

Attachment II

New York Independent System Operator, Inc.

Semi-Annual Compliance Report on Demand Response Programs June 1, 2015

This report summarizes the status of demand response participation in the New York Independent System Operator Inc.'s (NYISO's) markets as of the ICAP auction month of May 2015. As in previous years, this report focuses on enrolled demand response participation in preparation for the Summer Capability Period.¹ An overview of the status of the NYISO's several demand response initiatives is provided below.

Deployments of the NYISO's two reliability-based programs (the Emergency Demand Response Program (EDRP) and the Installed Capacity – Special Case Resource program (ICAP/SCR)) during the Summer 2014 Capability Period were reported in the NYISO's 2015 Demand Response Annual Report ("January 2015 Report").²

The NYISO also has two economic programs (the Day-Ahead Demand Response Program (DADRP) and the Demand-Side Ancillary Services Program (DSASP)). DADRP enrollment has been static for several years and enrolled resources have shown no activity in the energy market for more than four years. Given no activity during the analysis period, there is no market participation to report. DSASP enrollment has been static since the January 2015 Report.

Demand Response Enrollment

This report presents statistical data on demand response enrollment. Demand response providers include individual retail electricity consumers that participate directly in the NYISO's market as a Customer, as well as curtailment service providers, which is a general term used to identify the NYISO Customers that represent retail customers in the NYISO's demand response programs.³

¹ Capitalized terms not otherwise defined herein have the meaning set forth in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff").

² New York Indep. Sys. Operator Jan. 15, 2015 Annual Report on Demand Response Programs, Docket No. ER01-3001-000.

³ The term "curtailment service providers" as used in this report refers to Responsible Interface Parties (RIPs) as defined in Services Tariff Section 2.18 and as used therein and in the *Installed Capacity Manual*, Demand Reduction Providers (DRPs) as defined in Services Tariff Section 2.4 and used in the *DADRP Manual*, and the four types of Market Participants identified in the *EDRP Manual*. A retail customer participating directly in a NYISO demand response program with its own Load must be a NYISO Customer, and it acts as its own curtailment service provider. The Services Tariff defines Curtailment Services Provider solely in relation to the EDRP (see Services Tariff Section 2.3), which is narrower than as used in this report.

Table 1 identifies the number of curtailment service providers by the following organizational categories:

- Aggregator - an entity that enrolls retail electricity consumers as individual resources within the same Load Zone that may be aggregated to form a single demand response resource;
- Direct Customer - an entity that registers as a Market Participant with the NYISO to participate on their own behalf in any of the NYISO's demand response programs;
- Load Serving Entity (LSE) - an entity authorized to supply Energy, Capacity and/or Ancillary Services to retail customers located within the New York Control Area ("NYCA");⁴ and
- Transmission Owner (TO) - the public utility or authority that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Services Tariff.⁵

Table 1: Demand Response Service Providers by Provider Type

| Provider Type | Number as of May 2015 |
|------------------|-----------------------|
| Aggregator | 14 |
| Competitive LSE* | 8 |
| TO LSE | 3 |
| Direct Customer | 3 |
| Total | 28 |

* Competitive LSEs are LSEs that are not also TOs.

Since the NYISO's 2014 Semi-Annual Report on Demand Response ("June 2014 Report"),⁶ the NYISO's demand response programs have experienced a net decrease of four curtailment service providers.⁷

Tables 2 and 3 present enrollment statistics by Load Zone for EDRP and ICAP/SCR respectively, as of mid-May 2015. Each table presents the total number of resources, total MW enrolled, and the enrolled MW of eligible Local Generators, or other behind-the-meter supply

⁴ See Services Tariff Section 2.12.

⁵ See Services Tariff Section 2.20.

⁶ New York Indep. Sys. Operator June 2, 2014 Semi-Annual Reports on Demand Response Programs and New Generation Projects, Docket No. ER03-647, *et al.*

⁷ In the time since the NYISO filed its June 2014 Report, the method used to identify demand response providers by type has changed. Although the NYISO has historically included a column in Table 1 that shows the change in the number of providers from the previous year's report, the NYISO did not include that column in this Semi-Annual Report because the values presented would have been misleading, and not indicative of changes in the program participation.

sources, facilitating load reduction. In addition, changes in the number of resources and enrolled MW since the June 2014 Report are shown by Load Zone.

Table 2 shows a decrease of 48.2% in enrolled MW and a 39.6% decrease in enrollment in the EDRP since May 2014. The largest decrease of enrolled MW occurred in Load Zone A (West) and the largest decrease of enrollment occurred in Zone J (New York City).

