

## NYISO Consumer Interest Liaison Weekly Summary

June 24 – June 28, 2019

### Notices:

- *The NYISO is updating its market systems to explicitly model a new locational reserve region for New York City and reserve requirements associated therewith. For additional background, please see the [presentation](#) given to the Management Committee on March 27, 2019. Beginning at 00:00 on June 26, 2019 for both the Day-Ahead and Real-Time Energy Markets, a 500 MW 10-minute total reserves requirement and a 1,000 MW 30-minute reserves requirement was secured for the New York City (Zone J) locational reserve region.*
- *The [redline](#) and [clean](#) versions of NYISO Transmission Expansion Interconnection Manual (M-23), have been posted to the [Manuals, Technical Bulletins & Guides webpage](#) under Manuals, Under Review. All proposed changes will be presented at the July 17, 2019 BIC and July 18, 2019 OC. In addition to clarifying and editorial revisions throughout, the proposed revisions update the manual provisions consistent with recent tariff revisions and add additional detail regarding interconnection study methodology, practices and procedures.*

### Meeting Summaries:

#### Monday, June 24, 2019

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

#### Carbon Pricing in NYISO Markets: Supplemental Analysis of Future Economic Impacts

Dr. Susan Tierney of Analysis Group (AG) led a discussion on the revised scope of the carbon pricing impact study and presented the preliminary results of their analysis. Dr. Tierney began the discussion by highlighting the major provisions of the New York Climate and Clean Communities Act recently passed by the New York State Assembly and Senate and expected to be signed by the Governor. The AG was originally retained by the NYISO to augment the Brattle impact analysis, however, based on feedback from stakeholders and additional analysis for consideration, the scope of the AG study has been revised to provide a more detailed analysis of the impacts. The extension of the timeline for AG's work will also accommodate the analysis of the MMU study results.

Dr. Tierney provided partial results from the study and observed that the New York power system will see the entry of significant quantities of renewable and zero-carbon resources over the next two

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*Please note: This summary is provided for informational purposes only. It is not intended to be a substitute for the presentations and other information provided by the NYISO or the discussions that take place at the meetings.*

decades to meet the State's targets. Historically, the state's preference has been to accomplish these goals through RPS (Renewable Portfolio Standards) and CES (Clean Energy Standard) competitive procurements. Under the State's new economy-wide carbon reduction goals that call for electrification of residential and commercial heating and more electric cars, New York will need to rely even more on the power sector to lower carbon emissions for the entire economy. This will result in the State acquiring even more clean energy electric power resources than currently anticipated. A carbon price in the NYISO market will help accomplish these more aggressive targets as efficiently as possible. Dr. Tierney provided illustrations showing the historical growth of renewable generation in New York State and noted that continuing under the REC and ZEC type contract model would result in 50% to 60% of new resources to be subject to out-of-market contracts. By contrast, a NYISO carbon price could provide forward wholesale-market revenue visibility for investing in clean-energy resources, reducing the need for out-of-market contracts.

Dr. Tierney also noted that conservative assumptions used to develop the a 50/50 renewable base case cost in the Brattle and MMU studies resulted in understating system cost and emissions savings to customers .

AG will consider additional stakeholder feedback as the final analysis and report are completed. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/7220958/Analysis%20Group%20-%20Supplemental%20Analysis%20of%20NYISO%20Carbon%20Pricing%20Proposal%20-%206-24-2019%20FOR%20POSTING.pdf/51a1ecdf-418a-de0b-ebc6-3783146c09db>

#### Autumn 2019 Centralized TCC Auction Survey Results and Discussion

Gregory Williams of the NYISO presented the results of the Autumn 2019 Centralized TCC Auction survey. Mr. Williams provided survey results reflecting stakeholder preferences for capacity per duration and total rounds per duration for the current auction and future auctions. Written stakeholder comments received on the survey were highlighted for stakeholder discussion.

The Autumn 2019 Centralized TCC Auction Survey will consist of 7 auction rounds in which the NYISO will offer:

- 25% of system capacity as one-year TCCs across three auction rounds
- 45% of system capacity as six-month TCCs across four auction rounds

The remaining 30% of system capacity was sold as two-year TCCs in the Spring 2018 Centralized TCC Auction and as two-year and one-year TCCs in the Spring 2019 Centralized TCC Auction.

