# NYISO Consumer Interest Liaison Weekly Summary

## October 14 – October 18, 2019

### *Notices:*

- *Per Section 7.04 of the ISO Agreement,* ***Management Committee members must advise the President of the NYISO by November 30, 2019, in writing, of the sector in which they choose to participate for 2020.*** *If a Party is qualified to participate in more than one sector, it shall advise the NYISO President, in writing, of the sector in which it chooses to vote. Attached please find the* ***2020 sector confirmation form****, a link to the* ***list of sector definitions****, and the link to the* ***current committee membership roster****.* ***Please review your organization's representation and notify Kirk Dixon of any changes or updated contact information****.*

- *The* ***2019 Fall Economic Conference will be held at the NYISO, 10 Krey Blvd, Rensselaer, NY, on October 25, 2019 from 11:00 AM until 4:00 PM.*** *Adam Kamins from Moody's Analytics will present the National Economic Outlook and the NY State Economic Outlook. After these presentations, the Load Forecasting Task Force will meet to discuss current and upcoming activities. Speakers will include Chris Thorncroft from UAlbany Weather Enterprise and Eric Fox from Itron. The agenda has been posted* ***here****. Additional material will be posted in advance of the meeting.*

## Meeting Summaries:

**Wednesday, October 16, 2019**
**Business Issues Committee**

**Motion #1:**
Motion to approve the Minutes of the September 11, 2019 BIC meetings.
***Motion passed unanimously***

**Motion #2:**
The Business Issues Committee (BIC) hereby recommends that the Management Committee approve, and recommend 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 Changes to Enhance Credit Reporting Requirements and Remedies," made at the October 16, 2019 BIC meeting.
***Motion passed unanimously with one abstention***

**Motion #3:**
The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve and recommend that the Board of Directors approve the revisions to Sections 6.10, 31.1, 31.4, and 31.7 of the Open Access Transmission Tariff ("OATT"), as more fully described in the presentation entitled "Cost Containment Mechanism for Public Policy Transmission Planning Process" as presented and discussed at the October 16, 2019 BIC meeting.
***Motion passed 98.9% for and 1.1% against with abstentions***

**Thursday, October 17, 2019**
**Operating Committee**
**Motion #1:**
The Operating Committee ("OC") hereby approves the meeting minutes from September 12, 2019.
***The motion passed unanimously by show of hands.***

**Motion #2:**
The Operating Committee ("OC") hereby approves the Winter 2019-2020 Operating Study Report as presented and discussed at the October 17, 2019 OC meeting.
***The motion passed unanimously by show of hands.***

**Motion #3:**
The Operating Committee (OC) hereby approves the Q#830 Astoria Energy Storage 2 System Reliability Impact Study (SRIS) scope as presented and discussed at the October 17, 2019 OC meeting.
***The motion passed unanimously by show of hands***

**Friday, October 18, 2019**
**Joint Installed Capacity/Market Issues/Price Responsive Load Working Group**
New York City Steam Exemption
Christopher Hargett of Con Edison presented the proposal to amend the tariff for the New York City (NYC) steam exemption. The tariff currently provides a settlement exemption to Con Edison for 523 MW of electricity production as a result of the steam supply to NYC. Due to efficiency gains, the total production of electricity will increase to 533 MW. Con Edison proposes to remove the amount of MW from the tariff to avoid future tariff revisions should the stations undergo any additional MW increases. A stakeholder suggested that the specific units using the exemption should be identified in the tariff for clarity. Mr. Hargett noted the suggestion and will have Con Edison consider the action prior to a vote on tariff changes. To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/8783504/ER6MWIncreaseNYISO.pdf/23e7aa6d-9fdc-07fc-c52f-ef9aab25b5ce

Consumer Impact Analysis: Enhanced Fast Start Pricing

Tariq Niazi of the NYISO presented the Consumer Impact Analysis for the Enhanced Fast Start Pricing project. The Enhanced Fast Start Pricing project is the result of a FERC Order, dated April 18, 2019 to modify the pricing logic to allow fast-start resources' commitment costs (*i.e.*, start-up costs and minimum generation (no-load) costs) to be reflected in prices; and allow the relaxation of all dispatchable fast-start resources' economic minimum operating limits by up to 100 percent for the purpose of setting prices.

