

NYISO Consumer Interest Liaison Weekly Summary

January 28 – February 1, 2019

Notices:

- *We're pleased to announce the dates of the 2019 NYISO sector meetings below. The NYISO requests your input on strategic meeting topics for your respective sector meeting. Please submit your sector topics along with specific detailed questions to Debbie Eckels (deckels@nyiso.com) no later than Friday, February 8, 2019. All meetings are scheduled from 10:00 am – 2:00 pm and will be held at the Albany Capital Center in Albany, NY. We look forward to meeting with you.*
 - *3/11 - End Use Consumer Sector (RSVP [here](#)) As discussed*
- *The [redline](#) and [clean](#) versions of NYISO Installed Capacity Manual (M-04), have been posted to the [Manuals, Technical Bulletins & Guides webpage](#) under Manuals, Under Review. All proposed changes will be presented at the BIC on February 13, 2019. This Installed Capacity Manual revision updates the tables in section 4.9.6 to reflect the 2019-2020 Import Right Limits.*

Meeting Summaries:

Wednesday, January 30, 2019

Management Committee

Motion #1:

Motion to approve the draft October 26, 2018 and December 19, 2018 Management Committee meeting minutes.

The motion passed unanimously by show of hands.

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 Attachment K of the Market Administration and Control Area Services Tariff as described in the presentation entitled "Proposed Change to Fixed Price TCC Credit Requirement," made at the January 30, 2019 MC meeting.

The motion passed unanimously by show of hands

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Motion #3:

The Management Committee (MC), in accordance with Section 9.02 of the Management Committee By-Laws, hereby recommends for consideration by the NYISO Board of Directors the candidates presented by the Board Selection Subcommittee (BSSC) in Executive Session at the MC meeting on January 30, 2019.

The motion passed by secret ballot vote

Wednesday, January 30, 2019

Budget and Priorities Working Group

Key Topics Tracker Update

Leigh Bullock of the NYISO presented an update to the Key Topics Tracker link on the website. Ms. Bullock led a review of the projects that are currently posted to the Key Topics Tracker link and provided stakeholders an opportunity to request the addition of any 2019 projects. Ms. Bullock noted that no MNYISO secured materials would be linked to the Key Topics Tracker site. A stakeholder suggested that the NYISO consider consolidating the Integrating Public Policy and the Carbon Pricing materials for stakeholder convenience. Comments can be sent to lbullock@nyiso.com. To see the current projects on the Key Topics Tracker site, please go to:

<https://www.nyiso.com/search?sortField=score>

2018 Project Schedule Milestone Update

Robb Pike of the NYISO presented the final Project Schedule Milestone update for 2018. Mr. Pike updated the final status of all projects for 2018. For any projects that were not completed for 2018, Mr. Pike explained the reasons for the delay.

To see Mr. Pike's complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4730425/2018%20Project%20Schedule%20Milestone%20Update.pdf/482b63e7-7e87-b404-b155-247357f44506>

2019 Project Schedule Milestone Update

Robb Pike of the NYISO presented the initial Project Milestone update for the 2019 project schedule. Mr. Pike led a review of and explained updates to the Milestone Definitions, Status Definitions and Project Types. The NYISO will continue to color code the presentations for clarity:

- Red text indicates status update since last presentation
- Blue text indicates projects under stakeholder discussions through the near future

Mr. Pike led a review of the projects by Product Category and provided a brief description of each project. Projects that have begun stakeholder discussion were noted.

A stakeholder inquired what other projects may be impacted if there is a delay in the October 1, 2019 EMS/BMS deployment. Mr. Pike responded that the next implementation project built on the upgraded EMS/BMS systems was the Energy Storage project. NYISO will continue to monitor the progress to minimize impacts.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4730425/2019%20Project%20Schedule%20Milestone%20Update.pdf/7a39688e-01dc-19e9-a256-d4620779b9e6>

Peer ISO Survey of Project Prioritization Process

Brian Hurysz of the NYISO presented the findings of an inquiry into the Project Prioritization Processes used by other ISO/RTO organizations. As suggested by stakeholders, the NYISO reached

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out to its peers to find the methods used and stakeholder involvement in determining changes made to their market structure and projects. This effort was undertaken to advance the NYISO's continuous improvement procedure for the Project Prioritization Process.

