NEW YORK INDEPENDENT SYSTEM OPERATOR

10 Krey Boulevard ♦ Rensselaer, NY 12144

February 15, 2017

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Docket No. ER17-386-000, *New York Independent System Operator, Inc.* - Compliance Filing

Dear Secretary Bose:

On November 18, 2016, the New York Independent System Operator, Inc. ("NYISO") submitted in this proceeding proposed amendments to Section 5.14.1.2 of its Market Administration and Control Area Services Tariff ("Services Tariff") to define the ICAP Demand Curves applicable for the 2017/2018 Capability Year ("2016 DCR Filing").[1] The NYISO also proposed the methodologies and inputs that will be used in conducting the annual updates to determine the ICAP Demand Curves for the 2018/2019, 2019/2020 and 2020/2021 Capability Years.

On January 17, 2017, the Federal Energy Regulatory Commission ("Commission") accepted the NYISO's proposal, subject to the requirement that the NYISO "submit a compliance filing, within 30 days of the date of this order, revising its Services Tariff to remove inclusion of SCR emissions controls in the peaking plant design for the NYCA ICAP Demand Curve" ("2016 DCR Order").[2] The Commission further directed the NYISO "to update any and all inputs affected by" the Commission's directive to remove the inclusion of selective catalytic reduction ("SCR") emissions controls from the peaking plant design for the NYCA ICAP Demand Curve.[3]

The NYISO submits this compliance filing to address the Commission's directive in the 2016 DCR Order to revise the NYCA ICAP Demand Curve parameters and related inputs to

[1] *See* Docket No. ER17-386-000, *New York Independent System Operator, Inc.*, Proposed ICAP Demand Curves for the 2017/2018 Capability Year and Parameters for Annual Updates for Capability Years 2018/2019, 2019/2020 and 2020/2021 (November 18, 2016). Capitalized terms not otherwise defined herein shall have the meaning specified in the Services Tariff and the NYISO Open Access Transmission Tariff ("OATT").

[2] *New York Independent System Operator*, *Inc.*, 158 FERC ¶ 61,028 at P 58 (2017).

[3] *Id*.

reflect removal of SCR emissions controls from the peaking plant design for this capacity region.[4]

I. Documents Submitted

1. This filing letter;

2. A blacklined version of the proposed compliance revisions to Section 5.14.1.2 of the Services Tariff ("Attachment I"); and

3. A clean version of the proposed compliance revisions to Section 5.14.1.2 of the Services Tariff ("Attachment II").

II. Description of Compliance Filing and Tariff Revisions

In compliance with Ordering Paragraph B of the 2016 DCR Order, the NYISO has revised the parameters of the NYCA ICAP Demand Curve for the 2017/2018 Capability Year set forth in the table in Section 5.14.1.2 of the Services Tariff to reflect removal of the SCR emissions controls from the peaking plant design for this capacity region. The revised reference point price for the NYCA ICAP Demand Curve for the 2017/2018 Capability Year is $9.08 per kW-month and the revised maximum value is $15.85 per kW-month.

The NYISO has also revised the data values for the NYCA ICAP Demand Curve set forth in the table in Section 5.14.1.2.2.3 of the Services Tariff to reflect the modification to the peaking plant design directed by the Commission. The revised peaking plant gross cost for the NYCA ICAP Demand Curve for the 2017/2018 Capability Year is $126.79 per kW-year and the revised net Energy and Ancillary Services revenue offset value is $35.70 per kW-year.