A proposed schedule was provided showing the Autumn 2019 Centralized TCC Auction beginning August 23, 2019 and concluding on October 10, 2019.

The NYISO will consider input received on the survey and during the meeting and will also confer with the affected Transmission Owners concerning any proposed auction plans with fewer than four rounds per Sub-Auction prior to finalizing the auction schedule. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/7220958/Autumn%202019%20TCC%20Auction%20Survey%20and%20Discussion-FINAL-Approved.pdf/7c82c1de-a368-f8cb-d347-fc8ca3a98005>

#### Competitive Entry Exemption Non-Qualifying Contract Rule Review

Jonathan Newton of the NYISO presented updates to the Competitive Entry Exemption Non-Qualifying Contract rule review. Mr. Newton reminded stakeholders that this concept arose from the Generator sector suggesting such a proposal during the Repowering and Competitive Entry Exemption

(CEE) discussions in 2018. The MMU made a similar recommendation in its State of the Market Report<sup>1</sup> in 2018.

The project concept is to modify CEE rules to allow certain, limited-term contracts that were obtained through open, competitive, non-discriminatory processes. Criteria was provided to illustrate the types of contracts that would meet the standards. A stakeholder commented that the criteria stating that “Contract awards are determined based on lowest offers received” should be reconsidered to provide entities flexibility in their requirements. Mr. Newton explained that the NYISO is considering all input for continued refinement of the proposal.

Mr. Newton explained that the NYISO proposal would impose a limitation of three years for the maximum term of a contract to preclude discrimination against existing units. Some stakeholders explained that it is not uncommon to require a five year agreement when developing a hedging strategy. The NYISO will refine the language to accommodate these legitimate circumstances. The NYISO would require complete transparency of the solicitation terms and would review the solicitation to ensure it meets the tariff-specified criteria. The entity issuing the contract will also be required to certify that the selection determination for the contract meets the solicitation criteria proposed by the NYISO.

The proposed rule would:

- *Allow generators and utilities to enter into competitive contracts to hedge risk while still fulfilling the objective of the buyer-side mitigation measures*
- *Help facilitate investment in the repowering and replacement of existing assets.*

The NYISO will consider input received at the ICAPWG meeting and return with a revised proposal.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/7220958/CEE%20Competitive%20Contract%20Rule%20Review\\_For%2006242019%20ICAPWG.pdf/9e7f63f8-e0c4-5f33-044f-11e1871a912b](https://www.nyiso.com/documents/20142/7220958/CEE%20Competitive%20Contract%20Rule%20Review_For%2006242019%20ICAPWG.pdf/9e7f63f8-e0c4-5f33-044f-11e1871a912b)

## **Tuesday, June 25, 2019**

### **Joint Electric System Planning/Installed Capacity Working Group/Transmission Planning Advisory Subcommittee**

#### **Transmission Expansion & Interconnection Manual Revisions**

Thinh Nguyen of the NYISO presented revisions to the Transmission Expansion & Interconnection Manual (TE&I Manual). Mr. Nguyen highlighted updates made in response to stakeholder comments received during and after the June 10, 2019 TPAS/ESPWG presentation.

An update was made to require that the Developer must be present (in person or by phone) at the TPAS and OC at which its study scope and report are under consideration. Developers will also be required to update any changes to the In-Service dates of the project at that time.

An additional update provided clarification of the roles of the Developer, NYISO and the Transmission Owners in the Interconnection Process.

Several ministerial revisions were also made for this update. The NYISO will present and additional changes to the TE&I Manual at the July 8, 2019 TPAS/ESPWG meeting prior to requesting July BIC and OC approval. To see the complete presentation, please go to:

<https://www.nyiso.com/espwg?meetingDate=2019-06-25>

## **2019 CARIS 1 Background and Forecast Methodology**

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<sup>1</sup> See Recommendation 2018-2: Competitive Entry Exemption Non-Qualifying Contract Rule Review

Timothy Duffy of the NYISO presented the kickoff for the 2019 Congestion Assessment and Resource Integration Study (CARIS) 1 process. CARIS is the economic planning study performed biannually by the NYISO. The study will look out over a ten year horizon, encompassing 2019 through 2028.

