

Short-Term Reliability Process and Other Proposed Reliability Planning Process Tariff Language Changes, and Proposed Revisions to Generator Registration Requirements

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Summary of Proposed Changes

- **The NYISO proposes to create a Short-Term Reliability Process (STRP) to evaluate and address reliability impacts resulting from both Generator Deactivation Reliability Needs and other Reliability Needs on the Bulk Power Transmission Facilities (BPTF) that are identified in a quarterly Short-Term Assessment of Reliability (STAR) study**
 - The STRP will enable the NYISO to respond to changes on the system in a timely fashion while providing a better structure than the *ad-hoc* Generator Deactivation Process to address observed needs. The STRP will also improve management of workload for the NYISO and Responsible Transmission Owners
- **Implementing the proposed changes requires revisions to the ISO OATT (primarily to Sections 31, 38 and OATT Rate Schedules 10, 14 and 16), and to the Market Services Tariff (primarily Sections 5.18, 23.4, 23.6 and Rate Schedule 8).**
- **However, much of the existing tariff language in the affected sections will remain the same**

Summary of Proposed Changes, cont.

■ Related tariff changes would:

- Expand the Generator deactivation rules to apply to non-Market Participants that possess the ultimate authority to decide whether/when to deactivate a Generator
 - These proposed revisions require changes to the Generator Registration Documents and the creation of a new Responsible Generator Party (RGP) Certification
- Include a *de minimis* threshold of 1 MW to excuse Generators that have a nameplate rating that is 1 MW or less from the obligation to comply with the Generator deactivation rules in the STRP before they are permitted to deactivate

■ Many changes in the Tariff revisions add or substitute defined terms in OATT Sections 38.1 and 31.1

- *E.g.*, Reliability Planning Process, Short-Term Reliability Planning Process, Short-Term Reliability Process Need, Short-Term Reliability Process Solution

Background

- **At the September 6 and 23, 2019 ESPWG/TPAS the NYISO discussed concepts regarding the STRP including:**
 - Improved management of workload for the NYISO and Transmission Owners
 - Opportunity to address STRP Needs beyond those that arise from generator deactivations
- **Presentation of Tariff language at several ESPWG/TPAS/MIWG meetings including October 23, November 1, November 4, November 13, November 18, and December 4**
- **BIC and OC reviewed the proposed tariff changes on December 11-12**

Short-Term Reliability Process

Generator Deactivation Requirements

- **The requirements for an Initiating Generator seeking to Retire or enter into Mothball outage are mostly the same as in the existing Generator Deactivation Process (38.3.1) with the following revisions:**
 - The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run on the date the ISO commences the next STAR after the notice is deemed complete (38.3.1.1, 38.3.1.4)
 - A 1 MW *de minimis* threshold to excuse Generators that have a nameplate rating that is 1 MW or less from the obligation to comply with the Generator deactivation rules in the STRP before they are permitted to deactivate (38.1, 38.2, 38.3, 38.24)
- **The requirements for an Initiating Generator that enters ICAP Ineligible Forced Outage (IIFO) have been modified to allow options for when the NYISO and Responsible Transmission Owner will perform the assessment, including (38.3.2):**
 - Immediately (as a stand-alone assessment), or
 - Assessing the IIFO generator in the ongoing STAR (if practicable), or
 - Wait until the next STAR

Short-Term Assessment of Reliability

- **Each STRP starts with a quarterly STAR to assess for STRP Needs (38.2, 38.3.5)**
 - STARs are performed on a quarterly basis and each STAR looks out five years from its start date (38.1, 38.2, 38.3.5)
 - All Generators that submitted complete Generator Deactivation Notices since the last STAR was initiated are included in the STAR
 - Many aspects of a STAR are similar to the Generator Deactivation Assessments NYISO presently conducts, including the models that are used, reviewing the modeling assumptions with stakeholders, and performing the assessments in coordination with the Responsible Transmission Owner(s)
- **The STRP concludes if:**
 - The STAR does not identify a STRP Need or states that a STRP Need will be address in the Reliability Planning Process (38.3.5)
 - There are adequate Viable and Sufficient market-based or demand response STRP Solutions to satisfy completely the identified STRP Need (38.6.2)
- **Once the STRP is implemented, the RPP will focus on Years 4–10 of the Study Period (OATT Section 31.1)**
 - The STRP and the longer term Reliability Planning Process (RPP) will include an overlap in assessing years 4-5 of the current Study Period

