

# Broader Regional Markets Report

---

**Rana Mukerji**

SENIOR VICE PRESIDENT – MARKET STRUCTURES, NYISO

**Business Issues Committee Meeting**

June 20, 2019, Rensselaer, NY

DRAFT – FOR DISCUSSION PURPOSES ONLY



#	Broader Regional Markets Issue	Status
1	<b>Market-to-Market Coordination-PJM</b> Implement mechanism to allow dispatch of generation in neighboring control area to more cost effectively address transmission constraints. The NYISO and PJM activated market-to-market coordination on January 15, 2013.	COMPLETE
2	<b>Interface Pricing</b> Implement mechanism to represent incremental power flows at external proxies for scheduling and pricing decisions. On March 13, 2013, FERC approved the NYISO's proposed interface pricing tariff revisions.	COMPLETE
3	<b>15-minute scheduling with PJM</b> Implementation of intra-hour schedule changes at external proxy. The NYISO activated 15-minute scheduling at Keystone on June 27, 2012, Neptune on October 30, 2012, Linden VFT on November 28, 2012 and HTP on June 3, 2013.	COMPLETE
4	<b>Coordinated Transaction Scheduling (CTS) with PJM</b> Incorporate prices from neighboring control area into dispatch to allow MPs to schedule transactions based on price differences between regions. The NYISO activated CTS with PJM on November 4, 2014.	COMPLETE
5	<b>Coordinated Transaction Scheduling (CTS) with ISO-NE</b> Incorporate prices from neighboring control area into dispatch to allow MPs to schedule transactions based on price differences between regions. The NYISO activated CTS with ISO-NE on December 15, 2015.	COMPLETE

DRAFT – FOR DISCUSSION PURPOSES ONLY



#	Broader Regional Markets Issue	Status
6	<p><b>Asymmetric Capability Year Impact on Inter-Area Capacity Sales</b></p> <p>On February 3, 2010, FERC approved tariff revisions necessary to support the Capability Year adjustment election for holders of UDRs. On February 25, 2015, the Analysis Group presented the findings of its capacity market assessment, concluding that development of a forward capacity market structure is not warranted at this time.</p>	COMPLETE
7	<p><b>Coordination of Regional Day Ahead Electric Market Timing with Gas Day</b></p> <p>FERC directed the ISOs and RTOs to consider changes to the timing of their Day-Ahead Markets in response to changes to the gas nomination timeline. The NYISO's existing Day-Ahead scheduling practices satisfy FERC's timing requirements.</p>	COMPLETE
8	<p><b>Michigan-Ontario PAR Cost Allocation</b></p> <p>Proposal by MISO and ITC to allocate 30.9% of the cost of ITC's Michigan Ontario PARs to New York. On September 22, 2016, FERC rejected the MISO/ ITC proposal and ruled in favor of the NYISO and PJM. The NYISO completed issuance of refunds associated with this issue in May 2017 as part of the August 2016 Final Bill Close-out.</p>	COMPLETE
9	<p><b>Five-minute Transaction Scheduling with Hydro Quebec</b></p> <p>Implement economic scheduling of interchange across controllable interties via the 5 minute Real-Time Dispatch ('RTD') at the HQ Chateauguay proxy</p>	PENDING
10	<p><b>15-Minute Transaction Scheduling with Ontario</b></p> <p>Implementation of intra-hour schedule changes at external proxy</p> <ul style="list-style-type: none"> <li>♦ IESO has indicated that other priorities will delay the quarter hour scheduling timeline. NYISO and IESO have agreed to revisit prioritization discussions upon resolution of those factors.</li> </ul>	PENDING

