

## NYISO Consumer Interest Liaison Weekly Summary

**April 22 – April 26, 2019**

### **Notices:**

- *The NYISO will host its **annual Joint Board of Directors & Management Committee Meeting on June 3 to 4 at the Sagamore Resort** in Bolton Landing, New York. The event is a key component of the NYISO's Strategic Planning process and provides Stakeholders an opportunity to interact with NYISO Board members on emerging industry topics. Information on the session topics will be provided in an upcoming email. [Register here](#) for the upcoming Joint Board of Directors & Management Committee Meeting.*
- *The [redline](#) and [clean](#) versions of NYISO Economic Planning Process Manual (M-35), have been posted to the [Manuals, Technical Bulletins & Guides webpage](#) under Manuals, Under Review. All proposed changes will be presented at the BIC on May 13, 2019.*

### **Meeting Summaries:**

**Tuesday, April 23, 2019**

#### **Joint Market Issues/Installed Capacity/Price Responsive Load Working Group**

**2019 Master Plan: Initial Draft & Discussion**

Ryan Patterson and Michael DeSocio of the NYISO presented the updated process used to develop the Master Plan for discussion with stakeholders. Following the introduction of the 2018 Master Plan, the NYISO received several suggestions for improvement. One of these suggestions was to update the Master Plan on a regular, more frequent basis. In response to this request, the NYISO has committed to updating the Master Plan annually. Updates also include a better representation of the level of effort required to obtain the expected benefits for each initiative as well as improvements to the explanations for problems that the initiatives aim to address.

Mr. Patterson explained the goals of the Master Plan and the methods to be employed to meet these goals on a consistent basis. The Master Plan intends to establish a clear framework to coordinate studies and projects with the NYISO's Strategic Plan. This coordination will also inform stakeholders for the annual Project Prioritization Process.

Another addition to the Master Plan is providing updates to the project templates. These updates provide a more complete description of problems and issues. A broader insight into the anticipated length and complexity of individual projects will be developed to better inform stakeholders what is required to properly develop entire projects by identifying the required steps and level of effort required to bring a complete project into the markets. An effort matrix will be developed and introduced to depict the interaction of benefits and effort required for each project. A stakeholder suggested that when gauging the amount of work required to complete projects, work already completed should be included in the evaluation. Mr. DeSocio agreed to consider the suggestion. The Project Prioritization scoring system will be enhanced to reflect the anticipated benefits of projects and each project's contribution to the Strategic Initiative in which it is grouped. Following the Project Prioritization Process the NYISO will develop final timelines to better incorporate that feedback into the Master Plan.

Projects will be grouped into one of three initiatives discussed in the Strategic Plan:

- Grid Reliability and Resilience
  - Projects that serve to maintain reliability and efficient operation of the grid under normal, stressed, and extreme conditions
- Efficient Markets for Grid in Transition
  - Examining current and future products for how they support price formation, flexibility and resilience in a future with high renewables, storage, and DER
- New Resource Integration
  - Developing the participation models for new resource types, such as storage, DER, and aggregations

Mr. DeSocio led a review of the projects in each grouping listed above for stakeholder discussion. It was noted by a stakeholder that there was no apparent coordination of the Master Plan process with NYISO planning. Mr. DeSocio committed to reach out to NYISO Planning management for further discussions. Several other stakeholder comments were noted at the meeting and will be given consideration as the 2019 Master Plan is developed. A copy of the draft 2019 Master Plan was included with the meeting materials for stakeholder review. The final draft of the 2019 Master Plan is anticipated in late August 2019 with a December 2019 release of a completed 2019 Master Plan in conjunction with the 2020 Business Plan.

Comments can be sent to [rpatterson@nyiso.com](mailto:rpatterson@nyiso.com). To see the complete presentation, please go to: <https://www.nyiso.com/documents/20142/6159010/4.23%20ICAPWG%20Master%20Plan%20Initial%20Draft.pdf/5fdc26c6-0ff9-bf35-2292-811e52e0ff31>

### Carbon Pricing Supplemental Analysis: Updated Outline and Preliminary Results

Dr. Susan Tierney of The Analysis Group (AG) provided an overview of the carbon pricing supplemental analysis that the NYISO has retained AG to perform. Dr. Tierney reviewed the scope of the analysis that was recently revised to incorporate stakeholder feedback received during AG's last presentation. Stakeholder feedback received after the AG's previous presentation was also considered. Dr. Tierney explained the approach AG will use in conducting the analysis. In response to a stakeholder question, Dr. Tierney explained that AG will not recreate the Brattle Group analysis, but will accept their results and provide additional impacts based on those results.

