

Attachment IV

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.)))	Docket No. ER17-____-000
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AFFIDAVIT OF LORENZO P. SEIRUP

Mr. Lorenzo P. Seirup declares:

1. I have personal knowledge of the facts and opinions herein and if called to testify could and would testify competently hereto.
2. I am the Supervisor of Market Mitigation and Analysis – Installed Capacity for the New York Independent System Operator, Inc. (“NYISO”). My business address is 10 Krey Boulevard, Rensselaer, NY 12144.
3. My current responsibilities include supervising and coordinating operation of ICAP Mitigation staff and activities; ensuring administration, implementation and enforcement of the applicable Installed Capacity¹ (“ICAP”) market provisions of the Market Monitoring Plan; administering the NYISO’s supplier-side and buyer-side capacity market power mitigation measures, which are set forth in Services Tariff Section 23; conducting market power analyses; and reviewing market data to determine whether market performance is consistent with a competitive market. Apart from ICAP market mitigation administration, I also am part of a team that evaluates the need for and design of enhancements or revisions to the NYISO’s capacity market rules.
4. I have been actively involved in the NYISO’s administration of the ICAP mitigation rules and in its market power analyses. My ICAP market administration responsibilities have included performing determinations under the buyer-side market power mitigation rules, calculating Going-Forward Costs, identifying and evaluating possible withholding, and

¹ Capitalized terms not otherwise defined herein shall have the meaning specified in Market Administration and Control Area Services Tariff (“Services Tariff”) and if not defined therein, then the meaning in the filing in which this affidavit is incorporated (“NYISO Filing”).

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implementing the monthly supply-side mitigation measures (*i.e.*, the Pivotal Supplier tests). Apart from capacity market mitigation administration, I assist in the development of new, and revisions to existing, market rules (including the ICAP Demand Curve reset) and perform periodic reviews of capacity market auctions. I have participated on the NYISO team that develops filings and responds to Commission Orders that involve these matters from 2012 to the present. I hold a Bachelor of Science degree in Mathematics from Rensselaer Polytechnic Institute.

5. I submit this affidavit in support of the NYISO Filing that proposes amendments to the Services Tariff to correct pricing inefficiencies in its ICAP market, which can be triggered by capacity exports from certain Localities in the New York Control Area. I was integrally involved in the stakeholder process that led to the NYISO proposal, particularly the changes to the supplier-side capacity market power mitigation rules. I oversaw the process that led to those proposed rule changes and worked directly on the revisions proposed in the attached NYISO Filing.
6. I made four presentations to stakeholders and obtained their input regarding the design of the revisions to the capacity market power mitigation rules and related tariff provisions proposed in the NYISO Filing. I also discussed the proposal with and obtained input from the Market Monitoring Unit on the mitigation related revisions during their development. In my opinion, as a subject matter expert in market power analysis and market power mitigation in capacity markets, the NYISO Filing's proposed changes to the NYISO's mitigation rules are reasonable and necessary to help protect against supply side market power in the implementation of the proposed tariff revisions regarding capacity exports.
7. The NYISO is proposing three categories of revisions to the supplier-side capacity market mitigation rules, two of which are necessary to ensure that the Services Tariff continues to be just and reasonable with the incorporation of the proposed Locational Export Capacity revisions, and the third of which is an enhancement to the current rules that is appropriate now, and also will be appropriate under the NYISO proposal.
8. The first category of changes includes the addition of a new definition of "MCZ Import Constrained Locality" in order to distinguish new Localities that are identified as an Import

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Constrained Locality from those that are not. The NYISO also proposes to make a series of changes to the definitions of Affiliated Entity, Market Party, External Sales UCAP, and Pivotal Supplier in order to make clear that all exporting Generators located in a Mitigated Capacity Zone are subject to the NYISO's existing uneconomic withholding rules. The proposed revisions would make clear that the withholding rules apply to Generators with Capacity Resource Interconnection Service that export capacity even if the entities are not Installed Capacity Suppliers.

9. The second category of changes involves the applicability of the physical withholding test to exports. Like the first category, these revisions are also necessary to accommodate the new rules governing Locational Export Capacity. Specifically, the NYISO proposes to remove the current limitation on the application of the physical withholding test for exports to Pivotal Suppliers, but to retain the original intent of the test by restricting the determination of physical withholding to those exports that would have been deemed Pivotal Suppliers had the capacity remained in the Mitigated Capacity Zone, through the addition of a third prong to the test. The NYISO also proposes to (1) revise the provision governing the physical withholding test to clarify the approach in circumstances where certain parameters (*e.g.*, the most recent Equivalent Demand Forced Outage Rate (EFORD) of exporting Generators) are not known, and (2) clarify the prong of the physical withholding test involving whether External Sale UCAP could have been made available or sold into the Mitigated Capacity Zone instead of being exported.
10. Finally, the NYISO proposes to enhance the existing capacity export penalty calculation provisions to ensure that an entity deemed to have physically withheld through an export would be penalized an amount greater than it earned by withholding. The concern driving this proposed revision is that the implementation of "pay-for-performance" capacity initiatives by ISO-NE and the PJM Interconnection will cause clearing prices of external reconfiguration auctions to reflect an implicit risk premium, and that a strict comparison of clearing prices alone for purposes of penalty calculations may overstate net revenues earned by a capacity export, and thus reduce any calculated penalty amount. Thus, the NYISO proposes to eliminate the "lesser of" language from the existing penalty calculation so that penalties will be calculated as "an amount equal to 1.5 times the difference between

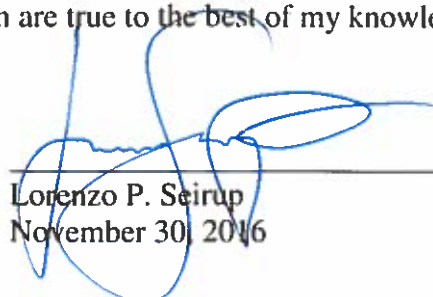
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the average Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions for the relevant Comparison Period with and without the External Capacity Sale in those auctions, times the total of (1) the amount of External Sale UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such External Sale UCAP.” The removal of the “lesser of” language from this calculation will bring the penalty in line with every other NYISO penalty for withholding and will ensure that an entity deemed to have been withholding will, appropriately, always be penalized in an amount larger than the amounts they receive from such withholding.

11. This concludes my affidavit.

ATTESTATION

I am the witness identified in the foregoing affidavit. I have read the affidavit and am familiar with its contents. The facts set forth therein are true to the best of my knowledge, information, and belief.



Lorenzo P. Seirup
November 30, 2016

Subscribed and sworn to before me
this 30th day of November, 2016



Notary Public

My commission expires: August 8, 2018

GLORIA KAVANAH
Notary Public, State of New York
No. 4941412
Qualified in Schenectady County
Commission Expires 8/8/2018