Near-Term Reliability Needs

- Existing OATT Section 38.3.6 permits the NYISO to solicit a regulated, non-generation Generator Deactivation Solution solely from the Responsible Transmission Owner for Near-Term Reliability Needs when the NYISO determines that it is necessary to do so (38.3.6)
- The proposed revisions addressing Near-Term Reliability Needs has been expanded to include (38.3.6):
 - The ability to solicit regulated, non-generation STRP Solutions solely from a Responsible Transmission Owner for STRP Needs that are Near-Term Reliability Needs
 - The public posting of written comments that the NYISO receives on its web site regarding the decision to solicit a regulated, non-generation STRP Solution solely from a Responsible Transmission Owner (38.3.6.2.3)
- If the Responsible Transmission Owner transmission solution is selected in response to a Near-Term Reliability Need then (38.10.5):
 - A preliminary written determination of the proposed solution selection and reasons for the selection will be posted in the NYISO website and be presented to stakeholders, allowing time for comment
 - The NYISO will consider stakeholder comments before making its final selection in the STRP Report NYISO issues
 - Written stakeholder comments will be posted on the NYISO's website

Solicitation for Solutions/STRP vs RPP

- **If the NYISO determines in its STAR that a STRP Need should be addressed in the STRP, then the NYISO shall solicit STRP Solutions to address the need (38.4)**
 - One solicitation would be issued seeking solutions to *all* of the STRP Needs identified in a STAR (38.4.1)
 - A broad range of market-based and Generator solutions can be offered to address any STRP Need (38.4, 38.5)
- **STRP Needs that arise within three years of the later of (a) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (b) the posting of a completed STAR for other Reliability Needs on the BPTF will be addressed via the STRP (38.2)**
- **STRP Needs that arise more than three years after the later of (x) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (y) the posting of a completed STAR for other Reliability Needs on the BPTF, will only be addressed using the STRP if an identified Reliability Need cannot timely be addressed through the Reliability Planning Process (38.2)**
 - However, if the STAR identifies a non-BPTF Generator Deactivation Reliability Need that arises more than three years after the conclusion of the 365 day prior notice period, that need will be addressed in the STRP (38.10.1.2)

Changes in Scope, Scale or Nature of a STRP Need

- **Identified STRP Needs will continue to be included in subsequent STARs to identify possible changes in scope, scale or nature of the need (38.4.7)**
 - If a material change to an STRP Need is observed in a subsequent STAR and the NYISO has already solicited solutions, then the NYISO may (38.4.8):
 - Select one or more of the proposed solutions that fully address the changed need, (38.4.8.1) or
 - Reject all of the received proposals, withdraw the solution solicitation, return all fees and deposits received to Developers (except for monies owed to third-party contractors), and issue a new solicitation, (38.4.8.1) or
 - Select one or more of the proposed solutions that partially address the changed need and issue a new, additional solicitation covering only the unaddressed incremental need (38.4.8.1)
- **Solutions to STRP Needs will be included in subsequent STARs when they satisfy the inclusion rules set forth in the ISO procedures for the Reliability Planning Process (38.4.7.2)**
- **The NYISO is also proposing to add the ability to halt a solution it selected when the scope, scale, or nature of an STRP Need changes (38.15.1)**

Revisions to the Solution Selection Process

- **If a STRP Need is not a Generator Deactivation Reliability Need or a Near-Term Reliability Need, and the need is addressed in the STRP, then:**
 - The NYISO evaluation will include obligations ported from the RNA to conform with FERC Order No. 1000 principles (38.10.2.1.1) including
 - 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)
 - Interested parties may invoke the Dispute Resolution Procedure set forth in Section 11 of the ISO Services Tariff to resolve any disputes (38.10.2.1.1)

Short-Term Reliability Process Report

- If the STRP has been concluded because there are adequate market-based or demand response STRP Solutions to satisfy completely the Short-Term Reliability Need, then the NYISO shall present the results of the viability and sufficiency assessment to interested parties as part of the STRP Report (38.6.2)
- If a STRP Need is not a Generator Deactivation Reliability Need or a Near-Term Reliability Need, the need is addressed in the STRP and the NYISO is selecting among proposed transmission solutions, then the NYISO will issue and present a draft STRP Report that will describe the solution(s) that are proposed to be selected and explain the reasons for the proposed selection(s), and make its final selection after considering stakeholder comments (38.10.2.1.2, 38.10.5)
- NYISO will be required to post on its website a list of all Developers that have undertaken a commitment to the ISO to build a project that was selected as a STRP Solution (38.10.5)