Mr. Hurysz led a review of the project development from concept to design for the following ISO/RTOs:

- PJM
- CAISO
- SPP
- ERCOT

The processes used by other ISO/RTOs were discussed with stakeholders and compared and contrasted with the NYISO process to determine whether information learned could be applied to improve the NYISO process. Mr. Hurysz noted some takeaways from the effort for consideration:

- *Agreement on problem statement prior to issue charge*
 - *Separate problem description from what the project will do about it*
- *Stakeholders responsible for developing consensus Education sessions to bring stakeholders up to minimum understanding on particular issue*
- *Approve project start – not completion Request Management System for tracking stakeholder requests*
- *Educate stakeholders on how to bring a request through the stakeholder process. Present internal projects for transparency only*

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4730425/2019-01-30-Peer-ISO-Review-of-Project-Prioritization-Process-Final.pdf/7264103f-0d57-b0a5-d571-4203d63903a7>

Project Prioritization 2019 Feedback & 2020 Process Improvements

Brian Hurysz of the NYISO presented feedback received from stakeholders on the 2019 Project Prioritization Process and suggestions for improvements for the 2020 Project Prioritization Process as part on the continuous improvement process. Stakeholder feedback was captured from BPWG meetings throughout the year and from the August 17, 2018 BPWG, where the NYISO specifically requested additional verbal and written feedback.

A timeline for the 2019 Project Prioritization Process was provided to illustrate the steps used in the process.

Discussed below is the feedback received by the NYISO followed by the NYISO's proposal to address each issue raised by stakeholders:

- The NYISO back office projects should be managed separate from the stakeholder driven projects – put in a separate category
 - Expand categories to include “Enterprise,” that will include internal-facing technology and back office support projects that have no market rule changes. These initiatives will be shared at BPWG, but discussed separately from market facing initiatives and not included in the survey.
- Continuing category should be reviewed. Projects the NYISO has already started and expects to continue should be considered as continuing. Projects proposed in future category should be reviewed earlier in the process to make sure stakeholders agree with the classification.
 - The NYISO will schedule and facilitate a systematic review of categories to collect feedback and adjust as appropriate as part of the project.
- Stakeholder identified concepts are given insufficient vetting. The stakeholder process too quickly focuses on understanding a lengthy list of projects.

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- Create a window for stakeholders to suggest projects prior to the NYISO introducing the more inclusive candidate list; (Additional information in presentation)
- The problem a project is addressing is not always clear. Projects addressing the same problem should be grouped together in advance of survey.
 - The NYISO proposes to update the project description template and separate out a problem statement from what to do about it. The NYISO will facilitate stakeholder discussion at the BPWG to see if projects addressing the same problem can be grouped together.
- For some projects, there is insufficient information available to inform stakeholders going into the survey process.
 - The NYISO would provide a knowledge session to improve stakeholder understanding on project objectives for efforts introduced by the NYISO and not otherwise covered in stakeholder meeting prior to survey responses. Stakeholder will be responsible for providing education on their suggested topics. The NYISO will facilitate time on agendas if a stakeholder is interested in presenting at other forums besides BPWG; (Additional information in presentation)
- Stakeholders should be allowed to define projects including defined scope, deliverables and proposed commitments. NYISO updates to project materials should be suggestions for requester to consider, not required.
 - Enter survey with an understanding that achieving the deliverable in the timeline requested is not agreed to. The NYISO is to provide feasibility of completing stakeholder suggested project scope, deliverable, and timeline prior to survey (Additional information in presentation)
- Projects that are identified by stakeholders as high appeal should not be excluded from the budget recommendation.
 - The NYISO explicitly reviews the rationale of any projects identified as high appeal that is not included in the project portfolio recommendation; (Additional information in presentation)

Mr. Hurysz also highlighted a new process to reprioritize projects as a result of a substantial change in business priorities (typically regulatory obligations and critical issues). The change in priorities would be evaluated and presented to the BPWG for stakeholder feedback. A request was made by stakeholders to make a duplicate presentation to the working group under which the project falls to increase stakeholder awareness of the issue. Following the presentation to stakeholders, the NYSIO staff will present the reprioritization to the Board of Directors. Project Status reporting will be reviewed and updated for impacted projects to provide transparency regarding the status and specific reasons projects are being deferred or eliminated.

Comments are encouraged and can be sent to bhurysz@nyiso.com (or call to 518-356-6126). There will be a follow-up presentation to the February 27, 2019 for review and discussion of stakeholder feedback. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4730425/2019-01-30-Project-Prioritization-Feedback-and-Process-Improvement.pdf/2c28d406-2a21-65a3-c372-95340f4dd8a7>

Thursday, January 31, 2019

Joint Installed Capacity/Market Issues/Price Responsive Load Working Groups

Tailored Availability Metric

Emily Conway of the NYISO presented an introduction to the Tailored Availability Metric project. The Tailored Availability Metric is a new project and is part of the ongoing Performance Assurance

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effort, prompted by the Analysis Group's report in 2017.¹ It is scheduled as a Market Design Concept Proposed deliverable for 2019.

Ms. Conway led a brief review of the calculation used to determine the outage rate of a resource (determining the amount of capacity a resource can offer) before noting that the process considers all hours of availability to be weighted equally. Ms. Conway next noted the differences between Performance-based capacity suppliers and Availability-based capacity suppliers.

The project scope would include exploring placing a higher weight in the derating factor on unavailability during peak hours to address failures to operate during peak hours. A tailored calculation should better incentivize capacity resources and enhance reliability during critical operating periods. The Tailored Availability Metric project could explore a number of different analyses that could use the current derating factor with adjustments to affect payments. Stakeholders cautioned the NYISO to reflect on the adverse effects of neighboring "pay-for-performance" implementations and the importance of maintaining consistency among differing resource types.

Ms. Conway provided a timeline for the development of the project with discussion through July 2019 culminating in a Market Design Concept Proposal in August/September 2019. Stakeholders are encouraged to send comments to deckyls@nyiso.com or econway@nyiso.com. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4779557/Tailored%20Availability%20Metric.pdf/97f0a34c-bddb-d5e8-fd85-750a6e01fc4c>

Carbon Pricing Credit Overview

Sheri Prevratil of the NYISO presented an overview of potential credit impacts due to the impending carbon pricing proposal. Stakeholders had requested that the NYISO present a summary of potential impacts to explain to market participants why it is reasonable to vote on a carbon proposal prior to a complete discussion on the impact to credit in fall 2019.

Ms. Prevratil explained the Energy and Ancillary Services credit requirement as the higher of:

- *The highest month's price adjusted energy purchases in the prior equivalent capability period divided by the number of days in that month, multiplied by 16 days, or*
- *The total average energy purchases incurred over the last 10 days, multiplied by 16 days*

Carbon pricing will net in the daily advisory bill and will therefore net against a market participant's daily energy purchases/sales in the Energy and Ancillary Services credit calculation. Also, the NYISO will evaluate potential changes to the Projected True-Up Exposure credit requirement to account for the timing of carbon pricing true up.

To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/4779557/1.31.2019_MIWG_Carbon_Pricing_Credit_Overview_FINAL.pdf/067d45c0-b591-2afa-050b-11c373dc1b6c

Carbon Pricing Tariff Revisions

Ethan Avallone of the NYISO presented the updated proposal for the proportional allocation methodology for carbon residuals. The bulk of this presentation was scheduled for a January 24, 2019 MIWG presentation but was postponed due to lack of meeting time on that date. The proposal describes the methodology for determining the Load Serving Entities (LSEs) allocation of the carbon residual that results from charging energy suppliers for their carbon emissions.

At the June 4, 2018 IPPTF meeting, the NYISO provided an overview of the carbon residual allocation options. The NYISO recommended the Cost Levelizing Approach at this meeting. At the September

¹ See [https://www.nyiso.com/documents/20142/1406209/Analysis%20Group%20Draft%20Capacity%20Resource%20Performance%209-26-17%20\(rev\).pdf/8bce56fb-04a5-f6d1-e17c-96ccdef102f7](https://www.nyiso.com/documents/20142/1406209/Analysis%20Group%20Draft%20Capacity%20Resource%20Performance%209-26-17%20(rev).pdf/8bce56fb-04a5-f6d1-e17c-96ccdef102f7)

24, 2018 IPPTF meeting, the Brattle Group provided a comparison of the carbon residual allocation options as part of the carbon pricing consumer impact analysis. At the October 29, 2018 IPPTF meeting, the NYISO revised its recommended carbon residual allocation to the proportional allocation methodology after consideration of the Brattle Group's findings.^[1]

The total carbon residuals are the total dollar amount of carbon charges collected by the NYISO from suppliers and allocated to LSEs. The proportional Carbon Residual Allocation avoids major cost shifts among customers by providing an equal percentage of carbon charges back to each LSE. It is possible that the carbon residual allocation could be negative, and if so, the NYISO proposes that such a carbon residual shortfall be allocated according to load ratio share in a similar way to how other residual shortfalls are allocated.

The carbon residual allocation will use the LBMPc from the binding real-time interval to calculate the time-weighted integrated (TWI) LBMPc. An example of a carbon residual surplus allocation was provided to illustrate the methodology for the allocation to LSEs. The example also illustrated the flow of residuals to LSEs that serve load across different load zones.

A timeline was provided to guide stakeholders to future carbon pricing presentation topics.

To see the complete presentation, please go to:

https://www.nyiso.com/documents/20142/4779557/1.31.2019_MIWG_Carbon_Pricing_Tariff_FINAL.pdf/9aa5b7e0-5566-5d2b-25dc-b28db05e4b4d

External-to-Rest of State Deliverability Rights: ICAP Manual Changes

Ryan Patterson of the NYISO presented an outline of the changes to the Installed Capacity (ICAP) Manual required to incorporate the rule for CRIS (Capacity Resource Interconnection Rights) for External-to-Rest of State (ROS) transmission investment and EDRs, and the capacity market rules when External Resources use EDRs (External-to-ROS Deliverability Rights). FERC accepted the tariff revisions on July 13, 2018 and the NYISO presented proposed ICAP Manual revisions to the ICAP Working Group on December 14, 2018.

Incremental changes based on feedback received at the December 14, 2018 ICAPWG include Section 4.9.6; Maximum Allowances for ICAP Provided by Resources Outside the NYCA (Excluding Resources using UDRs and EDRs), restoring the Quebec via Cedars interface to the table in the section, rated for zero MW of transfer capability.

Also, changes were incorporated into Attachment J; Unforced Capacity for Installed Capacity Suppliers, to update language concerning the calculation of UCAP over EDR facilities along with minor ministerial updates.

The NYISO will return for a vote on the ICAP Manual updates at the March 13, 2019 BIC meeting. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4779557/EDR%20ICAP%20Manual%20Changes%20ICAPWG%201.31%20Final.pdf/f3c962b2-637a-fcf0-9b05-1cc6f8512508>

External SRE Penalty Proposal

Amanda Carney of the NYISO provided updates to the External Resource Performance & Eligibility project in regard to the External SRE (Supplemental Resource Evaluation) Penalty Proposal. The External Resource Performance & Eligibility project originated from recommendations in the October

^[1] For further information, please see the presentation at the following link:
<https://www.nyiso.com/documents/20142/3716686/10.29.2018%20IPPTF%20-%20Carbon%20Residual%20Allocation%20FINAL.pdf/35b5eb94-e885-82e3-796cbd20a8e25f5d>

2017 Analysis Group report² for improving external resource performance, particularly during critical operating conditions. The objective of the project is to improve the requirements for external capacity sellers to confirm these resources are providing comparable reliability value to that which is expected of internal resources and enhance the delivery of energy corresponding to the capacity that external capacity suppliers sold into the NYISO markets, when the NYISO calls upon that energy for reliability.

Ms. Carney led a review of the methods currently used for the SRE process and the differences in the SRE call requirements and resource evaluation between internal and external resources with examples to illustrate the timeline.

