

## NYISO Consumer Interest Liaison Weekly Summary

**February 11 – February 15, 2019**

### Notices

- *The Carbon Pricing schedule has been revised; the revised schedule can be found at the following link. [Schedule](#) Any questions can be directed to [IPP\\_feedback@nyiso.com](mailto:IPP_feedback@nyiso.com)*
- *Please be advised that the NYISO will be updating Summer 2019 Capability Period data in the ICAP Automated Market System (AMS) during the period from February 14th through March 18th, 2019. These updates will include Derating Factor values but are not limited to such data. Market Participants should not consider the Summer 2019 Capability Period data as final until 17:00 hours on March 18th, 2019.*

### Meeting Summaries:

#### Monday, February 11, 2019

##### Joint Electric System Planning Working Group/Transmission Planning Advisory Subcommittee Class Year Waiver

Thinh Nguyen of the NYISO presented details regarding a contemplated waiver that would allow Class Year 2019 to commence in parallel with the ongoing CY17-2 additional SDU studies. In light of considerable stakeholder opposition, the NYISO advised stakeholders at the Operating Committee on 2/14 that it would not be pursuing the waiver, but rather, would work on process and tariff revisions to help accelerate the current and upcoming Class Year process.

##### AC Transmission Public Policy Transmission Planning Report Addendum

Dawei Fan of the NYISO provided responses to stakeholder feedback on the AC Transmission Public Policy Transmission Planning Report Addendum.

Mr. Fan provided detailed responses to several issues that were raised by stakeholders:

- Operability
  - Operation of the T019 Series Capacitor
  - Resilience from structure design
- Interconnection Study details

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- Property Rights
- Impedance Correction
- Transfer Limit Analysis
- Cost per MW with synergies incorporated
- Production cost savings
- Demand congestion
- SENY 30-Minute reserve requirement
- ICAP Benefit

In studying the Capacity Benefit, two scenarios were studied: baseline case, “Existing Localities”, and a second case, “G-J elimination”, in which the capacity zones are reconstituted due to pending changes to the resource mix and the construction of the AC Transmission projects. It is important to understand that the assumptions and findings of the “G-J elimination” sensitivity should not be construed as advocating for or against the elimination of the G-J locality nor a commentary on potential ICAP market rules for eliminating localities. This sensitivity simply reports the estimated capacity benefits for all Segment B projects under a defined set of assumptions if the locality were to be eliminated once a proposed AC Transmission project enters into service. Results were presented and discussed with stakeholders for the different scenarios.

The NYISO anticipates presenting a revised Addendum to the Management Committee on February 27, 2019. Comments from the independent Market Monitoring Unit will be available prior to this meeting. Interested parties may provide additional written comments to the NYISO on the revised Addendum any time prior to March 1, 2019. These comments may be sent to [PublicPolicyPlanningMailbox@nyiso.com](mailto:PublicPolicyPlanningMailbox@nyiso.com).

To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/4934999/AC%20Transmission%2020211ESPWG.pdf/8e3160c5-b0a4-05d8-097c-8dabaab0aceb>

### **Wednesday, February 13, 2019**

#### **Business Issues Committee**

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

Motion to approve the January 16, 2019 BIC meeting minutes.

*Motion passed unanimously*

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

The Business Issues Committee (“BIC”) hereby approves the revisions to the Installed Capacity Manual regarding as described in the presentation made to the BIC on February 13, 2019.

*Motion passed unanimously with one abstention*

### **Thursday, February 14, 2019**

#### **Operating Committee**

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

The Operating Committee (OC) hereby approves the meeting minutes from November 15, 2018, December 13, 2018, and January 17, 2019.

*Motion passed unanimously*

##### **Motion #2a:**

The Operating Committee (OC) hereby approves the Q#765 NY Wind Brookhaven System Reliability Impact Study (SRIS) scope as presented and discussed at the February 14, 2019 OC meeting.

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*Motion passed unanimously*

**Motion #2b:**

The Operating Committee (OC) hereby approves the Q#774 Tracy Solar Energy Center System Reliability Impact Study (SRIS) scope as presented and discussed at the February 14, 2019 OC meeting.

*Motion passed unanimously*

**Motion #2c:**

The Operating Committee (OC) hereby approves the Q#777 White Creek Solar System Reliability Impact Study (SRIS) scope as presented and discussed at the February 14, 2019 OC meeting.

*Motion passed unanimously*

**Motion #2d:**

The Operating Committee (OC) hereby approves the Q#781 Marcy South SSR Detection System Impact Study (SIS) scope as presented and discussed at the February 14, 2019 OC meeting.

*Motion passed unanimously*

**Friday, February 15, 2019**

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

**Astrapé Consulting Capacity Value Analysis**

Kevin Carden of Astrapé Consulting (Astrapé) presented additional results of their study on the capacity value of limited duration resources.