#	Broader Regional Markets Issue	Status
11	<p><b>Evaluation of Energy Market Offer Cap</b></p> <p>Differences in offer caps between regions may interfere with economic and reliability driven interchange scheduling. On November 17, 2016, FERC issued Order No. 831 requiring, among other matters, the NYISO to 1) cap each resource’s incremental energy offer at the higher of \$1,000/MWh or that resource’s verified cost-based incremental energy offer, and 2) cap verified cost-based incremental energy offers at \$2,000/MWh when calculating LBMPs. On November 9, 2017 FERC issued both Order No. 831-A (ruling on rehearing requests) and an Order ruling on the NYISO’s Offer Cap compliance filing. FERC accepted the NYISO’s Offer Cap compliance filing but instructed the NYISO to submit a compliance filing within 30 days to (1) permit after-the-fact recovery of verified avoidable costs as uplift, and (2) to limit recovery of “adders above cost” (which NYISO does not use) to no more than \$100/MWh. On February 1, 2018, FERC accepted the NYISO’s December 8, 2017 compliance filing. On December 19, 2018, the NYISO implemented software to comply with Order No. 831, while requesting a limited waiver to resolve an outstanding implementation issue. On January 27, 2019, the NYISO implemented software to resolve the prior issue and terminate the ongoing need for the requested waiver.</p>	COMPLETE
12	<p><b>Reserves Participation in Adjacent Regional Markets</b></p> <p>Allow MPs to purchase/sell reserves and regulation between the NYISO and adjacent control areas</p>	PENDING
13	<p><b>Congestion Rent Shortfalls Resulting From External Transmission Outages</b></p> <p>Reductions in transmission capacity external to New York may result in congestion shortfalls. There is currently no mechanism to assign these costs to an external responsible party</p>	PENDING

DRAFT – FOR DISCUSSION PURPOSES ONLY



#	Broader Regional Markets Issue	Status
14	<b>Elimination of Rate Pancaking</b> Reciprocal elimination of fees on export transactions can increase interregional transmission scheduling efficiency. Rate pancaking between NYISO and ISO-NE has already been eliminated.	PENDING
15	<b>Capacity Imports from Ontario</b> Ontario has expressed an interest in pursuing eligibility for imports from Ontario to qualify to provide capacity in NY. The NYISO and IESO signed a Memorandum of Understanding on August 25, 2016 regarding capacity imports from the IESO Control Area	COMPLETE
16	<b>Buy-Through of Congestion</b> Buy-through of Congestion would provide a scheduling and settlement mechanism to account for costs in control areas that are not specified on the contract path. The Lake Erie ISOs and RTOs agree that implementing Buy-Through of Congestion is not necessary at this time. On January 29, 2018, FERC accepted the NYISO's motion, filed March 27, 2017, to terminate its obligation to submit annual informational filings on NYISO's implementation of interface pricing and congestion management and market-to-market coordination initiatives with its neighboring RTOs/ISOs.	COMPLETE
17	<b>Reciprocal Capacity Wheeling with New England</b> Identify the scope of issues pertaining to auction structure, timing, planning, operations, IRM/LCR, cost allocation and other impact areas in NY and ISO-NE markets	PENDING
18	<b>Addressing Control Area to Control Area Capacity Transactions</b> Identify and alleviate barriers to capacity market import and export transactions	PENDING
19	<b>Future of the ConEd/ PSEG Wheel</b> The ConEd/ PSEG wheel agreement expired on April 30, 2017. The NYISO and PJM worked together to identify market design changes necessary to address the expiration of this agreement. The NYISO and PJM implemented the new protocol on May 1, 2017	COMPLETE

#	Broader Regional Markets Issue	Status
20	<p><b>RTC-RTD Forward Horizon Coordination Improvements</b>            The NYISO aims to improve modeling consistency between RTC and RTD and evaluate improvements to look-ahead evaluations to facilitate more efficient RTC-RTD scheduling and price convergence</p> <ul style="list-style-type: none"> <li>•The NYISO provided an initial presentation on this topic to stakeholders at the April 5, 2016 MIWG meeting</li> <li>•An update on this effort was provided at the September 29, 2016 MIWG meeting</li> <li>•The NYISO presented an overview of the RTC-RTD convergence analysis at the December 5, 2017 MIWG meeting.</li> <li>•A whitepaper detailing the RTC-RTD convergence analysis was posted on December 20, 2017. The paper identifies promising efforts to explore further and/or continue in 2018 to aid RTC-RTD convergence.</li> <li>•On January 16, 2018, the NYISO presented a summary of the RTC-RTD Convergence Study recommendations at MIWG.</li> </ul>	ONGOING
21	<p><b>Settlement Intervals and Shortage Pricing in Markets Operated by RTOs and ISOs</b>            On June 16, 2016, FERC issued Order No. 825 regarding the alignment of settlement and dispatch intervals for energy, operating reserves, and intertie transactions. The NYISO submitted its required compliance filing to FERC on January 11, 2017. FERC accepted the NYISO’s compliance filing on February 24, 2017</p>	COMPLETE
22	<p><b>Impact to NYISO Capacity Market of ISO-NE’s Proposed Revisions to the Qualification Requirements for Import Capacity Resources Seeking to Participate in ISO-NE’s Reconfiguration Auctions and Bilateral Transactions</b>            The proposed effective date of ISO-NE’s proposed revisions to the qualification requirements for “Import Capacity Resources” to participate in ISO-NE’s Reconfiguration Auctions and bilateral transactions creates a substantial risk of unjustifiably increasing New York capacity prices and creating inefficient price signals in the NYISO-administered capacity market. At the August 22, 2017 ICAPWG meeting, Atlantic Economics presented an alternative approach for calculating Locality Exchange Factors; the NYISO indicated its willingness to further evaluate the suitability of the alternative approach proposed by Atlantic Economics in the future, but does not intend to pursue changes to the currently effective Locality Exchange Factor calculation methodology at this time.</p>	COMPLETE