Monitoring of STRP Solutions

- **The requirement that the NYISO monitor the progress of Viable and Sufficient selected STRP Solution applies to both market-based and regulated solutions (38.6.3)**
- **The process for addressing the inability of a Developer to complete a selected STRP Solution added flexibility for the NYISO to respond in the next quarterly STRP when a developer is not able to timely complete a solution (38.12.4.3, 38.15)**

Interim Service Provider Updates

- An Initiating Generator retained as an ISP will need to remain in service for the 365 day notice period that follows the STAR Start Date (38.13.1)
- An Initiating Generator that provides notice of retirement (not mothball) may be permitted to deactivate the generating unit prior to the conclusion of the 365 day notice period, but be required to keep the step-up transformer and/or other system protection equipment in-service for the 365 day notice period (38.13.1)
 - ISPs that deactivate their Generator but are required to keep facilities in-service will be compensated for the demonstrated cost of maintain the designated facilities in-service (OATT 38.13.2.1.1.1, MST 15.8)
- If the generating unit is required to remain in-service as an ISP, then payment under the ISP rate starts at the latest of (38.13.2):
 - The 181st day after Generator Deactivation Notice is complete, or
 - Ten days after the posting of a STAR that assessed the Generator's deactivation, or
 - The deactivation date noticed in the Generator Deactivation Notice
- For instances where the generating unit is permitted to deactivate but the step-up transformer and/or other system protection equipment is required to remain in-service, the ISP rate starts at the latest of (38.13.2):
 - The 181st day after Generator Deactivation Notice is complete, or
 - Ten days after the posting of a STAR that assessed the Generator's deactivation, or
 - The deactivation date noticed in the Generator Deactivation Notice, or
 - The date on which the generating unit(s) deactivate

Interim Service Provider Updates, cont.

- **Generators in an ICAP Ineligible Forced Outage are required to keep their step-up transformer(s) and other system protection equipment in service unless or until (i) they are given permission, in writing, to deactivate the facilities by the ISO, or (ii) the step-up transformer(s) and/or other system protection equipment is damaged and would require either an expenditure of more than \$100,000, or more than 365 days, to repair and return to service, or (iii) the Generator becomes Retired (38.13.2.2)**
- **Generators in a Mothball Outage are required to keep their step-up transformer(s) and other system protection equipment in service for the duration of the Mothball Outage unless they are given permission, in writing, by the ISO to deactivate the facilities for the duration of the Mothball Outage. Generators in a Mothball Outage are not eligible for compensation to keep the step-up transformer(s) or other system protection equipment in-service (38.13.2.3)**

Study Cost Allocation Updates

- **As the STARs include all Generators that completed their Generator Deactivation Notice during the prior quarter, it is necessary to revise the costs charged to a Market Participant that fails to timely deactivate a Generator or that rescinds a Generator Deactivation Notice (38.14.2.1):**
 - NYISO STRP Costs: actual costs NYISO incurred performing its responsibilities in Section 38 (including the cost of using contractors) are assigned in equally divided portions between the NYISO (one share) and each Initiating Generator assessed in the STAR (one share each)
 - Responsible Transmission Owner STRP Costs: actual costs a TO incurred in performing its responsibilities in Section 38 (including the cost of using contractors) are assigned in equally divided portions between each initiating Generator in the STAR that was evaluated by the relevant Transmission Owner
- **Language was added to the cost allocation methodology sections (38.22-38.23) to:**
 - State that the NYISO will follow the FERC Order No. 1000 Regional Cost Allocation Principles
 - Address the costs of an Interregional Transmission Project that is selected as a solution in the STRP
 - State that the local transmission security step will only apply to the allocation of costs of a STRP Solution to a Generator Deactivation Reliability Need