Mr. Carden led a review of the Astrapé modeling of the neighboring control areas. A table of neighboring load summaries was provided for stakeholder reference. Mr. Carden provided the details of a renewable portfolio that reached 50% penetration by 2030. Results were presented for two scenarios with high renewable amounts:

- 2025 with 37% Renewable
- 2030 with 50% Renewable

The Astrapé study reflects that the addition of renewable energy steepens the daily net load shape, shortening the necessary duration. Further additions continue to steepen the daily net load shape, further reducing the need for duration. Stakeholders requested additional information on the assumptions used by Astrapé such as IRM and LCR to further evaluate the Astrapé results.

Mr. Carden presented a comparison of the methodologies used by Astrapé and GE Consulting (GE) to explain why, in Astrapé's opinion, the use of the IRM load shapes in the GE analysis shows a lower value for all durations simulated. A table was provided to help illustrate the difference in approaches.

Mr. Carden concluded that:

- Capacity value of 4-hour+ resources is high in the planning window
- To accurately capture capacity value, accurate load and resource representation is critical in study framework
- Capacity value changes as penetration and composition of energy limited resources change, and as renewable resources are added

An appendix was provided with the presentation for additional stakeholder reference. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/5020603/Astrapé%20presentation%20021519.pdf/8696ef09-28fc-b782-b575-1f79f7a38da6>

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## Overview of BSM Evaluation

Christina Duong of the NYISO presented proposed tariff changes that will make DERs, aggregations, aggregators and Market Participant portfolios containing Distributed Energy Resource (DER) subject to the existing mitigation measures. Ms. Duong noted that the NYISO has not identified the need for any additional market mitigation measures specifically for the DER participation model at this time. The NYISO is not proposing any changes to the existing Buyer Side Mitigation (BSM) rules except where necessary to make clear that DER injection resources and not DER demand reductions will be subject to the BSM Rules. The NYISO proposes that the Competitive Entry, Renewable, and Self Supply exemptions would be available to DER injection resources, however, because the proposed Renewable and Self Supply Exemption tariff provisions are pending before the Commission (since April 2016)<sup>1</sup> the NYISO does not know with certainty whether modifications to tariff provisions ultimately accepted will be needed to make clear that DER injection resources will be eligible. The NYISO will commit in the DER Section 205 filing that it will work with stakeholders promptly after issuance of a Renewable and Self Supply order to develop tariff modifications if any are needed so that DER injection resources can request these exemptions.

All DER injection resources will be evaluated for BSM as independent, individual Examined Facilities. Existing rules will apply for resource revenue streams outside of the NYISO markets. Revenue streams are considered on a case by case basis and can be excluded if there is insufficient support.

Ms. Duong explained that existing rules will apply to revenues from contracts. Revenues earned by providing energy services to another entity will be accounted for and revenues associated with energy or other energy products received under a contract that is entered into in a nondiscriminatory, arms-length and competitive manner, as determined by the NYISO, may be included at the contract specified amount.

The existing rules for the calculation of Unit Net CONE will apply and may include federal tax credits, PILOT agreements and/or accelerated depreciation.

The NYISO will consider input received during the Working Group meeting and input sent to [deckels@nyiso.com](mailto:deckels@nyiso.com) or [lseirup@nyiso.com](mailto:lseirup@nyiso.com) for upcoming working group presentations. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/5020603/ICAP%20Mitigation%20Measures%20DERs%20February%202015%202019%20ICAPWG.pdf/5c5dc5ec-53ec-2876-cf87-4a0b3ca82060>

## Constraint Specific Transmission Shortage Pricing

Jennifer Boyle of the NYISO presented the Market Design Concept Proposal for the Constraint Specific Transmission Demand Curve. The NYISO assigns a Constraint Reliability Margin to facilities and interfaces to help manage transmission modeling uncertainty.

The NYISO proposes to implement the following revised approach to the current Transmission Constraint Pricing Logic through the steps below:

- ***Establish a revised six-step transmission demand curve mechanism for facilities currently assigned a non-zero CRM value.***
- ***The NYISO proposes to apply a non-zero CRM value to internal facilities currently assigned a zero value CRM with a separate demand curve mechanism for such facilities.***
- ***Maintain the current single value \$4,000 shadow price capping method for external interface facilities (zero value CRM) permitting the continued use of constraint relaxation***

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<sup>1</sup> Tariff provisions to establish a Renewable Exemption and a Self-Supply Exemption are pending before the Commission in DocketNo. ER16-1404- 000.

Ms. Boyle explained that by providing a mechanism that expressly accounts for various non-zero CRM values, the proposed revisions to the demand curve mechanism also, indirectly, account for other considerations, such as location and voltage level. Enhancements to the current graduated Transmission Shortage Cost mechanism could further improve pricing outcomes.