The NYISO also provides updates below to certain of tables included in the 2016 DCR Filing to reflect the determinations set forth in the 2016 DCR Order.[5] The tables summarize

[4] As part of developing this compliance filing, the NYISO has also posted an updated version of the net Energy and Ancillary Services ("EAS") revenues model to its website. The updated model has disabled the functionality to assess locations and peaking plant designs not approved by the Commission in the 2016 DCR Order. No other changes to the model's logic were made. This streamlined version of the net EAS revenues model will be used by the NYISO in conducting the annual updates to determine the ICAP Demand Curves for the 2018/2019 through 2020/2021 Capability Years. The streamlined version of the net EAS revenues model is posted on the NYISO's website within the "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp. The version of the model containing all of the peaking plant designs and locations assessed during the 2016 ICAP Demand Curve reset ("DCR") process remains available on the NYISO's website within the "Final Net EAS Model September 13 2016" section of the "2017-2021 Demand Curve Reset" subfolder of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp.

certain of the data and inputs to be used by the NYISO in conducting the tariff prescribed annual updates to determine the ICAP Demand Curves for the 2018/2019 through 2020/2021 Capability Years.[6]

The table below summarizes the data inputs that will be used for this reset period in determining the net EAS revenue projections for each peaking plant.

	Data Input Value/Source			
Factor Used in Annual Updates for Each ICAP Demand Curve	**NYCA[7]**	**G-J Locality[8]**	**NYC**	**LI**
Net EAS Revenue Model, including Commitment and Dispatch Logic	The net EAS revenues model is posted on the NYISO website within the "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp			
Peaking plant	1x0 Siemens SGT6-5000F5 without SCR/CO	1x0 Siemens SGT6-5000F5 with SCR/CO	1x0 Siemens SGT6-5000F5 with SCR/CO	1x0 Siemens SGT6-5000F5 with SCR/CO
Variable Cost per Start ($/Start) (per unit)[9]	$10,300	$10,500	$11,000	$10,900
Net Plant Heat Rate (HHV basis), Degraded	The applicable values are provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			

[5] 2016 DCR Filing at 42-45. The NYISO has also updated certain of the hyperlinks within the first table to provide access to the streamlined version of the net EAS revenues model recently posted to its website.

[6] The table detailing the data sources and weighting factors that will be used for this reset period in calculating the composite escalation factor for annually adjusting the levelized localized embedded cost of each peaking plant is unaltered by the Commission-directed changes to the NYCA ICAP Demand Curve peaking plant design and, therefore, is not reproduced herein. *See* 2016 DCR Filing at 41.

[7] The data inputs for NYCA are based on the use of Load Zone F as the location for the NYCA ICAP Demand Curve peaking plant.

[8] The data inputs for the G-J Locality are based on the use of Load Zone G (Dutchess County) as the location for the G-J Locality ICAP Demand Curve peaking plant.

[9] The total start-up cost is calculated as the start-up fuel quantity multiplied by the applicable fuel price, plus the variable O&M cost per start. The start-up fuel quantity for each peaking plant is provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp).

	Data Input Value/Source			
Factor Used in Annual Updates for Each ICAP Demand Curve	**NYCA**[7]	**G-J Locality**[8]	**NYC**	**LI**
Energy Prices (day-ahead and real-time)	This data is publically available through the NYISO DSS System, via the NYISO website			
Operating Reserves Prices (day-ahead and real-time)	This data is publically available through the NYISO DSS System, via the NYISO website			
Level of Excess Adjustment Factors	The applicable values are provided within the "LOE AFs for Net EAS" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			
Ancillary Services Adder for Voltage Support Service ($/kW-yr.)	$1.43	$1.43	$1.43	$1.43
Peaking plant primary Fuel Type	Natural Gas	Natural Gas	Natural Gas	Natural Gas
Peaking plant secondary Fuel Type (if any)	-	ULSD	ULSD	ULSD
Fuel tax adder - Gas	-	-	6.9%	1.0%
Fuel tax adder - ULSD	-	-	4.5%	-
Transportation cost adder - Gas ($/MMBtu)	$0.27	$0.27	$0.20	$0.25
Transportation cost adder - ULSD ($/MMBtu)	-	$1.50	$1.50	$1.50
Real-time intraday gas premium/discount	10%	10%	20%	30%
Fuel Pricing Point - Gas	Iroquois Zone 2	Iroquois Zone 2	Transco Zn 6 NY	Transco Zn 6 NY
Fuel Pricing Point - ULSD	-	New York Harbor	New York Harbor	New York Harbor
Fuel Price Data source - Gas	SNL Financial			
Fuel Price Data Source - ULSD	-	EIA ULSD spot price data, available at: https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EER_EPD2DXL0_PF4_Y35NY_DPG&f=D		
Peaking plant Variable Operating and Maintenance Cost	The applicable values are provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			