Additional Costs

- **To address an immediate STRP Need, the NYISO may pay the demonstrated costs in excess of \$100,000 that a Generator in an IFO incurs to repair or replace a damaged step-up transformer and/or other system protection equipment (38.3.4)**
 - Costs may be recovered as Capital Expenditures in accordance with the requirements of Sections 38.17.3 and 38.17.4 of this Attachment FF to the ISO OATT even if the Generator is not eligible to be an Interim Service Provider because it is in an ICAP Ineligible Forced Outage
- **If the cost of returning a damaged step-up transformer and/or other system protection equipment is not expected to exceed \$100,000, then the Generator Owner shall promptly return the equipment to service without additional recompense (38.3.4)**
 - This requirement is consistent with FERC-accepted language in OATT Sections 38.16.1 and 38.16.1.2

Updates to Rate Schedules

- **Rate Schedule 2 (MST Section 15.2), which sets the rules for payments for supplying voltage support services, clarifies that only ISPs that are required to keep their generating units in-service are required to provide Voltage Support (MST Section 15.2)**
- **Rate Schedule 8 (MST Section 15.8) adds rules for calculating ISP rates where a generating unit is permitted to deactivate but its step-up transformer and/or other system protection facilities are retained as an ISP.**
- **MST Rate Schedule 8 addresses the recovery of Capital Expenditure Payments from a Generator in ICAP Ineligible Forced Outage that the ISO compensated to repair or replace its step-up transformer(s) and/or other system protection facilities, when that Generator later returns to participating in the ISO-Administered Markets under market-based rates (15.8.7)**
- **Rate Schedule 14 (OATT Section 6.14), which provides the mechanism for the recovery of RMR Generator and ISP related charges, permits the recovery of payments to an ISP for maintaining in-service its step-up transformer(s) and/or other system protection facilities after the generating unit deactivates**
- **Rate Schedule 16 (OATT Section 6.16), which provides the mechanism for the recovery of the STRP Facilities Charge for a regulated transmission solution includes Interregional Transmission Projects proposed pursuant to OATT Section 38.4.2.5 and selected pursuant to OATT Section 38.10**

Additional Tariff Sections

- The NYISO will revise the following additional tariff sections: (i) to capitalize the term “Reliability Planning Process,” and/or (ii) to insert “Short-Term Reliability Process” and other defined terms

Tariff Section	Section Title
OATT Section 3.12	The Comprehensive Reliability Planning Process
OATT Section 22	Transmission Interconnection Procedures
OATT Section 25.5	Cost Responsibility Rules for Both ERIS and CRIS
OATT Section 25.7	Cost Allocation Methodology for CRIS
OATT Section 31.3	Economic Planning Process
OATT Section 31.4	Public Policy Transmission Planning Process
OATT Section 31.5	Cost Allocation and Cost Recovery
OATT Section 31.6	Other Provisions
OATT Section 31.7	Appendices
OATT Section 35.10	Coordination of Transmission Planning Studies
MST Section 5.11	Requirements Applicable to LSEs

Reliability Planning Process Revisions

Changes to OATT Section 31.1

■ 31.1.2 – Short-Term Reliability Planning Process and Reliability Planning Process

- 31.1.2.1 – Describes the Short-Term Reliability Process contained in Attachment FF of the ISO OATT
- 31.1.2.2 – Describes the Reliability Planning Process to reflect the addition of the Short-Term Reliability Process
- 31.1.8.2 – The STRP will be conducted on a quarterly basis and will run in parallel with the other planning processes

Changes to OATT Section 31.2

■ 31.2.8 Determination of Necessity

- Various revisions to allow for determining whether there continues to be a Reliability Need for which NYISO needs to take an action
 - Example - 31.2.8.1 – Determination of Necessity of a Regulated Solution
 - The ISO will not trigger a regulated solution if, based on this review, it determines prior to or at the Trigger Date for a regulated solution: (i) that sufficient market-based solutions are timely progressing to meet the Reliability Need by the need date or (ii) that, based upon circumstances at the time of the review, there is no longer a Reliability Need.

■ 31.2.10 Process for Addressing Inability of Responsible Transmission Owner, Other Developer, or Transmission Owner to Complete Regulated Solution

- 31.2.10.1.3 allows the ISO to take actions to address the Reliability Need, including addressing the Reliability Need in the next STRP

Other Proposed Tariff Changes

Proposed Revisions to Apply Outage State and Generator Deactivation Requirements to Generator Owners that are not Market Participants

- To better protect the reliability of the system, the NYISO is proposing to expand the Generator deactivation rules and the “Outage State” rules in Section 5.18 of the Services Tariff to apply to non-Market Participants that possess the ultimate authority to decide whether/when to mothball or retire a Generator, and whether/when to repair and return a Generator that has suffered a forced outage, including an ICAP Ineligible Forced Outage
- Implementing revisions are found in OATT 38.2 and MST 5.18
 - Supporting revisions were also made to other Tariff sections, such as OATT 38.7 ISO Review of Information, where the language was broadened to address the Market Party or the Generator Owner (as appropriate)
- To implement the proposed revisions to OATT 38.2 and MST 5.18, the NYISO proposes to make changes to its existing Generator registration documents and developed a new Responsible Generator Party Certification that must be executed by the Market Participant or by the entity that is ultimately responsible for deciding whether/when to mothball or retire a Generator, and/or whether/when to repair and return Generator that has suffered a forced outage, including an ICAP Ineligible Forced Outage

Proposed Revision to NYISO Generator Registration Form

- **Added the following questions to the NYISO form used to register a Generator**
 - Is the Market Participant the entity that decides whether to move a Generator to one of the outage states, or to repair a damaged Generator?
 - Is the Market Participant the entity that has the ultimate decision making authority concerning the deactivation and/or retirement of the Generator?
 - The answer(s) to the above questions determine which entity or entities will be required to complete the accompanying Responsible Generator Party Certification
- **The draft revisions explain that a Generator will be exempt from the Outage State rules in Section 5.18 of the Services Tariff while it is participating in NYISO's markets in an Aggregation (forward proofing against the day NYISO is able to implement its Distributed Energy Resources Tariff revisions), and that a Generator is exempt from the Generator deactivation components of the Short-Term Reliability Process if it has a nameplate rating of 1 MW or less**
- **After FERC accepts Short-Term Reliability Process Tariff revisions, NYISO will require Generators to submit an updated registration form and have the entity or entities with ultimate responsibility submit Responsible Generator Party Certification(s)**
 - NYISO will provide Market Participants adequate time to respond in order to limit the resulting administrative burden

Responsible Generator Party Certification

- A proposed, new Generator certification document, signed by the Responsible Generator Party or Parties (RGP) that will assist NYISO's administration of ICAP Ineligible Forced Outages ("IIFOs") and Generator deactivations
- The RGP is the entity that is ultimately responsible for making deactivation and/or outage and repair determinations concerning one or more generating facilities seeking to participate or participating in the ISO Administered Markets
 - The RGP might not be the Market Participant that offers a Generator into the ISO Administered Markets
- The obligations of the RGP will include compliance with MST Section 5.18 and/or OATT Section 38 for each of the Generators for which the RGP has Outage and/or Deactivation Authority
 - The RGP Certification address the outage states process in Section 5.18 of the MST which governs, among other things, how a Generator enters an IIFO and how a Generator in an IIFO can become Retired
- FERC may determine the RGP Agreement is a jurisdictional agreement and require a *pro forma* version to be included in Attachment FF to the OATT, so NYISO is requesting stakeholder approval to file it as a Tariff revision

Physical Withholding Revisions

- Section 23.4.5.6 of the Services Tariff, which addresses physical withholding Capacity market mitigation, has been revised to incorporate the Short-Term Reliability Process
- IPPNY raised concerns about the initial set of proposed changes to Section 23.4.5.6 of the Services Tariff the NYISO developed. The NYISO worked with IPPNY to develop additional revisions to address IPPNY's concerns
- IPPNY's requested revisions are being presented for the first time at BIC and the OC. Due to the dates of the BIC and OC and the posting deadlines, the NYISO is not able to wait and post the revisions that BIC or the OC approved, so it has posted two alternative versions of the revisions to Services Tariff Section 23.4.5.6
- The MC Motion needs to specify which set of proposed revisions to Section 23.4.5.6 it addresses

Proposed Schedule & Next Steps

Proposed STRP Update Completion Schedule

- **Below is the anticipated STRP implementation schedule**
 - February 2020 – Board approval and file revisions with FERC requesting an May 1, 2020 effective date
 - March 2020 – Issue Technical Bulletins or update Reliability Planning Process manual for STRP inclusion, including the implementation plan for updating generator registration documents
 - Following FERC acceptance the first STAR commences July 15, 2020 and
 - The 2020 RNA will incorporate the effects of these tariff changes by focusing on years 4-10 of the Study Period

Questions?

Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit 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 policymakers, stakeholders and investors in the power system