The analysis will cover:

- Context: NYISO's carbon pricing proposal
- Overview: How a carbon price in NYISO markets might affect NY's clean energy economy, consumers, public health
- Impacts on helping to accomplish NY's clean-energy and carbon-reduction goals

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- Impacts on consumers' electricity costs in NY State
- Impacts on potential repowering of existing fossil units in NY State
- Impacts on public health in NY State
- Impacts on use of fossil fuels in NY State
- Macroeconomic impacts (value-added, jobs) on NY State's economy

In response to a stakeholder question, Dr. Tierney also explained that wherever possible, AG will attempt to provide a wide range of potential impacts where assumptions may be debatable.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/6159010/Analysis%20Group%20-%20Supplemental%20Analysis%20of%20NYISO%20Carbon%20Pricing%20Proposal%20-%20204-23-2019%20FOR%20POSTING%20\(002\).pdf/db54bf8d-c147-66b0-408e-f12f5e5ad031](https://www.nyiso.com/documents/20142/6159010/Analysis%20Group%20-%20Supplemental%20Analysis%20of%20NYISO%20Carbon%20Pricing%20Proposal%20-%20204-23-2019%20FOR%20POSTING%20(002).pdf/db54bf8d-c147-66b0-408e-f12f5e5ad031)

### **Wednesday, April 24, 2019**

#### **Management Committee**

##### **Motion #1:**

Motion to approve the draft January 30, 2019 and February 27, 2019 Management Committee meeting minutes.

*The motion passed unanimously with one abstention.*

##### **Motion #2**

The Management Committee ("MC") hereby approves, and recommends to the NYISO Board for filing under Section 205 of the Federal Power Act, revisions to the Open Access Transmission Tariff and Market Administration and Control Area Services Tariff as described in the presentation entitled "DER Energy & Capacity Market Design" made at the April 24, 2019 MC meeting.

*Motion passed by show of hands with abstentions and one vote opposed*

### **Wednesday, April 24, 2019**

#### **Budget and Priorities Working Group**

##### **2019 Budget vs. Actual Status**

Cheryl Hussey of the NYISO presented the 2019 year-to-date budget vs. actual status. Rate Schedule 1 recoveries are \$0.4M ahead of budgeted revenues through March. Year-to-date budgeted costs vs. actual costs through March reflect a \$0.9M budget under-run. To see Ms. Hussey's complete presentation, please go to:

[https://www.nyiso.com/documents/20142/6175350/02%202019%20Budget\\_vs\\_Actual%20Results.pdf/bf172f7e-b9aa-e6b8-8bf3-439ec98f961b](https://www.nyiso.com/documents/20142/6175350/02%202019%20Budget_vs_Actual%20Results.pdf/bf172f7e-b9aa-e6b8-8bf3-439ec98f961b)

##### **Disposition of Funds Remaining from 2018 Budget Cycle**

Cheryl Hussey of the NYISO provided details on the disposition of funds remaining from the 2018 budget cycle. NYISO's draft 2018 budget vs. actual results were presented to the Board Commerce & Compensation Committee and again to market participants at the Budget & Priorities Working Group (BPWG) in February 2019. The final 2018 budget vs. actual results were:

- A Rate Schedule 1 over-collection of \$4.8M
- A spending under-run of \$5.8M
- Total funds remaining from 2018 budget cycle of \$10.6M

Following the February Board Commerce & Compensation Committee meeting, the NYISO Board approved the staff proposal to BPWG that NYISO retain these funds to pay down principal on

outstanding debt. NYISO will retain the remaining \$10.6M to pay down principal on outstanding debt beginning May 2019.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/6175350/03%20Disposition%20of%20Funds%20Remaining%20from%202018%20Budget%20Cycle.pdf/f0b004cf-b57d-d93b-93f9-562918f77916>

### Grid in Transition Enhancements

Dave Clark of PSEG-LI proposed a project, “Grid in Transition Enhancement”, for inclusion in the NYISO Project Prioritization Process.