	Data Input Value/Source			
Factor Used in Annual Updates for Each ICAP Demand Curve	**NYCA**[7]	**G-J Locality**[8]	**NYC**	**LI**
Peaking plant CO_2 Emissions Rate	The applicable values are provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			
Peaking plant NOx Emissions Rate	The applicable values are provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			
Peaking plant SO_2 Emissions Rate	The applicable values are provided within the "Lummus Performance and OM Data" spreadsheet posted with the net EAS revenues model (*see* "Demand Curve Reset Annual Updates" section of the "Reference Documents" folder, available at: http://www.nyiso.com/public/markets_operations/market_data/icap/index.jsp)			
CO_2 Emission Allowance Cost	RGGI regional allowance auction results, available on RGGI's website at https://www.rggi.org/market/co2_auctions/results			
NOx Emission Allowance Cost	SNL Financial			
SO_2 Emission Allowance Cost	SNL Financial			
NYISO Rate Schedule 1 Charges for Injection Billing Units	This data is publically available through the NYISO website at: http://www.nyiso.com/public/markets_operations/market_data/miscellaneous/index.jsp?docs=rate-schedule-1			

The table below summarizes the data inputs that will be used for this reset period in calculating the ICAP Demand Curve parameters.[10]

		Data Input Value			
Factor Used in Annual Updates for Each ICAP Demand Curve	**Type of Value**	**NYCA**[11]	**G-J Locality**[12]	**NYC**	**LI**
ICAP Demand Curve Parameter Values					
Zero-crossing point	Fixed for Reset Period	112%	115%	118%	118%
Reference Point Price Calculation					
Peaking Plant Net Degraded Capacity (DMNC ICAP MW)	Fixed for Reset Period	217.0	218.0	217.6	219.1
Peaking Plant Summer Capability Period DMNC	Fixed for Reset Period	224.6	226.8	226.9	224.9
Peaking Plant Winter Capability Period DMNC	Fixed for Reset Period	230.3	230.3	228.7	230.3
Level of Excess	Fixed for Reset Period	100.6%	101.5%	102.3%	103.9%
WSR Values	Updated Annually	These values are updated annually and will be publically available via the NYISO website			

III. Effective Date

Consistent with the effective date accepted by the 2016 DCR Order, the NYISO respectfully requests an effective date of January 17, 2017 for the compliance revisions to Section 5.14.1.2 of the Services Tariff.

IV. Service

The NYISO will send an electronic link to this filing to the official representative of each party to this proceeding, the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public Service Commission, and the New Jersey

[10] This table includes correction of the typographical error included in the 2016 DCR Filing with respect to the degraded capacity value for the G-J Locality ICAP Demand Curve peaking plant. *See* Docket No. ER17-386-000, *supra*, Filing to Correct Typographical Error (December 8, 2016).

[11] The data inputs for NYCA are based on the use of Load Zone F as the location for the NYCA ICAP Demand Curve peaking plant.

[12] The data inputs for the G-J Locality are based on the use of Load Zone G (Dutchess County) as the location for the G-J Locality ICAP Demand Curve peaking plant.

Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

V. Conclusion

The NYISO respectfully requests: (i) that the Commission accept this compliance filing; and (ii) an effective date of January 17, 2017 for the compliance revisions to Section 5.14.1.2 of the Services Tariff.

Respectfully submitted,

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