Mr. Duffy provided a schedule through the summer 2019 identifying the steps required for the study. Several opportunities for stakeholder discussion and feedback will be provided. The preliminary results of the study are targeted for the October/November 2019 time frame with a final CARIS 1 report by January 2020.

Mr. Duffy outlined the development of the model to be used for the study. The model begins with the forecast and other information as detailed in the 2019 Gold Book. Based on the tariff guided inclusion rules, generation and transmission additions and deletions were highlighted and discussed with stakeholders. In response to a stakeholder question, Mr. Duffy noted that the AC Transmission project, Segments A and B, would be included as in-service for 2024. Updates from the 2018 CARIS 2 database were included with the meeting materials.

Several stakeholders expressed the need to incorporate recent New York State public policy updates into the CARIS 1 study. Issues such as the increased penetration of renewables and the potential retirement of peakers in New York City and Long Island should be included in the study. Mr. Duffy responded by explaining that these issues will be included as scenarios and will be addressed in detail.

Arvind Jaggi of the NYISO continued the discussion with a presentation on the 2019 CARIS fuel price forecast. The NYISO has proposed a new methodology for the natural gas price forecast.

Mr. Jaggi explained that the forecasting for the 2017 CARIS fuel forecasting divided New York State into four regions; Zones A-E, Zones F-I, Zone J and Zone K. A 3-year weighted average was applied using a blended average of hub prices. The weights were based on 3-year averages of Summer DMNC totals per hub. Along with some minor changes, the revised methodology will use 3-year averages of generation in MWh (energy) as blending weights instead of 3-year averages of Summer DMNC MW (capacity). It was explained that the update will more appropriately represent combined cycle units with high run times in the model. Mr. Jaggi provided charts to illustrate the results of blend structures for the four regions with the proposed methodology in comparison to results using the current methodology.

Forecast methodology was also detailed for fuel oils and coal pricing.

Benjamin Cohen of the NYISO completed the CARIS 1 update by presenting the emission allowance price forecast methodology for the study. Mr. Cohen explained the development of the Regional Greenhouse Gas Initiative (RGGI) price forecast. The methodology remains consistent with the 2017 CARIS 1 RGGI allowance price forecast extended through 2028. Mr. Cohen provided tables and graphs to illustrate a comparison of the 2019 forecast to the 2017 forecast methodology.

To see the complete presentation, please go to: <https://www.nyiso.com/espwg>

### Revised Straw Proposal for Treatment of Capital Costs in Proposed Public Policy Transmission Projects

Yachi Lin of the NYISO presented the updated straw proposal for treatment of capital costs in proposed Public Policy Transmission Projects. The NYISO proposes to amend the Public Policy Transmission Planning Process (PPTPP) in OATT Attachment Y to establish the treatment of cost containment in the project proposal, evaluation and selection, and Development Agreement processes. Ms. Lin noted that the NYISO received and has given consideration to a large number of diverse comments following the November 2018 presentation.

A Developer may voluntarily propose cost containment for defined categories of capital costs. Developers may propose either a hard or soft cap for contained capital costs. Depending on several factors, the proposed cap may be used in the existing quantitative cost metrics.

- A hard cap for capital costs is defined as an amount (the cap) over which the Developer agrees not to recover costs from ratepayers.
- A soft cap for capital costs is defined as an amount (the cap) above which excess costs are shared between shareholders and ratepayers based on a defined percentage.

In addition to the above, the NYISO will assess any proposed capital cost cap on a qualitative basis. The new metric will be additive to quantitative cost metrics and other evaluation metrics.

Ms. Lin also led a discussion on the NYISO proposal for Cost Containment filing and enforcement with stakeholders.

The NYISO anticipates developing draft tariff language mid-Q3 2019 for continued discussion and refinement.

The NYISO intends to address cost containment for upgrades on a separate track when the NYISO addresses the treatment of Transmission Owner and Developer rights with respect to upgrades in general.