To further incentivize external capacity resource performance during periods of critical system conditions, the NYISO proposed the following:

- *When the NYISO issues a notice on its website requesting capacity from an external Control Area, then all external capacity suppliers that are required to offer their energy at the external proxy(s) identified in the NYISO's posted notice shall take all of the actions specified below to ensure delivery of energy from their designated capacity resources, to either the Locality or to the NYCA, as applicable to the call:*
 - *for the hours that the resource can be online, fulfill the SRE bid request for the ICAP equivalent of the UCAP sold, i.e., bid at the offer floor; and*
 - *the resource must be operating for the entire duration of the call, if physically capable of doing so, otherwise bid to operate for as much of the call as its operational characteristics allow; and*
 - *the resource must be available up to the ICAP equivalent of the UCAP sold for the entire duration of the call if physically capable of doing so; and*
 - *if the transaction(s) is/are scheduled in the energy market, flow the capacity-backed transaction(s) to the appropriate Proxy Generator Bus at the NYCA border*

Ms. Carney explained the NYISO's rationale for each step in the process. It was noted that a unit that has its energy scheduled at the proxy by the NYISO will be made whole in the event it is uneconomic for the supplier. Stakeholders suggested that external generators should not be held liable for their inability to supply energy to the NYISO due to transmission outages in the external control area. Another stakeholder suggested that the external capacity supplier eligibility requirements should include verification that external capacity suppliers secure firm transmission for the energy to the NY border.

A penalty structure is proposed to address when an external resource fails to meet any or all criteria in the proposed External Resource SRE process. The methodology for the penalty calculation was provided.

To notify capacity suppliers of SRE capacity calls, a posting is made to the NYISO website. The NYISO will also endeavor to send an email to the ICAP resource's designated contact.

There will be additional discussion with stakeholders on the proposal as the tariff language is revised. The NYISO is targeting governance action on the proposal in Q1 2019. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4779557/External%20SRE%20Penalty%20Proposal.pdf/a435fb0c-f34a-f462-4d48-5369a3cce6ef>

Expanding Capacity Eligibility

² <https://www.nyiso.com/documents/20142/1407361/Analysis%20Group%20Draft%20Capacity%20Resource%20Performance%2010-31-17%20rev.pdf/712bdd63-350e-7cd0-a2fe-7502b888e9ca>

Zachary T. Smith of the NYISO updated the proposal to expand Capacity Supplier eligibility. Mr. Smith provided responses to stakeholder questions and comments from prior presentations. In response to a request to provide more detail on the proposed Capacity Value Study review process, Mr. Smith explained that the recurring Capacity Value Study will be conducted the year Demand Curve Reset process begins (*e.g.*, 2023, 2027, 2031, etc.). A timeline was provided and discussed with stakeholders for a deeper understanding of the steps involved in the development of the study. Mr. Smith led a review of the process beginning with a Request for Proposal to procure the consultant through final approval by the Board of Directors for FERC submission. It was noted that the filing to FERC would include any updates to Capacity Values for 2, 4, 6 or 8 hour durations, if determined necessary during the process.

Mr. Smith provided and led stakeholder discussion on additional Performance Factor data for Wind, Solar and Run of River (RoR) resources, as requested.

Additional data was provided, as requested, to determine which hours of the day have the highest probability of experiencing a Loss of Load Event, for the Base Case and High Wind and Solar case. Comments are encouraged and can be sent to ztsmith@nyiso.com. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4779557/Expanding%20Capacity%20Eligibility.pdf/0a35d9fc-7df1-a022-eadc-fdd09ba816a7>

Friday, February 1, 2019

Transmission Planning Advisory Subcommittee

Q#615

West Point II HVDC SRIS

AC Transmission 345kV

New Scotland 345kV Substation – Buchanan South 345kV Substation

Recommendation for OC Approval

Q#765

NY Wind Brookhaven SRIS

Offshore Wind

880 MW W/S

Suffolk County, NY

Recommendation for OC Approval

Q#774

Tracy Solar Energy Center SRIS

Solar

Jefferson County, New York.

119 MW W/S

Recommendation for OC Approval

Q#777

White Creek Solar SRIS

Solar

135 MW W/S

Livingston County, New York

Recommendation for OC Approval

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Q#781

Marcy South SSR Detection SIS

SSR Mitigation

Recommendation for OC Approval

FERC Filings

February 1, 2019

NYISO comments regarding the Con Edison request for waiver of MST Section 7.4.1.1.4 concerning correction of load serving entity bus metering data for April 2018

FERC Orders

February 1, 2019

Order accepting small generator interconnection agreement (SA 2436) among NYISO, LIPA and Riverhead Solar Farm, LLC

Filings and Orders:

http://www.nyiso.com/public/markets_operations/documents/tariffviewer/index.jsp