#	Broader Regional Markets Issue	Status
23	<p><b>PJM Proposal for Pro-Forma Pseudo-Tie Agreements</b></p> <p>PJM has asked the NYISO to review its proposed <i>pro forma</i> pseudo-tie agreement that would apply to NYCA Generators that sell all or a portion of their capacity to PJM. PJM would provide commitment and dispatch instructions to pseudo-tied generators; such generators would be committed and dispatched to meet PJM's needs, rather than the NYISO's needs. The NYISO has concerns about using PJM's proposed pseudo-tie agreement for Generators located in the NYCA. The NYISO is prepared to work with PJM to evaluate potential alternate solutions that would be acceptable to both parties.</p> <ul style="list-style-type: none"> <li>•<i>The NYISO discussed this topic at the February 22, 2017 MC meeting and the February 28, 2017 MIWG meeting</i></li> <li>•<i>NYISO submitted comments to FERC in response to PJM's March 9, 2017 filing to modify its rules governing generation resources physically located outside the PJM region that sell capacity to PJM</i></li> <li>•<i>On May 8, 2017, the NYISO submitted comments in response to Potomac Economics' Section 206 complaint regarding PJM's pseudo-tie requirements for external capacity resources</i></li> <li>•<i>On September 1, 2017, the NYISO submitted a protest in response to PJM's August 11, 2017 filing regarding pseudo-tie requirements for external capacity resources.</i></li> <li>•<i>On November 17, 2017, the FERC issued an Order in Docket No. ER17-1138 accepting many of PJM's proposed pseudo-tie rules, effective May 9, 2017.</i></li> <li>•<i>Discussions between the NYISO and PJM to further consider the matter are ongoing.</i></li> <li>•<i>In a February 5, 2018 order accepting PJM's pro forma pseudo tie agreement, FERC stated that a pseudo-tied resource would have to obtain NYISO's permission to pseudo-tie and NYISO is under no obligation to approve a request that fails to accord with its market design.</i></li> <li>•<i>NYISO considerations regarding PJM pseudo ties were discussed at the April 2, 2018 NYISO-PJM Joint Stakeholder Meeting.</i></li> </ul>	ONGOING