To see the complete straw proposal as presented, please go to:

<https://www.nyiso.com/documents/20142/7239276/04%20Cost%20Containment%20Strawman.pdf/3827af62-4df6-64f7-bfab-b87fdbc0add>

#### **Thursday, June 27, 2019**

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

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

Zachary Smith of the NYISO continued the discussion from several prior MIWG/ICAPWG meetings on the effort to gain a better understanding of any obstacles that prevent external resources from delivering capacity-backed energy to the NYCA border. Today's presentation focused on Deliverability and some additional manual revisions.

Mr. Smith provided clarification to leveraging ISO-NE deliverability standards that are sufficient for the NYISO's satisfaction of deliverability. In a prior MIWG/ICAPWG meeting, confusion arose on the process required for ISO-NE resources to sell capacity into an external control area. The NYISO had an additional call with ISO-NE staff to confirm the NYISO understanding of the ISO-NE capacity market and verify the existing proposal. The NYISO confirmed that ISO-NE resources have the opportunity to submit an Export De-List bid prior to each ISO-NE Forward Capacity Auction (annually).<sup>2</sup>

The NYISO is currently postponing the discussion for capacity deliverability from the PJM control area in order to advance work on rules for other external control areas. The NYISO will also return to a future working group to discuss HQ deliverability in detail.

Mr. Smith presented the revisions to the ICAP Manual and the T&D Ops Manual posted with the meeting materials. The revisions are related to the impending implementation of the Tariff revisions that NYISO submitted to FERC on June 11, 2019.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/7319938/External%20Capacity%20Performance%20and%20Obligations\\_Deliverability%20&%20Eligibility.pdf/3e4f4778-8719-4134-de63-a6f83bde0c33](https://www.nyiso.com/documents/20142/7319938/External%20Capacity%20Performance%20and%20Obligations_Deliverability%20&%20Eligibility.pdf/3e4f4778-8719-4134-de63-a6f83bde0c33)

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<sup>2</sup> More information about the ISO-NE Export De-List bid process can be found at the following location: – <https://www.iso-ne.com/markets-operations/markets/forward-capacitymarket/fcm-participation-guide/qualification-process-for-existing-generators>



## Quarterly Report on the New York ISO Electricity Markets First Quarter of 2019

Dr. Pallas LeeVanSchaick of Potomac Economics (Potomac) presented the Quarterly Report on the New York ISO Electricity Markets for Q1 2019. Potomac presents the reports on a quarterly basis to the NYISO stakeholders.

Dr. LeeVanSchaick explained that the quarter was characterized by relatively mild winter weather. Operating conditions were less challenging than last winter with LBMPs ranging 18% - 37% lower than Q1 2018.

While discussing congestion in the West Zone, Dr. LeeVanSchaick was reminded of a prior stakeholder request for more detailed information on the congestion surrounding the enhanced Niagara modeling revisions implemented in December 2018. In response, Dr. LeeVanSchaick explained that due to the unavailability of confidential data, Potomac would require additional time to compile and analyze the situation. The additional data on transmission flows is expected to be available for the Q2 presentation in August 2019.

Dr. LeeVanSchaick led a review of the report while highlighting areas such as Long Island low voltage and New York City load pocket congestion patterns and Coordinated Transaction Scheduling (CTS) trading results.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/7319938/NYISO%20Quarterly%20Report\\_2019-Q1\\_6-21-2019.pdf/9ec78571-9959-2fd6-d9d7-233a5438c1f5](https://www.nyiso.com/documents/20142/7319938/NYISO%20Quarterly%20Report_2019-Q1_6-21-2019.pdf/9ec78571-9959-2fd6-d9d7-233a5438c1f5)

## **FERC Filings**

### **June 28, 2019**

NYISO filing of Joint Operating Agreement between NYISO and PJM Interconnection (JOA) regarding Market-to-Market (M2M) Flowgates for M2M coordination

### **June 28, 2019**

NYISO filing of the public transmittal letter for the confidential CEII-designated Consolidated Edison System Restoration Plan dated June 1, 2018

### **June 27, 2019**

NYISO 205 filing of tariff revisions regarding the establishment of a participation model for aggregations of resources, including Distributed Energy Resources (DER).

### **June 24, 2019**

IRC filing of comments in response to the NOPR regarding Cyber Security-Communications between Control Centers. Filed by ERCOT.

## **FERC Orders**

TBD

There were no FERC Orders issued to NYISO 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)