

## NYISO Consumer Interest Liaison Weekly Summary

**May 6 – May 10, 2019**

### Notices:

- *NYISO has expanded the monthly ICAP Market Report to include charts and historic data. As part of [NYISO's proposal](#) for the Annual Installed Capacity Report, presented at the February 4th, 2019 ICAP Working Group, Charts 1-9 of the Annual Report will now be provided on a monthly basis in the ICAP Market Report, using a rolling 5 Capability Years' worth of data. The most recent posting of the ICAP Market Report for May 2019 includes these changes and can be found on the [Installed Capacity section](#) of the NYISO's public website under Installed Capacity Data > Monthly Reports > Monthly UCAP Reports in the file browser.*
- *Written comments received to date on the NYISO's straw proposal to address upgrades in the Public Policy Transmission Planning Process, which was discussed at the April 12, 2019 meeting of the Electric System Planning Working Group/Transmission Planning Advisory Subcommittee have been posted [here](#)*
- *On April 15, 2019, the NYISO reviewed its outline for its **Reliability and Market Considerations for a Grid in Transition** and requested feedback from its Market Participants. The NYISO has posted the comments it has received with the materials from the April 15, 2019 working group meeting. Those comments can be found [here](#)*

### Meeting Summaries:

**Monday, May 6, 2019**

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

**External Capacity Performance & Obligations: Deliverability & Eligibility**

Amanda Carney of the NYISO presented the next component of the External Capacity Performance & Obligations project. Following the BIC vote to approve the External SRE (Supplemental Resource Evaluation) Penalty component of the proposal in April 2019, the NYISO is now proceeding with the Deliverability and Eligibility portion of the project. In a 2017 report on the performance of resources in

the capacity market,<sup>1</sup> the Analysis Group highlighted that the deliverability of external capacity to the NYCA border has not been tested during periods when neighbors are in critical operating conditions. Ms. Carney, highlighting Section 5.12.2.1 of the Services Tariff, noted the current tariff language requiring the demonstration of capacity delivery.

The objective of the Deliverability & Eligibility segment of this project is to gain a better understanding of any obstacles that could prevent external resources from delivering capacity-backed energy to the NYCA border. The NYISO is striving towards comparability between internal and external capacity suppliers with regard to assurance of energy delivery.

Ms. Carney led a brief review of the Deliverability requirements for the IESO and PJM Control Areas and noted that the NYISO will take steps to improve its documentation of these processes. The processes for the ISO-NE and HQ Control Areas will be discussed with stakeholders at future working groups.

In response to a stakeholder question, Ms. Carney noted that the NYISO will take steps to notify external control areas of any changes to the requirements for supplying external capacity.

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/6365974/External%20Capacity%20Performance%20&%20Obligations.pdf/2ea22203-fd91-60e5-a367-fac329d81c1e>

#### Make-Whole Payments to External SRE Resources

Dr. David Patton of Potomac Economics (MMU) presented a recommendation for the modification of the NYISO proposal to provide make-whole payments for external capacity suppliers. Dr. Patton stated that make-whole payments are warranted when an ISO/RTO compels a market participant to take an action that causes the supplier to incur a loss. The MMU opined that since external capacity suppliers have the option of taking steps to manage risk at the interface, make-whole payments should be limited based on supplier actions.

Dr. Patton noted that offering a make-whole payment under the initial NYISO proposal would guarantee an expected profit to the external supplier either by transaction profit or the make-whole guarantee. This is discriminatory because no other resources or transactions are guaranteed an expected profit.

Suppliers have the capability to reduce the risk of potential losses on the settlement for a firm import by voluntarily scheduling a counter-flow transaction. Offsetting a firm import with an equivalent export transaction could eliminate a potential loss. The counter-flow transaction would remain an option in the MMU proposal, not a requirement. In the case where a supplier cannot schedule a counter-flow transaction, or the transaction is curtailed, a make-whole payment would be available. The MMU recommends that the NYISO modify its pending proposal so that it would limit the make-whole payment associated with the interface settlement to losses that are the result of counter-flow transactions by the supplier curtailed by NYISO for reliability. This revision would make the proposal more comparable to the treatment of internal capacity suppliers.

There will be an opportunity for further discussion on the proposal at a future working group to determine whether the current NYISO proposal moves forward to a vote or is subject to further refinement. Stakeholders noted the desire for a rapid determination to allow a proposal to move forward to address the issue.

