

Short-Term Reliability Process & Other Proposed Reliability Planning Process Tariff Language Changes

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Background

- **At the September 23, 2019 ESPWG/TPAS the NYISO discussed with stakeholders ‘concepts’ regarding a proposed, new Short-Term Reliability Process (STRP) including, among other topics:**
 - Improved management of workload for the NYISO and Transmission Owners
 - Opportunity to address Short-Term Reliability Process Needs beyond those that arise from generator deactivations
- **At the October 23, 2019 ESPWG/TPAS the NYISO presented to stakeholders proposed revisions to OATT Section 38 to implement the proposals for the STRP and other proposed changes to Attachment FF**
- **At the November 1, 2019 ESPWG/TPAS the NYISO presented proposed tariff language changes for the STRP to OATT Section 31 (Attachment Y), OATT Section 6 (Rate Schedules 10 and 14), and MST Section 15 (Rate Schedule 8)**
- **The purpose of this presentation is to present and respond to stakeholder questions and comments regarding additional proposed tariff language changes for the STRP to OATT Section 38 (Attachment FF) and Rate Schedule 16, and to MST Sections 5.12, 5.14, 5.18, 23.4.5, 23.6 and 30.4.**

Changes to OATT Section 38.1

■ Definitions

- Added definition for Reliability Planning Process that references to OATT Section 31.1.1 of Attachment Y of the ISO OATT
- Removed the definition “Generator Deactivation Process”
 - Related to addition of defined term “Short Term Reliability Process”

Changes to OATT Section 38.2

- **Updated initial paragraph in response to stakeholder comments**
 - The STAR will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders
 - Locations that previously stated “ISO Procedures” are now expanded to state “ISO Procedures for the Reliability Planning Process” (OATT 38.2, OATT 38.3.5.1)
- **For the purposes of ensuring the reliability of the system, the NYISO is proposing to expand the Generator deactivation rules to apply to non-Market Participants that possess ultimate authority to decide whether/when to deactivate a Generator**
 - If the Market Participant that administers a Generator’s participation in the ISO Administered Markets is a different entity than the entity that possesses the ultimate decision-making authority concerning the deactivation, retirement and/or repair of a Generator, then (i) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or repair of the Generator must agree, as part of the registration of the Generator with the ISO for participation in the ISO Administered Markets, that it will be subject to and comply with the requirements of this Attachment FF and the outage state rules set forth in Section 5.18 of the ISO Services Tariff, and (ii) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or repair of the Generator shall, along with the Market Participant, be subject to all of the requirements in this Attachment FF and Section 5.18 of the ISO Services Tariff that apply to a Market Participant, a Market Party, a Generator Owner, or to a Generator

Changes to OATT Section 38.3

- **OATT 38.3.6.2.3 revised to state that the NYISO will publicly post any written comment that the ISO receives regarding its determination of a Near-Term Reliability Need on its website**
 - This proposed change better aligns NYISO's Tariff rules with FERC's October 17, 2019 Order initiating a 206 proceeding

Changes to OATT 38.4

- **OATT 38.4.2.5 revisions add obligations from the RNA to conform with FERC Order No. 1000 principles for the consideration of Interregional Transmission Projects**
 - If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then for purposes of Sections 38.4.2.1, 38.4.2.2, and 38.4.2.4 of this Attachment FF, an Interregional Transmission Project (as defined in Section 31.1.1 of the ISO OATT), may be proposed as a Short-Term Reliability Process Solution. Interregional Transmission Projects proposed as Short-term Reliability Process Solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of this Attachment FF, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol (defined in Section 31.1.1 of the OATT)
- **OATT 38.4.7 – Including Identified Short Term Reliability Process Solutions in Subsequent STARs and Generator Deactivation Assessments**
 - In response to stakeholder questions at the 10/23 ESPWG, the ISO reviewed the Reliability Planning Process Manual and determined that the only updates that need to be made to the Manual are to replace the term “Generator Deactivation Process” with “Short-Term Reliability Process” and to selectively replace the term “Generator Deactivation Reliability Need” with “Short-Term Reliability Process Need”

Changes to OATT 38.6

- **OATT 38.6.3 – Viability and Sufficiency Evaluation of Proposed Short-Term Reliability Process Solutions and Monitoring of Selected Short-Term Reliability Process Solutions**
 - Added text to this section to broaden the monitoring requirement to clearly apply to both market-based and regulated solutions
 - The ISO will monitor the development of all Short-Term Reliability Process Solutions, to confirm that they continue to develop consistent with the conditions, actions, or schedules for the projects in accordance with ISO Procedures
 - ISO Procedures for monitoring are currently found in Section 9 of the Reliability Planning Process Manual