Ms. Boyle led a discussion with stakeholders on the key principles of an effective transmission constraint shortage pricing mechanism such as minimizing unnecessary price volatility, more predictable pricing outcomes and allowing the shadow price to rise high enough to facilitate efficient physical resource dispatch. Ms. Boyle led a review of analysis performed to assist in the determination and rationale for the steps above.

Two additional steps in the Constraint Specific Transmission Demand Curve market design proposal were introduced and explained. The fourth step of the transmission demand curve should be structured to assist with maintaining appropriate tradeoffs with meeting other market constraints, such as Operating Reserves. The fifth step is intended to facilitate graduated pricing increases for increasing levels of shortage between the fourth and sixth (final) steps. An example was provided to illustrate the assessment of reserve and energy trade-offs for a known constraint.

The final step in the market design concept should represent a value that facilitates more costly generation re-dispatch under stressed system conditions. To eliminate reliance on constraint relaxation for facilities assigned a non-zero CRM value, this final step is extended to provide pricing of transmission shortages beyond 100% of the applicable CRM value. The NYISO has determined that the current \$4,000 per MW maximum Shadow Cost value remains appropriate and should be retained as this value remains sufficient to facilitate efficient re-dispatch of higher cost physical resources. Tables and graphs were provided to illustrate the proposed Six-Step Transmission Demand Curve description, structure and pricing.

For Zero Value CRM facilities, the NYISO proposes to apply a non-zero CRM value to internal facilities currently assigned a zero value CRM with a separate demand curve mechanism for such facilities. These facilities would not utilize the six-step demand curve mechanism proposed for all other facilities assigned a non-zero CRM value, but rather apply a two-step transmission demand curve to these facilities. Since many of these facilities are located out of generation complexes a small non-zero CRM value is being proposed to avoid unnecessarily reserving the available capability of these facilities. A table was provided demonstrating that 99% of the binding RTD constraints, categorized as zero value CRM facilities, were resolved through the re-dispatch of physical resources for the study period and resolved at a Shadow Price of \$101.16 or less. For step two of the process, the NYISO proposes to implement a \$2,000 per MW maximum Shadow Cost value for internal facilities currently assigned a zero value CRM. This value is sufficient to facilitate efficient re-dispatch of higher cost physical resources. A high level example was provided to illustrate the potential impact of the \$2,000/MW cost on an export constrained area while providing the appropriate incentives to reduce imports into such a location.

The NYISO will continue use of the current single value \$4,000 per MW shadow price capping mechanism for external interfaces as the NERC rules require external interfaces to be scheduled to the same limit as the neighboring control areas. Also, applying a demand curve mechanism for external interfaces is not appropriate as the only resources available for commitment are transactions and the Real-Time Dispatch converts transactions to fixed interchange in which there are no resources available.

Stakeholders commented that it would be beneficial to allow flexibility in the tariff to revisit and revise values should it become necessary to make adjustments in the future.

The NYISO will continue to refine the proposal while working toward a Q2 2019 stakeholder vote. The Consumer Interest Liaison has targeted this proposal for a Consumer Impact Analysis prior to the vote.

To see the complete presentation, please go to:

[https://www.nyiso.com/documents/20142/5020603/Constraint%20Specific%20Transmission%20Shortage%20Pricing%20\\_MDCP\\_021519.pdf/d7d80189-e48e-a893-a860-6e4b9636b8bf](https://www.nyiso.com/documents/20142/5020603/Constraint%20Specific%20Transmission%20Shortage%20Pricing%20_MDCP_021519.pdf/d7d80189-e48e-a893-a860-6e4b9636b8bf)

#### DER: Capacity Market Design & Tariff Review

Zachary T. Smith of the NYISO led a review of proposed tariff revisions to accommodate the Distributed Energy Resource (DER) participation model in the Installed Capacity (Capacity) market. Mr. Smith highlighted the sections of the Market Services tariff (MST) sections that would require updates:

- 5.2
- 5.3.3
- 5.7
- 5.12.1
- 5.12.7
- 5.12.13
- 5.12.14

After highlighting some general ministerial changes occurring throughout MST 5, Mr. Smith detailed a change to MST 5.7, in reference to the Requirements for Entities not located within the NYCA. Mr. Smith explained that eligibility excludes resources using the DER Participation Model, Aggregations, Intermittent Power Resources, Limited Control Run of River Hydro Resources, and Resources with Energy Duration Limitations located in External Control Areas from participation in the NYISO Capacity Market.

In MST 5.12.1, Mr. Smith detailed language updates for clarification. MST 5.12.1 also includes revisions to better explain the duration election process for Resources with Energy Duration Limitations.

