

# Competitive Entry Exemption Proposals:

- **Additional CRIS**
  - **Non-Qualifying Contract Rule Change**
- 

Jonathan Newton

Senior ICAP Mitigation Analyst, Market Mitigation & Analysis

**Business Issues Committee**

November 6, 2019, NYISO

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2019. ALL RIGHTS RESERVED



# Agenda

- **Background**
- **Meeting Objective**
- **NYISO's Proposals**
  - **CEE for Additional CRIS**
  - **CEE Non-Qualifying Contract Rule Proposal**
- **Additional NYISO Proposal to enhance CEE rules**
  - **Consequences of withdrawing CEE request or providing False, and Misleading Information**
- **Tariff Language**
- **Next Steps**

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2019. ALL RIGHTS RESERVED

# Background

Date	Working Group	Discussion points and links to materials
07-18-18	ICAP Working Group (ICAPWG)	The NYISO discussed the application of <a href="#">CEE to Additional CRIS</a> and solicited stakeholder input on design considerations
09-12-18	ICAPWG	<a href="#">CEE for Additional CRIS</a> <ul style="list-style-type: none"> <li>• Feedback on design considerations at 7/18/18 ICAPWG</li> <li>• Market Design Concept Proposal</li> </ul>
11-16-18	ICAPWG	<a href="#">CEE for Additional CRIS</a> <ul style="list-style-type: none"> <li>• Review of Proposed Tariff Revisions</li> </ul>
03-04-19	ICAPWG	<a href="#">CEE for Additional CRIS</a> <ul style="list-style-type: none"> <li>• Review of incremental changes to the revisions presented at the 11/16/18 ICAPWG</li> <li>• NYISO proposed tariff changes to consequences for withdrawing CEE request or providing false and misleading information</li> </ul>
05-09-19	ICAPWG	<a href="#">CEE Non-Qualifying Contract Rule Review (Repowering Project)</a> <ul style="list-style-type: none"> <li>• Presentation on Market Design Concept</li> </ul>
06-24-19	ICAPWG	<a href="#">CEE Non-Qualifying Contract Rule Review</a> <ul style="list-style-type: none"> <li>• Feedback on Design Concept from 5/9/19 ICAPWG</li> <li>• Preliminary Market Design Proposal</li> </ul>
08-02-19	ICAPWG	<a href="#">CEE Non-Qualifying Contract Rule Review</a> <ul style="list-style-type: none"> <li>• Market Design Proposal</li> </ul>

# Background

Date	Working Group	Discussion points and links to materials
09-20-19	ICAPWG	<a href="#">CEE Proposals</a> <ul style="list-style-type: none"><li>• Review Proposed Tariff Revisions</li></ul>
10-11-19	ICAPWG	<a href="#">CEE Proposals</a> <ul style="list-style-type: none"><li>• Review Proposed Incremental Tariff Revisions</li></ul>
10-28-19	ICAPWG	<a href="#">CEE Proposals</a> <ul style="list-style-type: none"><li>• Review Proposed Incremental Tariff Revisions</li></ul>
11-01-19	ICAPWG	<a href="#">CEE Proposals</a> <ul style="list-style-type: none"><li>• Review Proposed Incremental Tariff Revisions</li></ul>

DRAFT – FOR DISCUSSION PURPOSES ONLY

# Meeting Objective

- Review NYISO proposals and proposed tariff revisions to enhance the Competitive Entry Exemption rules
- Ensure that proposals address the following objectives:
  - Make CEE available to Additional CRIS MW in a manner consistent with the underlying rationale for CEE
  - Modify market rules in a way that could facilitate the repowering and replacement of existing generators by allowing existing portfolio owners that have entered into competitive short term hedging contracts to qualify for the CEE

# NYISO Proposals – Transition to CY2019

- **NYISO intends to make the proposed rules effective for CY19**
  - For Class Year 2019, The NYISO proposes that requests for CEE may be submitted after the deadline specified in of Section 23.4.5.7.9.3.2 of the Services Tariff for 15 calendar days after the Commission issues an order accepting

## Pending BSM Tariff Language Currently Under Protest at FERC

- The tariff filing will be drafted using base tariff language in accordance with NYISO practice that includes language that is pending before the Commission because it was previously filed with a proposed effective date that falls prior to the effective date proposed for the instant filing. This pending language, however, will not become effective without FERC first accepting it as part of its action on the filing that initially sponsored that language.
- Stakeholder support for the overall market design changes shall not be construed by the NYISO as modifying previous stakeholder objections to the language highlighted within the redlined changes in Services Tariff Sections 23.2.1, 23.4.5.7.13.1 and 23.4.5.7.13.4.2. To the extent that such proposed tariff language is filed with FERC under FPA Section 205, the NYISO will note that stakeholder support for the filing should not be understood as waiving or abandoning pending protests concerning the highlighted language.

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2019. ALL RIGHTS RESERVED

# CEE for Additional CRIS

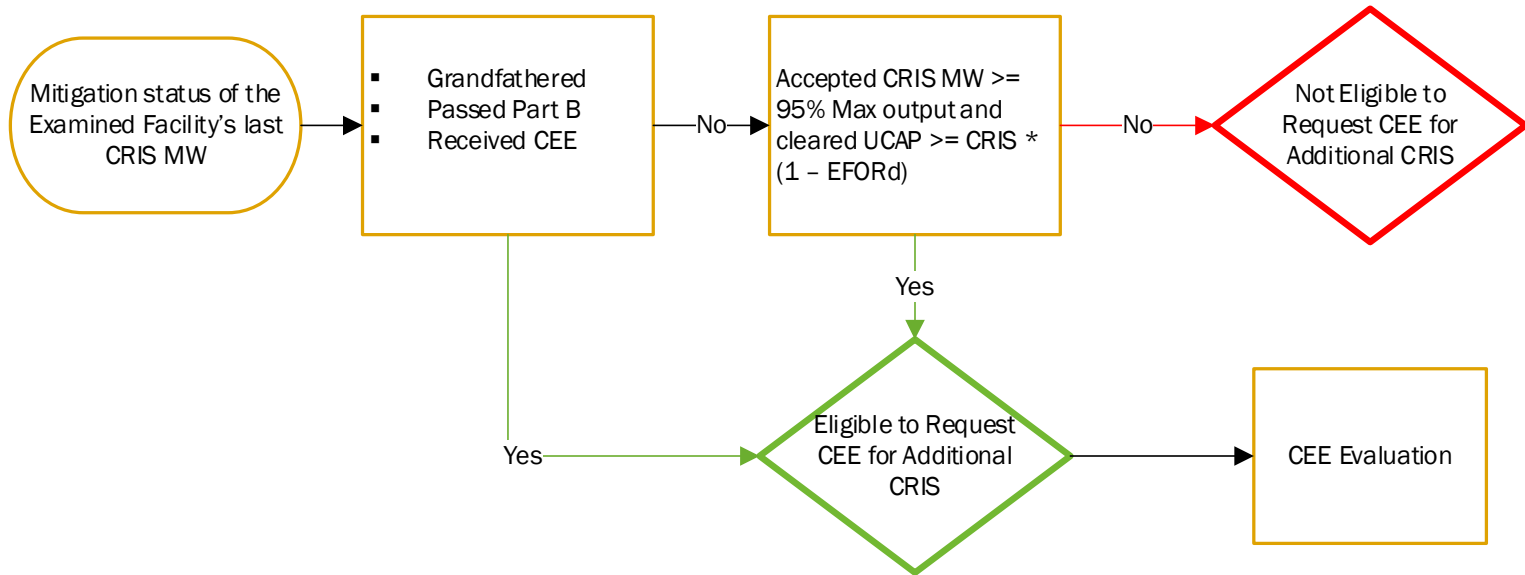


# Review of NYISO's Design Proposal

- The NYISO has proposed to establish eligibility criteria based on the mitigation status of existing CRIS MW. The proposed criteria would consider an Examined Facility to be eligible to request CEE for Additional CRIS MW if the Examined Facility:
  - 1) Was originally exempted from mitigation because it was “Grandfathered” (i.e.; exempt CRIS MW received prior to November 27, 2010, or existed or had Commenced Construction in a MCZ before MCZ was proposed)
  - 2) Was determined to be exempt under the Part B (Unit Net CONE) test;
  - 3) Was determined to be exempt under CEE; or
  - 4) (a) Accepted CRIS MW  $\geq 95\%$  Max output and (b) cleared UCAP  $\geq$  CRIS \* (1-EFORd)

# Review of NYSO's Design Proposal Cont'd

The criteria presented below is consistent with existing rules for calculating Unit Net CONE of Additional CRIS MW for use in the exemption analysis:



DRAFT – FOR DISCUSSION PURPOSES ONLY

# Continuing Obligations for Eligibility

- The NYISO proposes to require that the Additional CRIS projects maintain compliance with the CEE obligations until the later of (a) the project demonstrates increased output (i.e., through DMNC test for Generators and an increase in total transfer capability at the interface for UDRs) as a result of the uprate associated with the Additional CRIS MW; and (b) the Class Year or the transferred CRIS at the same location is completed.
  - Prevents projects from having a non-qualifying contractual relationship prior to entering market
  - Confirms the increased output associated with the Additional CRIS MW
  - Provides consistency with existing rules
    - New Generators and UDR projects have similar on-going requirement to maintain eligibility for CEE
    - Generators are required to demonstrate capability through DMNC to qualify as an ICAP supplier
    - The amount of UDRs assigned by the NYISO are based on criteria defined in the NYISO ICAP Manual

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2019. ALL RIGHTS RESERVED

# CEE Non-Qualifying Contract Rule Proposal

# Review of NYISO's Design Proposal

- **Modify CEE rules to allow certain, limited-term contracts that were obtained through open, competitive, non-discriminatory processes**
- **The NYISO's proposes the following criteria to determine if a contract was awarded in a manner that met those standards:**
  - **Maximum term of the contract is three years**
  - **Both new and existing resources can satisfy the requirements of the procurement process**
  - **The selection process does not give preference to new resources**
  - **The process does not use indirect means to discriminate against existing capacity**
  - **The requirements are fully objective and transparent**
  - **Contract awards are determined based on lowest offers received from qualified bidders**
  - **The terms do not restrict the technology of the resources that may participate in and satisfy the requirements of the contract**

DRAFT – FOR DISCUSSION PURPOSES ONLY

# Review of Terms and Selection Determination

- The NYISO proposes the following design concept to ensure the process meets tariff-specified criteria for an open, competitive, and non-discriminatory:
  - The NYISO would require complete transparency of the solicitation terms
    - The NYISO would review the solicitation to ensure it meets the tariff-specified criteria
      - For new solicitations not yet issued, the NYISO could provide an ex-ante pre-approval of the solicitation
  - Additionally, the entity issuing the contract will be required to certify that the selection determination meets the solicitation criteria
    - This would be in addition to certifications currently required for resources requesting CEE

DRAFT – FOR DISCUSSION PURPOSES ONLY



# Additional NYISO Proposal to Enhance the Competitive Entry Exemption Rules

Consequences of withdrawing CEE request or providing False, and Misleading Information

# NYISO's Proposal

- **Modify the existing CEE rules so that an Examined Facility that a) wishes to withdraw its request, or b) provides false and misleading information, will remain eligible for Part A & B tests.**
  - Currently, such Examined Facilities would be subject to Mitigation Net CONE Offer Floor



# NYISO's Proposal Cont'd

- **Modify the existing CEE rules so that an Examined Facility that provides false and misleading information will be ineligible for CEE in the current Class Year or any future Class Year**
  - This adds that a project will remain ineligible for CEE in future Class Years to the existing rules
- **Maintain the existing CEE rules that an Examined Facility that provides false and misleading information will be Reported to MMU and FERC**

DRAFT – FOR DISCUSSION PURPOSES ONLY

# NYISO's Proposal Cont'd

- If a CEE was granted based on false, misleading, or inaccurate information, the NYISO may:
  - a) Revoke the CEE
    - i. No change from existing rules
  - b) Shall be reported to MMU and FERC, and
    - i. No change from existing rules
  - c) Apply the lesser of Unit Net CONE and Mitigation Net CONE Offer Floor only if project did not pass Part A or Part B tests

# Next Steps

# Next Steps

## ■ Anticipated Schedule Going Forward

- November 20: Management Committee Vote
- December 17: Board of Directors Vote
- December 20: Section 205 Filing with FERC
- February 16: FERC Order

# Feedback?

- Email additional feedback to: [jnewton@nyiso.com](mailto:jnewton@nyiso.com)

# Questions?

# The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers 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

©COPYRIGHT NYISO 2019. ALL RIGHTS RESERVED