The project would focus on changes to the NYCA grid as a result of NY State de-carbonization policy. When asked by a stakeholder how the PSEG-LI proposal differs from current NYISO efforts to develop a Master Plan, Mr. Clark explained that this proposal would look much further into the future, incorporating 2030 to 2040 target dates established by the State for a carbon-free electric future. Mr. Clark detailed topics for discussion under the following categories:

- Future of Fossil Generation
- Implications of a Carbon Neutral Grid
- Reliability and Market Considerations
- Capacity Market Enhancements
- Energy Market Enhancements
- Effective Capacity Market Mitigation
- Inter-regional Coordination
- Future of the Competitive Market

As justification for the project, Mr. Clark noted several long term Public Policy goals of NY State that the NYISO markets will need to prepare for.

To see the complete project proposal request, please go to:

<https://www.nyiso.com/documents/20142/6175350/04%20Grid%20in%20Transition%20Enhancement%20Project%20Scope.pdf/b2a319d2-65da-3765-6a7d-feafaeffc042>

### Study 5-minute Transaction Scheduling of External Resources

Scott Leuthauser of HQUS proposed a project that would allow the economic scheduling of interchange across controllable interties with Hydro-Quebec (HQ) every 5 minutes, using the 5-minute RTD. Interchange scheduling with HQ is currently achieved on either a 15-minute or an hourly basis using the RTC software. Mr. Leuthauser claimed that the NYISO recognizes that more frequent transaction scheduling with external control areas could improve convergence between prices in RTC and RTD. It would also offer increased flexibility to the market optimization software, as the penetration of intermittent renewables increases. The NYISO has also determined that 5-minute transaction scheduling would be a pre-requisite for external resources to be eligible to provide operating reserves, and perhaps other ancillary services.

When asked for a justification of the project, Mr. Leuthauser explained that this project is particularly important given NY State’s ambitious renewable generation program and the replacement of fossil fuel generation. Mr. Leuthauser also noted that HQ’s large, flexible and low carbon hydropower generation would be very helpful in achieving the New York State’s goal of 70% renewable power by 2030 target. To see the complete HQ proposal request, please go to:

[https://www.nyiso.com/documents/20142/6175350/05%20Project%20List%20HQUS\\_final%20041719.pdf/767ababb-85ed-73eb-2784-41db5f1c4e8b](https://www.nyiso.com/documents/20142/6175350/05%20Project%20List%20HQUS_final%20041719.pdf/767ababb-85ed-73eb-2784-41db5f1c4e8b)

### Proposed 2020 Market Project Candidates

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Bryan Hurysz of the NYISO presented the project candidates for 2020 as part of the Project Prioritization Process. Mr. Hurysz led a review of the steps in the Project Prioritization Process and the descriptions of different project types, including; Mandatory, Continuing, Future and Prioritize. Projects are categorized further between Enterprise and Market projects. Enterprise projects consist of projects undertaken to improve internal NYISO functions and processes whereas Market projects focus on changes in the wholesale markets. Stakeholders are asked to score only Market projects that fall in the “Prioritize” category. Stakeholders do not score Enterprise projects or Market projects that are defined as Mandatory, Continuing or Future.

Mr. Hurysz led a review of the stakeholder scoring survey, survey appeal and the project prioritization process criteria used to rate projects in the scoring system.

In response to stakeholder feedback, the benefits of all project candidates would be provided earlier in the process for improved transparency and clarity.

Mr. Hurysz led a review of each of the projects categorized by project type. Some stakeholders questioned the Continuing status for the “Climate Change Impact and Resilience Study” project, as Phase 1 of the 3 phase project will be completed in 2019. The NYISO will consider input from stakeholders and return to a future BPWG meeting with a determination on the status of the project, prior to the stakeholder scoring survey.

Stakeholder comments and project proposals are welcome and can be sent to [bhurysz@nyiso.com](mailto:bhurysz@nyiso.com). To see the complete presentation, including detailed project candidate descriptions, please go to:

<https://www.nyiso.com/bpwg>

## **FERC Filings**

### **April 26, 2019**

Section 205 filing to implement a locational Operating Reserves region for New York City (i.e., Load Zone J)

## **FERC Orders**

There were no Orders issued to the NYISO by FERC for this week.

## **Filings and Orders:**

[http://www.nyiso.com/public/markets\\_operations/documents/tariffviewer/index.jsp](http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp)