

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To
New York Independent System Operator, Inc.
Docket No. ER20-1718-000

Issued: 6/19/2020

New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Attention: David Allen, Esq.
Senior Attorney for the New York Independent System Operator, Inc.

Reference: Part A Exemption Test Enhancements

Dear Mr. Allen:

On April 30, 2020, the New York Independent System Operator, Inc. (NYISO) filed proposed revisions to NYISO's Market Administration and Control Area Services Tariff (Services Tariff) to enhance the Part A exemption test under NYISO's buyer-side mitigation (BSM) measures.

Please be advised that your submittal is deficient and that additional information is required in order to process the filing. Please provide the information requested below.

1. In order to support the instant proposal, please provide historical examples to illustrate how the Part A exemption test is currently implemented.
2. Please provide examples to illustrate how the proposed enhancements to the Part A exemption test would be implemented in practice, assuming the scenarios below. For simplicity, assume we are discussing resources that will be located in Zone J. In addition, for each scenario, please compare the results obtained using the current Part A exemption test with the results that would be obtained using the proposed enhancement to the Part A exemption test. Specifically, this comparison should compare the results obtained under the current BSM rules, where the Part B exemption test is conducted before the Part A exemption test, with the results obtained using the proposed enhancements, where the Part A exemption test would be conducted before the Part B exemption test. The results should reflect

which hypothetical resources (by resource type) receive exemptions (MW) based on the resources' hypothetical unit Net Cost of New Entry (Net CONE) values. Any reference to resource MW capacity values in this question refers to Unforced Capacity (UCAP) values (e.g., a Public Policy Resource that is a wind resource that is already de-rated from its nameplate capacity value to its UCAP value). In addition, please assume that any exemptions under the renewables exemption have already been accounted for.

- a. For this subpart, assume that there are 500 MW of exemptions available under the Part A exemption test. Further assume that no resource passes the Part B exemption test. Assume that more than 500 MW of Public Policy Resources are seeking Part A exemptions so that the total MW of resources evaluated under the Part A exemption test exceeds 500 MW. Assume there are also non-Public Policy Resources seeking Part A exemptions, and all of these non-Public Policy Resources have lower Net CONE values compared to those of the Public Policy Resources seeking Part A exemptions.
 - b. For this subpart, assume that there are 500 MW of exemptions available under the Part A exemption test. Further, assume that no resource passes the Part B exemption test. Assume that more than 500 MW of Public Policy Resources are seeking Part A exemptions so that the total MW of resources evaluated under the Part A exemption test exceeds 500 MW. Assume there are also non-Public Policy Resources seeking Part A exemptions. Assume that at least some Public Policy Resources have lower Net CONE values compared to those of non-Public Policy Resources (e.g. the 250 MW of resources with the lowest Net CONE are non-Public Policy Resources, then there are 200 MW of Public Policy Resources with the next-lowest Net CONE, then 250 MW of non-Public Policy Resources, etc.).
 - c. For this subpart, assume that the capacity price forecast before running the Part A or Part B exemption tests are that capacity prices would be at Net CONE; further, assume that absent any exemptions under the Part B exemption test there would be 500 MW of exemptions available under the Part A exemption test. Assume there are at least 500 MW of non-Public Policy Resources with Net CONE values below the Zone J Default Offer Floor. Also, assume that more than 500 MW of Public Policy Resources are seeking Part A and Part B exemptions, but that all of these resources have Net CONE values that exceed the Zone J Net CONE.
3. Under the proposed enhancements of the Part A exemption test, will NYISO consider all previously granted exemptions when it evaluates the next resource for

Part A exemptions? Please explain and provide hypothetical examples.

4. You state that NYISO proposes to define Public Policy Resources as “Intermittent Power Resources that are solely wind or solar, energy storage resources, and other Examined Facilities that the NYISO determines would be zero-emitting resources.” You also state that NYISO proposes to reorder how resources are evaluated for Part A exemptions, by placing Public Policy Resources ahead of non-Public Policy Resources, to ensure that the resources most likely to enter into service are evaluated first.
 - a. Please estimate the amount of resources in NYISO’s current Class Year that would meet the proposed definition of Public Policy Resources and become eligible for Part A exemptions.
 - b. Under the proposed enhancements to the Part A exemption test, will the re-ordering of resources evaluate Public Policy Resources in ascending order of Net CONE, immediately followed by a separate evaluation of non-Public Policy Resources in ascending order of Net CONE? Please explain.
 - c. Please explain how NYISO will independently verify the projected Net CONE values of sponsored Public Policy Resources. Will NYISO need to develop any new procedures to determine the unit specific Net CONE of these resources?
 - d. Please explain how the proposed reordering of evaluated resources for the Part A exemption test results in “efficient, competitive, economic outcomes that benefits consumers,”¹ as compared to the solution obtained using the current Part A exemption test.

This letter is issued pursuant to 18 C.F.R. § 375.307 (2019) and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission’s electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code “M” (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code “E” (Electric

¹ NYISO states that evaluations conducted under the current Part A exemption test are ordered based on project costs, from lowest to highest. NYISO further states that the rationale offered for this ordering, at the time it was implemented, was that this ordering reflected expected market behaviors, how resources would be ordered in a supply stack, and resulted in efficient, competitive, economic outcomes that benefit consumers. Filing at 5.

Traditional Cost of Service and Market Based Rates Public Utilities).² In addition, submit an electronic version of your response to Jorge Moncayo at jorge.moncayo@ferc.gov. The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established.³ A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation - East

² The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

³ *See Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) (“the Commission will consider any amendment or supplemental filing filed after a utility’s initial filing . . . to establish a new filing date for the filing in question”).