Changes to OATT 38.10

- **OATT 38.10.2.1.1 update includes obligations from the RNA for conformance with FERC Order No. 1000 principles**
 - If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then the ISO shall, in performing its evaluation of transmission solutions that are proposed as Short-Term Reliability Process Solution, do so consistent with the following tariff requirements from Attachment Y of the ISO OATT: Sections 31.2.2.7 (Consequences for Other Regions), 31.2.6.3 (Evaluation of System Impact of Proposed Regulated Transmission Solution), and 31.2.6.4 (Evaluation of Regional Transmission Solutions to Address Local and Regional Reliability Needs More Efficiently or More Cost Effectively than Local Transmission Solutions)
- **OATT 38.10.5 update includes obligations from the RNA for conformance with FERC Order No. 1000 principles**
 - The ISO shall post on its website a list of all Developers that have undertaken a commitment to the ISO to build a project (which may be a regulated backstop solution, market-based response or alternative regulated response) that was selected as a Short-Term Reliability Process Solution New language to conform the STRP with Order No. 1000 requirements.
 - The parallel Reliability Planning Process requirement is in OATT Section 31.2.7.5

Changes to OATT 38.12

- **OATT 38.12.4.3 – Process for addressing the inability of a Developer to complete a selected transmission Short-Term Reliability Process solution was enhanced to allow some flexibility to the NYISO to respond when a developer is not able to timely complete a solution**
 - If the ISO determines that it must identify a solution to the Short-Term Reliability Process Need prior to the next planning cycle of the biennial Reliability Planning Process, the ISO may take one or more of the following actions to address a Short-Term Reliability Process Need based on the particular circumstances: (i) address the Short-Term Reliability Process Need [in the next Short-Term Reliability Process](#), (ii) [address the Short-Term Reliability Process Need](#) as an immediate reliability need pursuant to Section 38.3.4, (iii) direct the Developer to continue with the development of its Short-Term Reliability Process Solution for completion beyond the in-service date required to address the Short-Term Reliability Process Need, or (iv) request that the Responsible Transmission Owner complete the selected Short-Term Reliability Process Solution if it is an alternative transmission Short-Term Reliability Process Solution.

Changes to OATT 38.14

■ OATT 38.14.2.1

- The ISO revised the proposed allocation methodology it presented on 10/23 as follows:
 - ISO STRP Costs – the total, actual costs incurred by the ISO to perform its responsibilities under this Section 38, including but not limited to the ISO’s cost of using contractors, shall be assigned in equally divided portions to the ISO and to each Initiating Generator that had the reliability impacts of its deactivation studied in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the total ISO costs assigned to the relevant Generator.
 - Responsible Transmission Owner STRP Costs – the total, actual costs incurred by each Responsible Transmission Owner to perform its responsibilities under this Section 38, including but not limited to that Transmission Owner’s cost of using contractors, shall be assigned in equally divided portions to each Initiating Generator that had the reliability impacts of its deactivation studied by that Transmission Owner in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the Transmission Owner’s costs assigned to the relevant Generator.

- **In response to a stakeholder question at the 10/23 ESPWG, historic amounts recovered from Generators that rescinded their Generator Deactivation Notices has ranged from approximately \$25,000 to approximately \$75,000 per Generator**

Changes to OATT 38.22 – 38.23

- **Added language that the NYISO will follow the FERC Order No. 1000 Regional Cost Allocation Principles**
 - The ISO shall implement the specific cost allocation methodology set forth in this Section 38.22 of this Attachment FF in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1 of Attachment Y
- **Added language addressing the costs of an Interregional Transmission Project**
 - The regional cost allocation formula is applicable to the ISO's share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to an identified Short Term Reliability Process Need in accordance with Section 38.4.2.5 of Attachment FF
- **OATT 38.22.4 – Local Transmission Security Cost Allocation**
 - Added language to reflect that the local transmission security step will only apply for the allocation of costs of a Short-Term Reliability Process Solution to a Generator Deactivation Reliability Need
- **Other edits based on changes to defined terms**

Changes to OATT 6.16

- **Schedule 16 - Rate Mechanism for the Recovery of the Short-Term Reliability Process Facilities Charge (“STRPFC”) for a Regulated Transmission Solution in the Short-Term Reliability Process.**
 - Added language to refer to Short-Term Reliability Process and related defined terms
 - Added language to include Interregional Transmission Projects proposed pursuant to ISO OATT Section 38.4.2.5 and selected by the ISO pursuant to Section 38.10 of the ISO OATT

Changes to MST 5.18 (Generator Outage States)

- Added requirements similar to the proposed revisions in OATT 38.2 to expand the rules to include non-Market Participants that possess ultimate authority to decide whether/when to place a Generator in an outage, or to repair and return a Generator

Changes to MST 5.12

- **5.12.4 – Due to the expanded definition of an Interim Service Provider (ISP), added language limiting existing Tariff obligations to only apply to ISPs that are “required to keep [their] generating unit(s) in service”**
 - An Interim Service Provider that is required to keep its generating unit(s) in service shall not enter into any new agreement or extend any other agreement that limits its ability to provide Energy, Capacity, or Ancillary Services directly to the ISO Administered Markets or otherwise meet its obligations as an Interim Service Provider

Changes to MST 5.14

- **5.14.1.1 – Due to the expanded definition of an Interim Service Provider, added language limiting existing Tariff obligations to only apply to ISPs that are “required to keep [their] generating unit(s) in service” in several places**
 - pertaining to the requirement of an Interim Service Provider that is required to keep their generating unit(s) in service to offer all of its UCAP at \$0.00/kW-month into the ICAP Spot Market Auction

Changes to MST 23.4.5.6

■ Edits based on changes to defined terms

- Any instance of “Generator Deactivation Process” was replaced by “Short-Term Reliability Process”
- Any instance of “Generator Deactivation Assessment” was replaced by “Short-Term Assessment of Reliability”

Changes to MST 23.4.5.7

- **Due to the expanded definition of an Interim Service Provider (ISP), added language specifying existing Tariff rules only apply to ISPs that are required to keep their generating unit(s) in service**
 - Offer Floors shall also cease to apply for the period an Installed Capacity Supplier is an Interim Service Provider if its generating unit(s) are required to remain in-service but only in the amount of its ISP UCAP MW, or an RMR Generator in which case the Installed Capacity Supplier's offers of UCAP shall be as set forth in Section 23.4.5.7.12.
 - 23.4.5.7.12 – An Interim Service Provider that is required to keep its generating unit(s) in-service and that has UCAP subject to an Offer Floor shall offer all ISP UCAP MW in each ICAP Spot Market Auction at \$0.00/kW-month. For an RMR Generator that has UCAP subject to an Offer Floor, the UCAP subject to the Offer Floor shall be offered at \$0.00/kW-month.

Changes to MST 23.4.5.7.15.7

- Based on changes to defined terms, “Generator Deactivation Reliability Need” was replaced with “Short-Term Reliability Need”
- Based on changes to defined terms, “Generator Deactivation Solution” was replaced with “Short-Term Reliability Process Solution”
- **Excluded Units include Generators that have submitted a Generation Deactivation Notice, for which the ISO has not yet completed its Short-Term Assessment of Reliability**
 - 23.4.5.7.15.7.1 – Generators that have submitted a Generation Deactivation Notice, for which the ISO has not yet completed its Short-Term Assessment of Reliability or Generation Deactivation Assessment, shall not be identified by the ISO as Excluded Units, unless there is publicly available information demonstrating with reasonable certainty that the Generator or UDR project will indefinitely cease operation.
- **Clarified that an Interim Service Provider that is required to keep its generating unit(s) in service shall be included in Existing Units for the duration of the Short-Term Reliability Process Need**
 - 23.4.5.7.15.7.2 – Initiating Generators with an associated Generator Deactivation Reliability Need for which a Short-Term Reliability Process Solution has not yet been identified, RMR Generators, and Interim Service Providers that are required to keep their generating unit(s) in-service, shall be included in Existing Units for the expected duration of such Generator Deactivation Reliability Need with which they are associated. Such Generators shall also be included in Existing Units beyond the expected duration of the Generator Deactivation Reliability Need if either: (a) the ISO determines, in its sole judgment, that a return to service or continued operation of the Generator has a positive Net Present Value as set forth in Section 23.4.5.7.15.8, or (b) there is publicly available information demonstrating with reasonable certainty that the Generator will continue operation.

Changes to MST 23.6

- **Due to the expanded definition of an Interim Service Provider, added language to clarify that the rules in this section that address Interim Service Providers only apply to Interim Service Providers that are required to keep their generating unit(s) in service.**
 - The rules in this Section 23.6 that address Interim Service Providers apply to Interim Service Providers that are required to keep generating unit(s) in service.
 - Interim Service Providers that are only required to keep their step-up transformer(s) and/or other system protection equipment in service are not subject to the bidding, reference level development, or mitigation provisions of this Section 23.6, but may be evaluated by the ISO for possible physical withholding and may be assessed a financial penalty for physical withholding in accordance with these Market Mitigation Measures if the Market Party fails to keep the step-up transformer(s) and/or other system protection equipment that the ISO designates in service.
- **“Reliability Need” was specified as “Short-Term Reliability Process Need”**

Changes to MST 30.4

- **In order to limit application of the rule to only apply to Interim Service Providers that are required to keep their generating units in service, added language stating that only a Generator that is required to comply with the bidding requirements in Section 30.6 of the ISO Services Tariff is subject to the rule**
 - 30.4.6.2.14 – If a new operating constraint arises while a Generator that is required to comply with the bidding requirements in Section 30.6 of the ISO Services Tariff is an Interim Service Provider that prevents the Market Party from offering all or a portion of the Generator’s capability via an ISO-committed flexible Bid, the Market Party shall promptly inform the ISO of the change, shall provide all documentation requested by the ISO or by the Market Monitoring Unit, and shall permit the ISO and/or the Market Monitoring Unit to inspect the affected Generator (including all requested plant records) on five days prior notice. See Market Mitigation Measures Section 23.6.1.1.3.

Next Steps

- Presentation of additional Tariff language at November 18 TPAS/ESPWG
- Please submit questions/comments to kburrell@nyiso.com by November 8th

Questions?

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- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system