Mr. Smith led a discussion on MST 5.12.7 which pertains to the Availability Requirements for ICAP Suppliers. Several updates will be made to this section, including:

- *Revisions to include Bid, Schedule, Notify requirements in the Day-Ahead Market for Installed Capacity Suppliers with an Energy Duration Limitation*
- *Inclusion of the Peak Load Window for the Summer and Winter Capability Periods*
- *Inclusion of NYISO ability to specify a different window, with hours outside the Peak Load Window*
- *Capacity Suppliers with duration limitations must have combination of bidding, scheduling, or notify up to the total ICAP Equivalent of the UCAP sold in the Day-Ahead Market for a minimum of the number of hours corresponding to the resource's duration limitation, unless the resource is an ESR, which must bid, schedule, or notify for all 8 hours of the peak load window. Failure to meet this obligation will result in a penalty*

Mr. Smith also provided details for three new sections to the tariff:

- ***MST 5.12.11.5 – includes provisions for DAM and real-time scheduling applicable to Capacity Suppliers with duration limitations***
- ***MST 5.12.13 – describes the requirements for Aggregations that are Installed Capacity Suppliers, specifically the rules for Resources that swap between Aggregations and rules for Time-Stacking Resources in an Aggregation***

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- ***MST 5.12.14 – pertains to the Energy Duration Limitations and Adjustment Factors for Installed Capacity Suppliers and will state that Resources with a limited run-time must elect an Energy Duration Limitation***

Comments can be sent to [ztsmith@nyiso.com](mailto:ztsmith@nyiso.com) and will be considered for additional ICAPWG stakeholder discussions. To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/5020603/MST%205%20DER%20revisions%202-15-19.pdf/9ec52d4c-d12b-61cc-4e7c-7a4477cc0c4e>

#### Metering, LBMP Calculation, and Creditworthiness Tariff Amendments for DER

Michael Ferrari of the NYISO presented updates to the proposed Market Services tariff (MST) revisions to accommodate Distributed Energy Resources (DER) into the wholesale energy markets in reference to metering, LBMP calculation and creditworthiness.

MST 13 establishes the basic metering requirements for all Customers taking service from the NYISO. The revisions to MST 13 will include rules that allow DER and Demand Side Resource Aggregators and Curtailment Service Providers (CSPs) to use either (i) the applicable Member System, or (ii) a Meter Services Entity (MSE). Mr. Ferrari led a discussion with stakeholders to clarify the requirements and obligations of the MSE program. Proposed tariff language was provided for additional stakeholder discussion in a redline format.

Mr. Ferrari noted several ministerial updates to MST 17 to incorporate the concept of Aggregations. The ministerial updates appear throughout MST 17, which discusses the Day-Ahead LBMP calculation procedures. A change was noted in the calculation process that all Aggregations (and ESRs) are blocked on at the dispatch determined in Pass 1 of SCUC for passes 2-4 in MST 17.1.3.

It was noted that the change for MST 26, Creditworthiness, is the removal of “Demand Side Resource”/DSR specific program requirements.

Additional feedback can be sent [DER\\_Feedback@nyiso.com](mailto:DER_Feedback@nyiso.com). To see the complete presentation, please go to:

<https://www.nyiso.com/documents/20142/5020603/Metering%20LBMP%20Calculation%20and%20Creditworthiness%20DER%20Tariff%20Amendments%2021519.pdf/08183e31-3eda-42d9-1bdf-7afa717f9f6d>

#### Announcement regarding recent NYPSC order terminating its third-party metering programs

The NYISO would like to address NYPSC Order Terminating Metering Programs issued Friday, February 8th, 2019, immediately terminating third-party Meter Data Service Provider (MDSP) & Meter Service Provider (MSP) programs and revoking all previously issued MDSP/MSP certifications. Per the NYISO EDRP and ICAP Manuals, Responsible Interface Parties (RIPs) representing Special Case Resources are required to provide meter data from either the Transmission Owners or from an MDSP/MSP. To avoid sudden disruption to the ICAP market and also to Market Participants, the NYISO will continue to accept meter data read by an MDSP/MSP who had received certification from the NYPSC prior to the issuance of the Order until October 31st, 2019, or until the Meter Services Entity construct discussed at the February 15th, 2019 MIWG/ICAPWG has been implemented, whichever comes first. The NYISO will be issuing a Technical Bulletin this week, further outlining the details and requirements for RIPs and MDSPs/MSPs, and that the data provided by RIPs using MDSPs/MSPs should have the same data integrity as it had prior to the NYPSC's Order.

## **FERC Filings** **February 12, 2019**

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NYISO Notice of Termination of BBPC, LLC dba Great Eastern Energy from the ISO-Administered Markets

**February 11, 2019**

NYISO errata filing to correct the requested effective date for tariff revisions cited in NYISO's February 5, 2019 filing in Docket No. ER17-1561-003

**FERC Orders**

There were no Orders issued by FERC to the 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)