Table 2: EDRP Enrollment (as of May 2015)

| Zone | Number of End Use Locations | MW of Load Reduction | MW of Local Generators** | Total MW | Change in Number of End Use Locations from May 2014 | Change in Total MW from May 2014 |
|--------------|-----------------------------|----------------------|--------------------------|-------------|---|----------------------------------|
| A | 8 | 3.9 | 0.0 | 3.9 | * | -9.5 |
| B | * | 1.8 | 0.0 | 1.8 | * | 0.5 |
| C | 20 | 11.1 | 0.0 | 11.1 | -7 | -1.5 |
| D | 7 | 3.4 | 0.0 | 3.4 | * | -0.3 |
| E | 12 | 5.9 | 0.0 | 5.9 | -7 | -10.1 |
| F | 6 | 10.7 | 0.0 | 10.7 | -15 | -15.7 |
| G | * | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| H | * | 1.6 | 0.0 | 1.6 | 0 | 0.0 |
| I | * | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| J | * | 0.2 | 0.4 | 0.6 | -7 | -0.1 |
| K | * | 0.5 | 0.0 | 0.5 | * | 0.0 |
| Total | 64 | 39.1 | 0.4 | 39.5 | -42 | -36.7 |

Table 3 reflects ICAP/SCR enrollments prior to the May 2015 ICAP Spot Market Auction, the first month of the Summer Capability Period. Historical data shows that enrollment in the ICAP/SCR program changes monthly throughout the Summer Capability Period. The data shows a MW enrollment increase of 11.8% compared with the same period reported in the June 2014 Report and a 2.2% increase in the number of end-use locations.

Table 3: ICAP/SCR Enrollment (as of May 2015)

| Zone | Number of End Use Locations | MW of Load Reduction | MW of Local Generators* | Total MW | Change in Number of End Use Locations from May 2014 | Change in Total MW from May 2014 |
|--------------|-----------------------------|----------------------|-------------------------|---------------|---|----------------------------------|
| A | 367 | 290.6 | 20.6 | 311.2 | 8 | -0.1 |
| B | 226 | 61.4 | 19.9 | 81.3 | 36 | 16.2 |
| C | 287 | 108.1 | 4.9 | 112.9 | 12 | 16.1 |
| D | 24 | 55.8 | 3.7 | 59.5 | 6 | 52.1 |
| E | 145 | 34.4 | 4.6 | 39.0 | 16 | 10.4 |
| F | 211 | 76.7 | 17.1 | 93.8 | 27 | 9.2 |
| G | 169 | 43.0 | 8.4 | 51.4 | 34 | 13.4 |
| H | 21 | 1.6 | 1.9 | 3.5 | 6 | -1.5 |
| I | 89 | 11.7 | 8.3 | 20.0 | 16 | 2.0 |
| J | 1810 | 280.4 | 90.7 | 371.0 | -13 | 12.5 |
| K | 412 | 46.9 | 19.5 | 66.4 | -68 | -2.4 |
| Total | 3761 | 1010.4 | 199.6 | 1210.0 | 80 | 128.0 |

There are three demand side resources actively participating in the DSASP as providers of Operating Reserves. The resources represent 126.5 MW of capability and had an average performance of 143% during the analysis period of November 2014 through April 2015.

Tables 4 and 5 describe the enrollment in the DSASP, but, due to the very limited participation, those tables are shown only in Confidential Exhibit A.

Update on 2015 Demand Response Initiatives

This section provides an update on the projects that the NYISO has planned for its demand response programs for 2015.

Development of a Backstop Measure for Recognition of Demand Response in the NYISO's Capacity Market

The NYISO has developed a backstop market design that can be implemented if demand response is determined to be non-FERC jurisdictional. The NYISO has reviewed the design and proposed tariff changes with stakeholders at joint Installed Capacity and Price-Responsive Load Working Groups. The NYISO intends to wait for further direction from FERC prior to filing any tariff changes.

Metering Infrastructure Requirements for Demand Response

The NYISO is working on the requirements for the infrastructure to support communications and the collection and management of demand response data.

Continued Development of the Demand Response Information System (DRIS)

The NYISO has two software deployments planned for DRIS in 2015. A Q2 2015 deployment will incorporate procedural changes to the SCR program that allow for performance in an event to fulfill the mandatory test requirement. In Q4 2015, a deployment will include functional enhancements to support DR program administration.