To see the complete MMU presentation, please go to:

<https://www.nyiso.com/documents/20142/6365974/MMU%20External%20SRE%20Make%20Whole%20Payments.pdf/7563e38d-3861-3e88-601b-3babd82ca631>

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<sup>1</sup> [https://www.nyiso.com/documents/20142/1407361/Analysis%20Group%20ICAPWG%20Presentation%2011-6-2017%20\(rev\).pdf/1d8fdca2-acd0-8a74-a945-123b1f3c4c47](https://www.nyiso.com/documents/20142/1407361/Analysis%20Group%20ICAPWG%20Presentation%2011-6-2017%20(rev).pdf/1d8fdca2-acd0-8a74-a945-123b1f3c4c47)

**Thursday, May 9, 2019**

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

**Tailored Availability Metric**

Emily Conway of the NYISO led a discussion on the analysis of availability-based resources using the Equivalent Forced Outage Rate demand (EFORd) to determine a Seasonal Derating Factor (AEFORd). The EFORd is defined as the portion of time a unit is in demand, but is unavailable due to forced outages and forced derates. Events that have an effect on a unit's EFORd include forced outages, forced derates and startup failures. Additional factors include:

- Forced outages occur when the unit is available at full output but for less than 100% of the time
- Forced derates occur when the unit is available 100% of the time but at a reduced output

Ms. Conway explained the process used to determine a resource's EFORd using the rolling average methodology.

The NYISO used historical statistical data to accurately reflect the occurrence and duration of forced outages, forced derates and failed starts in different types of units:

- Combustion Turbines (CTs)
- Combined Cycle (CCs)
- Steam Turbines (STs)

The NYISO measured when each event started and how long each event lasted to assist in understanding potential changes or weighting to the calculation. The statistics were applied to peak periods to aid in identifying trends that could inform on how different weighting calculations could apply.

The NYISO concluded that weighting peak months should be more impactful to the AEFORd calculation. Potential modifications include shifting the measured window of the calculation to better reflect summer months or weighting peak months more than non-peak months for example.

A second conclusion for discussion is weighting the AEFORd at an hourly level may not be as beneficial to incentivizing availability. This concept acknowledges that outages on any peak day are impactful, regardless of the time of day due to the NYISO expectation that the supplier may not be expected back in that same day. Several stakeholders opined that in terms of resource adequacy, there is a difference and the difference should be acknowledged in the capacity payment structure.

The NYISO noted stakeholder feedback for consideration as the proposal is developed and will return to a future MIWG with additional opportunity for discussion. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/6474763/Tailored%20Availability%20Metric%20050919.pdf/2c86f002-0fe5-b3cb-05d8-f118e4dd392f>

**Repowering: Update and Proposal**

Jonathan Newton of the NYISO provided an update to the Buyer Side Mitigation (BSM) proposal for re-powering an existing facility. Currently, under BSM, any Generator or UDR project requesting a Competitive Entry Exemption (CEE) is prohibited from having any direct or indirect Non-Qualifying contractual relationship with a Non-Qualifying Entry Sponsor. The NYISO proposed modifying the existing CEE rules to allow certain contracts with Non-Qualifying Entry Sponsors that are obtained in an open, transparent, non-discriminatory, and competitive manner that are not allowed under the existing CEE rules. These changes could help facilitate private investment in the repowering and replacement of existing assets while maintaining consistency with competitive behavior and the rationale for CEE.

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Potential criteria to determine if a procurement process is open, competitive, and non-discriminatory”

- *Both new and existing resources can satisfy the requirements of the procurement process*
- *The selection process does not give preference to new resources*
- *The procurement process does not use indirect means to discriminate against existing capacity*
- *The requirements are fully objective and transparent*
- *Contract awards are determined based on lowest offers received in the procurement process*
- *The procurement terms do not restrict the type of capacity that may participate in and satisfy the requirements of the procurement*

The criteria would also include the length of term of a contract. Following a discussion with stakeholders, the NYISO clarified that including the length of term to shorter contracts reduces the likelihood that only new supplier projects would pursue the contracts. It was also suggested that shorter term contracts are more likely to be offered by load serving entities as an accepted hedging device for meeting NYISO requirements.

The NYISO noted a stakeholder request regarding the potential status of a facility requesting a CEE for the purpose of meeting a NYISO established Reliability Need.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/6474763/Repowering\\_For%20Posting\\_05092019.pdf/2c93891b-0d5f-2a02-88f4-a470f97c2ed9](https://www.nyiso.com/documents/20142/6474763/Repowering_For%20Posting_05092019.pdf/2c93891b-0d5f-2a02-88f4-a470f97c2ed9)

#### MMU Evaluation of Impacts of Carbon Pricing

Pallas LeeVanSchaick of Potomac Economics (MMU) presented an evaluation of the impacts of carbon pricing. The MMU presented the analysis as an enhancement to the previous analysis conducted by The Brattle Group (Brattle) in 2018. Concerns the MMU evaluated include:

- Modeling Local Reliability Needs
- Installed Capacity Price Effects
- Evaluating the Incentive to Repower
- Considering the effects of the NYC Reserves Market

Mr. LeeVanSchaick led a review of the methodology to reflect the differences from the previous analysis conducted by Brattle and the NYISO and noted that additional information on the methodology would be brought forward to a future MIWG meeting.