Mr. Niazi led a review of the current fast start pricing logic and explained the changes for the updated logic. The NYISO's proposal is as follows:

- Fast-start pricing will apply to:
    - All resources that can start up and synchronize to the grid in 30 minutes or less, that have a minimum run time of one hour or less, and that submit economic offers for evaluation.
- Revised fast-start pricing logic will include the start-up and minimum generation costs of all fast-start resources in the LBMP calculation in the ideal dispatch.
- Revised fast-start pricing logic will also apply in the withdrawal state, for fast-start resources that are eligible to submit commitment costs.

Mr. Niazi led a review of the methodology used to determine the cost impact to the energy and capacity markets. The methodology remained the same as was presented to the April 18, 2019 ICAP/MIWG.

The initial annual cost impact to the energy market will be approximately $5.0M to $7.0M. The direct impact to the energy market through increased LBMPs will be approximately $15.0M. This cost is offset by a reduction of Bid Production Cost Guarantee (BPCG) payments of $8.0M to $10.0M. The reduction in BPCG payments is a result of the fast start resources being allowed to recover their costs through the market rather than requiring out-of-market cost recovery. The net result of the cost impact to the energy market is $5.0M to $7.0M.

The increased revenue to suppliers in the energy market will result in a cost reduction in the capacity market. The resulting decrease to the Installed Capacity Reference Price will result in a reduction of annual capacity costs of $2.5M in the short term and $2.6M in the long term. When the capacity cost decrease is applied to the energy market increase, the result is a total cost impact to consumers of $2.5M to $4.5M. A stakeholder suggested that the NYISO should repost the presentation with a comparison of the cost increase to the overall energy market costs to reflect that the cost increase is a very small relative amount.

Following the Consumer Impact Analysis format, Mr. Niazi noted the impacts to consumers in the areas of reliability, transparency and the environment. The implementation of incorporating fast start pricing costs into the market prices (LBMP) will increase the transparency of NYISO price formation and provide incentives for performing reliably. There are no anticipated impacts on the environment.

To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/8783504/CIA%20-%20Enhanced%20Fast%20Start%20Pricing.pdf/dff9dcc9-9007-4432-b99f-7a2d24f820a5

Load Forecast Manual Update

Arthur Maniaci provided an update to the Load Forecast Manual. The primary reason for the update was to improve the documentation of the inclusion of Behind-the-Meter Net Generation (BTM:NG) resources into the load forecast. Mr. Maniaci noted that the update to the manual is a result of

collaboration between the NYISO and stakeholders over several Load Forecasting Task Force meetings.
Mr. Maniaci led a review of the methodology used to adjust BTM:NG resources for weather normalization before leading a step by step review of the updates to the manual. Mr. Maniaci explained that:

- *The proposed method accounts for specific weather response of each resource, so that its net generation will be properly accounted for.*
- *The method is consistent with Tariff and ICAP Manual, since it uses top 20 hours of each resource, from within the top 40 NYCA hours.*
- *The method is consistent with current NYISO Demand Response Operation processes, which allow for a (1+WNF) factor specific to each resource.*

It was noted that a redline copy of the update was included with the meeting materials for stakeholder review.
To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/8783504/ICAPWG%20-%20Load%20Forecast%20Manual%20Update.pdf/3779c2f4-18f0-571d-ac20-3db6dfcfbece

