DER Roadmap Comments from Nucor – Auburn

- Nucor – Auburn supports maintaining the current participation requirements for SCRs (e.g., day-ahead notice, duration, etc.).
- NYISO's challenge in integrating the large volume of distributed resources being supported by New York's CES and "Green Deal" policies principally concern the availability, peak coincidence, and persistence of intermittent solar and wind, and emerging battery storage technologies. The essential purpose of NYISO's effort is to establish rules to optimize the system performance of those technologies.
- The availability and performance of SCRs, and particularly large, non-aggregated, non-weather sensitive load reduction SCRs historically has not been a concern.
    - SCRs historically have demonstrated excellent performance rates when called, for as long as has been required. From a reliability and peak availability standpoint, their capacity value is extremely high.
    - NYISO's most recent DR report to FERC, recounted that almost all demand response exceeded its obligated ICAP MW during testing for winter 2017/18, and virtually all MW exceeded 90% response for Summer 2018. For the three actual called events in 2018, SCR response exceeded 80% of obligated ICAP MW.
- The DER Customer Impacts presentation on January 24, 2019, estimated that the proposed compensation changes would cause roughly 35% of current SCR capacity to be lost, with 20% moving to DER status, and 15% exiting the market altogether. Nucor agrees with other commentators that the NYISO likely has seriously underestimated the amount of SCRs which will leave the NYISO market completely if the capacity payment is reduced as NYISO is proposing. For a manufacturing facility, once the business case for participating as an SCR has been lost (i.e., the direct costs and efficiency losses associated with curtailed operations outweigh proffered capacity and energy credits), program participation will be abandoned, not reduced.
- Both the DER consumer impact analysis and the DER energy market design presented at the February 4, 2019 ICAP/MIWG meeting reveal that the proposal to de-value historic SCRs grossly distorts the DER analyses. In effect, to establish consumer and system benefits, the increased penetration of new DERs must first overcome the diminished participation of historic SCRs.
- Replacing diminished SCR load reduction participation with fossil-based peaking capacity is contrary to New York's carbon reduction objectives without materially improving system reliability (roughly 90% of reliability events are 4 hours or less in duration, and SCRs such as Nucor perform throughout the events).
- Replacing existing SCR load reduction participation with DER capacity is a diminished reliability trade-off given the nearly 100% performance of SCRs compared to wind and solar capacity factors of less than 30%.
- Nucor does not support changing the capacity payment for SCRs from 100% to 75%.
    - The NYISO has not shown sufficient analysis to justify reducing the capacity payment for SCRs.

    - As noted above, reducing the capacity payment will lead to significant exit in SCRs from the program without advancing any of New York's energy, reliability or environmental goals.

- Rather than de-valuing load-reducing SCR performance, NYISO should retain both the performance requirements and compensation terms for non-aggregated, non-weather sensitive load reducing SCRs. Nucor, however, could support the NYSEG/ RG&E proposal in its dynamic load management program to assign a performance penalty to SCRs that fail to perform as promised (NYSEG and RG&E propose to apply an adjustment for participants that fail to provide at lead 50% of promised load reductions).