#	Broader Regional Markets Issue	Status
24	<p><b>NYISO/PJM Ramapo PAR Cost Allocation</b></p> <p>The NYISO and PJM have initiated a joint stakeholder process to consider modifying their Joint Operating Agreement (JOA) to include an appropriate cost recovery and sharing mechanism for the purchase, installation, and maintenance of transmission equipment for transmission facilities that provide benefits to both ISOs.</p> <ul style="list-style-type: none"> <li>•NYISO and PJM presented on this topic as part of a joint meeting on March 10, 2017</li> <li>•The NYISO presented a proposal at the April 10, 2017 MIWG meeting for cost recovery under the NYISO tariffs; PJM and the NYISO held a joint meeting to further discuss this issue on April 18, 2017</li> <li>•Stakeholders approved the NYISO’s proposal for Ramapo Phase Angle Regulator cost recovery under the NYISO tariffs at the May 31, 2017 Management Committee meeting</li> <li>•On June 21, 2017, the NYISO filed proposed revisions to OATT Rate Schedule 1 regarding cost recovery for the Ramapo PARs</li> <li>•On September 15, 2017, FERC accepted the NYISO’s proposed revisions to OATT Rate Schedule 1 regarding cost recovery for the Ramapo PARs, as filed by the NYISO on June 21, 2017.</li> <li>•The NYISO is currently in discussions with PJM regarding cost sharing for the replacement of PAR 3500, and plans to conduct a future joint NYISO/PJM stakeholder meeting to further discuss the issue.</li> </ul>	ONGOING
25	<p><b>Ramapo PAR MW Adjustment in the Day-Ahead Market</b></p> <p>Since 2013, the Phase Angle Regulators (PARs) at Ramapo have been operated in real-time to meet a target flow that includes 80% of Rockland Electric Company (RECo) load. To better align the Day-Ahead Market (DAM) and Real-Time Market, the NYISO intends to include a MW adjustment to the Ramapo PARs’ schedule in the DAM related to RECo load deliveries. The Ramapo PAR MW Adjustment in the DAM was implemented beginning with the June 14, 2017 market day.</p>	COMPLETE



#	Broader Regional Markets Issue	Status
26	<p data-bbox="71 78 1006 121"><b>External Capacity Resource Performance and Eligibility</b></p> <p data-bbox="71 142 2216 378">This endeavor will clarify the minimum deliverability requirements for External Capacity into the NYISO ICAP market. The NYISO will also continue to evaluate what, if any, additional performance requirements and obligations are needed for deliverability to the NYCA border for purposes of external resource eligibility to sell capacity into the NYISO. This project will also review the performance requirements for external capacity resources in an effort to seek to ensure these resources are providing reliability value for consumers that is comparable to internal resources.</p> <ul data-bbox="71 392 2216 799" style="list-style-type: none"> <li data-bbox="71 392 2216 485">• <i>At the April 17, 2019 BIC meeting, stakeholders approved the proposal regarding external resource performance in response to a SRE.</i></li> <li data-bbox="71 499 2216 685">• <i>At the May 6, 2019 ICAPWG/MIWG meeting, the NYISO continued stakeholder discussions regarding deliverability requirements for external capacity suppliers as those requirements relate to NY capacity market eligibility. The objective of this effort is to better understand any obstacles preventing external resources from delivering capacity-backed energy to the NYCA border.</i></li> <li data-bbox="71 699 2216 799">• <i>At the May 20, 2019 MC meeting, stakeholders approved the proposal regarding external resource performance in response to a SRE. Pending FERC approval, the proposal is anticipated to become effective during August 2019.</i></li> </ul>	ONGOING

#	Broader Regional Markets Issue	Status
27	<p><b>Investigating Refinements to Locality Exchange Factors</b></p> <p>At the August 22, 2017 ICAPWG meeting, Atlantic Economics presented an alternative approach for calculating Locality Exchange Factors. The NYISO engaged GE to investigate the viability of potential refinements to the current methodology for determining Locality Exchange Factors. The NYISO has been working with GE since 2016 to explore multiple probabilistic techniques and has been unable to identify a viable alternative probabilistic methodology that possesses the desired transparency and stability characteristics, while sustaining reliability. Fundamentally, it appears that GE MARS is not structured to model the impact of a relatively small sale, modeled in significantly more detail than the rest of the system, with any degree of accuracy or stability. The NYISO has become convinced that the stability and transparency of the current approach is preferable to a probabilistic approach. The NYISO has communicated with stakeholders that further work on this effort is unlikely to yield an implementable methodology and continued investigation of a probabilistic approach is not warranted at this time.</p>	COMPLETE
28	<p><b>New Jersey BPU Complaint</b></p> <p>On December 22, 2017, the New Jersey Board of Public Utilities filed a complaint with FERC against PJM, NYISO, Con Edison, Linden VFT, Hudson Transmission Partners (“HTP”) and NYPA. The complaint challenged PJM’s and NYISO’s implementation of the mutual benefits provisions of their Joint Operating Agreement (“JOA”) and requested amendments to the JOA to impose charges. On February 23, 2018, the NYISO filed an answer to the NJBPU Complaint. On May 24, 2018, FERC issued an order denying the complaint filed by the NJBPU. The Commission found that since the Bergen-Linden Corridor Project was planned by PJM, and without a voluntary commitment to share cost responsibility by NYISO, it is just and reasonable for the costs of the project to be allocated solely within PJM. FERC’s Order stated that the Commission found none of the NJBPU’s claims to be persuasive.</p>	COMPLETE