Tailored Availability Metric
Emily Conway of the NYISO continued the discussion of performance-based resources that include wind, solar, Limited Control Run of River Hydro resources and SCRs for the Tailored Availability Metric. Ms. Conway noted in response to a stakeholder question that today's presentation adds to the work done previously concerning the availability-based resources that use the EFORd as their derating factor, and provided links to the previous meeting discussions for reference.
Ms. Conway detailed the methodology used to determine the gross and net loss of load analysis. It was explained that the 2019 load forecast uncertainty values, based on the 2019 Installed Reserve Margin (IRM) study, were used to show the relationship between the Loss of Load Events (LOLE) to the percentage of the Peak Load forecast.
Using the 2019 IRM LOLE statistics, the output shape data of the respective wind and solar penetration can be used to determine net statistics. Following the same methodology as the 2019 IRM Gross Loss of Load Analysis, initial net load analysis will show the relationship between the Loss of Load Events to the percentage of the Peak Load Forecast. The results of the gross analysis results reflect the 2019 IRM peak load at earlier hours when compared to the historic gross data. The results of the net load analysis shows peak hours more closely correlated between the 2019 Net IRM data and the historic net data.
At the next Working Group meeting, the NYISO will continue discussion of analysis and results of analysis of all performance-based resources.
To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/8783504/Tailored%20Availability%20Metric.pdf/7a9c6c65-f218-b685-a2d5-16f491276d29

Ancillary Services Shortage Pricing: Data Analysis
Pallavi Jain of the NYISO presented the data analysis for the Ancillary Services Shortage Pricing study. The NYISO is reviewing the Ancillary Services Shortage Pricing to assess whether the current reserve demand curve pricing levels continue to support reliable operations.
Ms. Jain provided the results of analyzing the frequency of historic reserve shortages from July 2016 through July 2019 to assess the frequency of reserve shortages in real-time. A chart illustrating the results showed that the most common reserve shortages occurred in the following order:

- *EAST (zones F - K) – Spinning reserves*
- *Long Island (zone K) – 30-minute reserves*
- *NYCA (zones A – K) – 30-minute reserves*

Historical data from July 1, 2016 through September 1, 2019 was analyzed to assess the persistence of reserve shortages in real-time as persistent shortages could be indicative of a systematic problem with price signals.

September 3, 2018 was highlighted as an example of a need for potential changes to the current ancillary services shortage prices in New York. On that day, persistent reserve shortages occurred in the Real-Time Commitment (RTC). Forward horizons of the RTC software recognized the shortages in New York but, based on the demand curve pricing values, going short was the most economic decision. Because New York was experiencing 30-minute reserve shortages when emergency assistance was requested by ISO-NE, NYISO purchased emergency energy from Ontario to provide the assistance. Although transactions were available, the market software could not schedule imports because the interfaces were import constrained between NYISO and both HQ and PJM.

Ms. Jain led a discussion on the Value of Lost Load (VOLL) and Loss of Load Probability (LOLP) for consideration as a tool to inform effective reserves shortage pricing. Examples of VOLL adoption across other ISO/RTOs were provided for stakeholder reference. Methodologies for estimating VOLL were provided and discussed with stakeholders with the values of $11,000/MWh and $60,000/MWh to be considered for the primary analysis, based on the approach Potomac Economics recommended for use in MISO. LOLP values for NYCA 10-minute and NYCA 30-minute reserves were calculated using a Monte Carlo simulation to simulate possible outages due to different risks. The values were presented in chart format along with the outage risk demand curve for stakeholder discussion and feedback.

To see the complete presentation, please go to:
https://www.nyiso.com/documents/20142/8783504/Ancillary%20Services%20Shortage%20Pricing%20analysis_10_18_2019%20MIWG_final.pdf/2efb4d65-1fec-611a-77fc-43f08a869d9e

## FERC Filings

**October 18, 2019**

NYISO filing of proposed tariff revisions to update information for Contract No. 59.1 in Table 1A of Attachment L of the OATT

**October 15, 2019**

NYISO notification to the Commission of the existence of an emergency state in the New York Control Area on October 13, 2019 at 16:17.

**October 15, 2019**

NYISO notification to the Commission of the existence of an emergency state in the New York Control Area on October 13, 2019 at 23:59.

## FERC Orders

**October 16, 2019**

Order accepting large generator interconnection agreement (SA 2473) among NYISO, Niagara Mohawk Power Corporation and Ball Hill Wind Energy, LLC

## Filings and Orders:

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