

April 29, 2022

**Submitted Electronically**

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street N.E.  
Washington, D.C. 20426

Re: *New York Independent System Operator, Inc.*, Proposed Tariff Amendments to  
Modify Real-Time Bid Production Cost Guarantee Payment Eligibility;  
Docket No. ER22-\_\_\_\_-000.

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) submits this filing pursuant to Section 205 of the Federal Power Act,<sup>1</sup> and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”) to propose amendments to its Market Administration and Control Area Services Tariff (“Services Tariff”).<sup>2</sup> The proposed amendments will enhance the real-time Bid Production Cost guarantee payment eligibility criteria for Generators that self-schedule their output in the Real-Time Market.

The NYISO Management Committee unanimously approved the proposed revisions submitted with this filing on March 30, 2022.

**I. List of Documents Submitted**

The NYISO submits the following documents with this filing letter:

1. A clean version of the proposed revisions to the NYISO’s Services Tariff (“Attachment I”); and
2. A blackline version of the proposed revisions to the NYISO’s Services Tariff (“Attachment II”).

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<sup>1</sup> 16 U.S.C. §824d.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning specified in the Services Tariff.

## II. Correspondence

Please direct all communications and correspondence concerning this filing to:

Robert E. Fernandez, Executive Vice President & General Counsel

Karen G. Gach, Deputy General Counsel

Raymond Stalter, Director, Regulatory Affairs

\*James H. Sweeney, Senior Attorney

New York Independent System Operator, Inc.

10 Krey Boulevard

Rensselaer, NY 12144

Tel: (518) 356-6000

Fax: (518) 356-7678

[jsweeney@nyiso.com](mailto:jsweeney@nyiso.com)

\* Person designated for receipt of service

## III. Background and Justification

A Bid Production Cost guarantee (“BPCG”) payment is the mechanism by which the NYISO guarantees that a qualifying Supplier will recover its as-bid costs over the applicable period if it is committed by the NYISO to provide energy and/or ancillary services. In general, Suppliers are eligible for real-time BPCG payments if they Bid as ISO-Committed Flexible or ISO-Committed Fixed in the Real-Time Market, or Bid as Self-Committed Flexible, provided that their real-time Minimum Generation Bid does not exceed the Resource’s Day-Ahead Energy schedule at any point in the dispatch day. Additionally, Suppliers are eligible to receive real-time BPCG when they are committed via Supplemental Resource Evaluation (“SRE”) or are dispatched by the NYISO Out-of-Merit (“OOM”) to ensure New York Control Area (“NYCA”) or local reliability.

The NYISO has observed instances when Generators are becoming eligible for real-time BPCG payments after self-scheduling their output level above their Day-Ahead schedule.<sup>3</sup> The situation arises when a Generator receives a Day-Ahead Market schedule at a specified output level, then increases their scheduled output level in the Real-Time Market by offering in a self-scheduling mode at a level greater than their NYISO-determined Day-Ahead schedule. This behavior can increase the occurrence of constraints on the transmission system in real-time, which may require the NYISO to direct the Generator to reduce its output via an OOM instruction for reliability. The OOM instruction then makes the Resource eligible to potentially receive a real-time BPCG payment.

When a Generator offers its output as a price-taker in the Real-Time Market (*i.e.*, in a self-scheduling mode), the Supplier is generally ineligible for a real-time BPCG payment. However, the Generator becomes eligible for a real-time BPCG payment when an OOM

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<sup>3</sup> Over the last 4 years, real-time BPCG payments under these circumstances have averaged approximately \$136,500 per year.

instruction is used to direct the Generator to reduce its output below its self-scheduled output level for reliability reasons. Under these circumstances, there is no uneconomic energy production that warrants a real-time BPCG payment since the Generator was willing to produce energy in real-time at any price as a price taker. Thus, in these situations, the Generator should not be eligible for a real-time BPCG payment.

The NYISO identified an opportunity to enhance the eligibility rules for real-time BPCG payments to address the above-described conditions. The NYISO proposes to revise the Services Tariff to eliminate eligibility for real-time BPCG payment when: (1) a Generator's real-time self-commitment level creates the need for the OOM instruction to protect reliability, and (2) such OOM instruction directs the Generator to operate at a level below its self-scheduled output level but at or above its NYISO-determined Day-Ahead schedule. Generators will, however, remain eligible for real-time BPCG payments if they receive an OOM instruction at an operating level equal to or greater than their real-time Self-Commitment level.

#### **IV. Description of Proposed Revisions to the Services Tariff**

The NYISO proposes to revise Services Tariff Section 18.4.1.2 to clarify the eligibility of self-scheduled Generators to potentially receive a real-time BPCG payment. The proposed revisions clarify that a Generator that has been committed in real time as a result of a Self-Committed Fixed bid, or a Self-Committed Flexible bid with a minimum operating level that exceeds its Day-Ahead schedule is not eligible to receive a real-time BPCG payment when it is committed or dispatched by the NYISO as OOM for reliability unless the Generator's OOM Upper Operating Limit is equal to or greater than any Self-Committed minimum operating level.

#### **V. Effective Date**

The NYISO respectfully requests that the proposed Services Tariff revisions become effective on June 29, 2022 (*i.e.*, the day after the end of the statutory 60-day notice period).

#### **VI. Stakeholder Discussion and Approval**

The NYISO's Management Committee unanimously approved the proposed Services Tariff Revisions on March 30, 2022. The NYISO Board of Directors approved the proposed tariff revisions on April 12, 2022.

#### **VII. Service List**

A complete copy of this filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com). The NYISO will send an electronic link to this filing to the official representative of each of its customers and to each participant on its stakeholder committees. In addition, the NYISO will send an electronic copy of this filing to the New York State Public Service Commission and to the New Jersey Board of Public Utilities.

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### **VIII. Conclusion**

The NYISO respectfully requests that the Commission accept the proposed Services Tariff revisions, without modification, to become effective on June 29, 2022.

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney, Senior Attorney  
New York Independent System Operator, Inc.

cc: Janel Burdick  
Matthew Christiansen  
Robert Fares  
Jignasa Gadani  
Jette Gebhart  
Leanne Khammal  
Jamie Knepper  
Kurt Longo  
David Morenoff  
Douglas Roe  
Eric Vandenberg  
Gary Will  
Adria Woods