailment resources are likely to have opportunity costs that may not be able to be recouped through the RT LBMPs that are present during a test, and these resources would not be eligible for BPCG to help cover their costs. Therefore, the current proposal will be a significant barrier to entry to load curtailment resources from participating under the DER participation model as capacity suppliers. Therefore, we propose an alternate audit requirement for DMNC below for the DER Participation Model that will address the NYISO’s needs to validate

² AEMA’s Comments were submitted on January 4, 2019 and are posted at: <https://www.nyiso.com/documents/20142/4495051/AEMA-Comments-on-DER-Market-DesignFIN.pdf/e7f3515f-0dfb-e7d0-6ba0-fe48c46a5c7d>

that the capacity sold into the market will be deliverable, while ensuring the participation of load curtailment customers in the new DER program.

Alternate Proposal

Upon initial registration to participate as a capacity supplier under the DER participation model, each resource will be required to perform a full-duration audit for the capacity duration for which they have registered. An audit would be required in the first two seasonal Capability Periods in which they have registered, unless the resource has existing SCR performance history for the duration in which they are registering. For instance, if a customer wishes to enroll as a six-hour resource, they will need to demonstrate that they have performed for six consecutive hours in an SCR event. To use previous event performance to avoid a full duration audit, we would recommend parameters such that a customer couldn't have more than 20% drop-off in average performance from Hours 1-4 to Hours 5-6, and no less than 75% average performance across the dispatch. These parameters will ensure that these are customers who can perform for all six hours. For four-hour resources, the NYISO could compare Hours 1-2 with Hours 3-4 consistent with the metrics described above.

In all subsequent capability periods, DERs would only be required to audit for one hour, regardless of their market-qualified duration, unless a DER's observed performance during a real-time dispatch drops by more than 20% in average performance over the last two hours of a dispatch compared to an average performance during first 2-4 hours of the same dispatch event, and no less than 75% average performance across the dispatch or there is a change of resource response capability that would increase or

decrease the resource's performance potential (borrowing from NYISO's existing rules for SCRs for Change of Status or Incremental ACLs), in which case, a full-duration audit will be required to support pledged ICAP MW. In all cases, existing operational data should be accepted in lieu of an audit.

Conclusion

The Parties appreciate the opportunity to provide comments to NYISO and looks forward to engaging further on this issue. Please do not hesitate to reach out should you have questions regarding our position.

Sincerely,



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