The anticipated cost impacts for 2022, 2025 and 2030 were provided for comparison to the Brattle analysis and reflected a smaller expected impact to overall consumer prices.

The MMU concluded that:

- Significant consumer savings result from carbon pricing when coupled with reserve pricing
- Consideration of LRRs is critical for understanding how to reduce reliance on fossil fuels.
- Offline peakers provide reserves to satisfy LRRs with much lower emissions and operating costs than existing CCs and STs
- Carbon pricing improves incentives to repower with:
  - More fuel efficient technology
  - Battery storage

To see the complete MMU presentation, please go to:

[https://www.nyiso.com/documents/20142/6474763/MMU%20Study%20re%20Carbon%20Pricing\\_5092019.pdf/40b832a6-b1f7-f973-9f60-4aaf4e9ab22f](https://www.nyiso.com/documents/20142/6474763/MMU%20Study%20re%20Carbon%20Pricing_5092019.pdf/40b832a6-b1f7-f973-9f60-4aaf4e9ab22f)

### Reserves for Resource Flexibility

Ethan Avallone of the NYISO presented the proposal to incent resource and demand flexibility that supports grid resilience as we prepare for increased levels of non-emitting, weather-dependent generation. Previously, this proposal was identified as “Reserve Procurement for Resilience”. The name of the project has been revised to more appropriately reflect the goal of the market design. Today, the NYISO procures the amount of operating reserves to meet the minimum reliability standards established by NERC, NPCC, and NYSRC. These reserves serve to bring transmission assets to Emergency Transfer Criteria after suffering a contingency. Procuring additional 30 minute reserves in each reserve region would provide ready access to additional resource flexibility through a market-based mechanism to bring transmissions assets to Normal Transfer Criteria following a contingency. The additional reserves would apply to the Day-Ahead Market as well as the Real-Time Market. In response to a stakeholder question on the quantity of additional reserves the NYISO was suggesting, Mr. Avallone explained that NYISO did not have numbers at this time and stakeholder comments would assist in determining the values.

Mr. Avallone noted the anticipated benefits of the additional reserves and noted stakeholder feedback for consideration in future discussions.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/6474763/5\\_9\\_2019\\_Reserves\\_for\\_Resource\\_Flexibility\\_FI\\_NAL.pdf/f5b74852-2b18-9233-a8fa-bfc488ed1238](https://www.nyiso.com/documents/20142/6474763/5_9_2019_Reserves_for_Resource_Flexibility_FI_NAL.pdf/f5b74852-2b18-9233-a8fa-bfc488ed1238)

### External SRE Tariff Language Review

Amanda Carney of the NYISO provided proposed tariff language to the Market Services Tariff (MST) for the changes to the external SRE (Supplemental Resource Evaluation) penalty proposal. Ms. Carney summarized the proposal and provided a redline version of the changes for stakeholder discussion. Ms. Carney noted that the suggestion by Potomac Economics (MMU), presented at the Monday, May 6, 2019 MIWG meeting, had been incorporated into the language. The MMU suggestion provides eligibility for an external resource to receive a make whole payment provided the resource took steps to hedge the transaction with a counter-flow transaction.

To see the tariff language updates, please go to:

<https://www.nyiso.com/documents/20142/6474763/MST%204.1.8%20External%20ICAP%20Supplier%20Guarantee.pdf/1910519c-2e65-b15b-16f7-1d2615930a95>

## **FERC Filings**

### **May 10, 2019**

NYISO motion to hold in abeyance the paper hearing ordered by the Commission in EL18-188-000 pending action on the NYISO's planned 205 filing to implement a new metering framework

### **May 8, 2019**

NYISO filing, on behalf of NY Transco, of formula rate revisions to effectuate settlement terms related to AC Transmission Projects

## **FERC Orders**

### **May 7, 2019**

FERC letter order accepted cost reimbursement agreement no. 2447 between Niagara Mohawk and Greenway Conservancy for the Hudson River Valley, effective February 19, 2019 as requested.

## **Filings and Orders:**

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

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