#	Broader Regional Markets Issue	Status
29	<p><b>PSE&amp;G Complaint Against Con Edison regarding the B and C Lines</b></p> <p>On May 3, 2018, Public Service Electric and Gas Company (PSE&amp;G) filed a Complaint against Consolidated Edison Company of New York, Inc. (Con Edison) concerning two transmission lines, B3402 Hudson-to-Farragut (“B line”) and C3403 Marion-to-Farragut (“C line”). PSE&amp;G alleges that underwater portions of the lines may have been permanently damaged, and should be removed; however, the Complaint acknowledged that a prior leak in the B line has been repaired. On June 6, 2018, the NYISO filed a protest with FERC indicating that removal of the B and C lines would undermine resilience in both New Jersey and New York. On September 6, 2018, FERC issued an order dismissing PSE&amp;G’s Complaint. FERC determined that it did not have exclusive jurisdiction over the dispute raised in the Complaint, and declined to exercise primary jurisdiction over the matter.</p>	COMPLETE
30	<p><b>IPPNY Complaint</b></p> <p>On July 31, 2018, the Independent Power Producer’s of New York (IPPNY) filed a complaint with FERC requesting that the Commission direct the NYISO to not allow resources in the PJM market to sell ICAP into Zone J using certain UDR facilities.</p> <ul style="list-style-type: none"> <li>On August 20, 2018 the NYISO filed an answer to the IPPNY Complaint with FERC, requesting that the Commission deny the Complaint. IPPNY incorrectly assumes that transactions across the Zone J Merchant Transmission Facilities would be subject to curtailment on the same basis as non-firm service within PJM, and IPPNY has not shown that transactions across the Zone J Merchant Transmission Facilities are no longer deliverable to the NYCA interface.</li> <li>On September 20, 2018 the NYISO filed an answer to IPPNY’s September 5, 2018 answer. The NYISO argued that IPPNY, in its answer, inappropriately applied previous FERC proceedings to the issue at hand, and attempted to incorrectly characterize an earlier FERC ruling.</li> </ul>	ONGOING

#	Broader Regional Markets Issue	Status
31	<p><b>NYISO and PJM JOA Waiver Request</b></p> <p>On September 17, 2018, the NYISO and PJM filed with FERC a joint request for waiver of the Joint Operating Agreement (JOA) to permit the RTOs to add the East Towanda – Hillside Tie Line as an Market-to-Market (“M2M”) Flowgate. The requested waivers enable PJM to conduct redispatch operations to control flows to the more restrictive rating on the NYISO side of the East Towanda–Hillside Tie Line without violating the PJM Tariff, for a limited period of time, while NYISO and PJM work to develop a permanent solution.</p> <ul style="list-style-type: none"> <li><i>The NYISO and PJM jointly responded to one stakeholder protest, and are currently awaiting a FERC decision on this issue.</i></li> <li><i>On November 19, 2018, FERC issued an order granting the requested waiver.</i></li> <li><i>On February 19, 2019, the NYISO filed its first quarterly report with FERC addressing progress made toward developing revisions to the JOA to address the East Towanda – Hillside Tie Line.</i></li> <li><i>At the April 10, 2019 ICAPWG/MIWG meeting, the NYISO presented proposed revisions to the NYISO-PJM JOA to address coordination on flowgates similar to the East Towanda – Hillside Tie Line.</i></li> <li><i>At the May 13, 2019 BIC and May 20, 2019 MC meeting, stakeholders approved revisions to the NYISO-PJM JOA to address coordination on flowgates similar to the East Towanda – Hillside Tie Line.</i></li> </ul>	ONGOING

# The Mission of the New York Independent System Operator is to:

- Serve the public interest and
- Provide benefit to stakeholders by
  - Maintaining and enhancing regional reliability
  - Operating open, fair and competitive wholesale electricity markets
  - Planning the power system for the future
  - Providing factual information to policy makers, stakeholders and investors in the power system



[www.nyiso.com](http://www.nyiso.com)

DRAFT – FOR DISCUSSION PURPOSES ONLY

