

New York Independent System Operator, Inc.) Docket Nos. ER01-3001-000
ER03-647-000

Pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2016), the New York Independent System Operator, Inc. (“NYISO”) respectfully moves that its obligations to file informational reports with the Commission in the above-captioned dockets be discontinued in favor of allowing the NYISO to either post the information on its website, or to make the relevant information available to both the Commission and to its stakeholders via alternative means.¹ As described in more detail below, the Commission requires that the existing reports be filed only for informational purposes, and the Commission otherwise takes no formal action on them. Some of the information in the reports merely duplicates information that is already provided effectively to stakeholders. The balance of the information presently provided in the reports could be disseminated more efficiently and effectively through web postings, or through periodic notifications to NYISO stakeholders. Therefore, the NYISO seeks to modify its reporting obligations accordingly.

The reports at issue in this motion are (1) the annual report on the NYISO's capacity market, possible withholding, new generation projects, and net revenue analysis ("Annual ICAP

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Report”), (2) the semi-annual report on the NYISO’s new generation projects and demand response programs in the New York Control Area (“Semi-Annual Report”), and (3) the annual report on NYISO demand side management programs (“Annual DSM Report”).² The Annual ICAP Report is filed by December 20 of each year, the Annual DSM Report is filed by each January 15, and the Semi-Annual Report is filed by each June 1.

All of the facts regarding the NYISO’s reporting practices referenced in this motion are verified by the attached *Confirming Affidavit of Zachary T. Smith* (Attachment II to this filing).

A. Annual ICAP Report

The Annual ICAP Report arises out of the original Commission order in Docket No. ER03-647 accepting the NYISO’s introduction of the ICAP Demand Curves.³ The original order accepting the NYISO’s ICAP Demand Curves directed that the NYISO file an annual compliance report addressing the implementation of the curves and any potential withholding

² As outlined below, the Semi-Annual Report and the Annual DSM Report originally were two parts of the same semi-annual report that the NYISO submitted in Docket No. ER01-3001. In 2006, after the Commission ordered the NYISO to begin including in its Annual ICAP Report information that also is included in the reports ordered in ER01-3001, the NYISO asked that the proceedings in ER01-3001 and ER03-647 be consolidated. After the consolidation, the NYISO had authorization to include in the Annual ICAP Report (which was then filed in January) information that had previously been part of the January semi-annual report in Docket No. ER01-3001. However, in 2010, the NYISO received authorization to bifurcate the winter filing into two filings – the Annual ICAP Report and a DSM report – and to file the Annual ICAP Report in December instead of in January. Since 2010, with a few limited exceptions, the NYISO has filed its Annual ICAP Report in December, and has included in that report information on new generation that otherwise would have been included in the DSM report pursuant to the orders in Docket No. ER01-3001. The Semi-Annual Report, filed in June, is still styled as a “semi-annual” filing, even though it is filed in its current form only once per year; and it covers both DSM matters and new generation. The Annual DSM Report is, in fact, the second part of the Semi-Annual Report, but it covers only DSM matters (as opposed to DSM matters and new generation, like the Semi-Annual Report), is styled as an “annual report,” and is filed in January.

³ Capitalized terms not defined herein have the meaning set forth in the NYISO’s Market Administration and Control Area Services Tariff.

behavior.⁴ The Commission subsequently made a number of revisions to the required contents of the annual report, including: (1) a directive to include an examination of trends in the amount of capacity purchased and the impact of the ICAP Demand Curves on new investment;⁵ (2) an examination of the period of time necessary to begin observing the effects of the Demand Curve on new generation;⁶ (3) additional details regarding the effectiveness of the ICAP Demand Curves, including price and capacity time series data, a list of investments in new generating projects, a net revenue analysis, and information on demand response participation in the ICAP market;⁷ and (4) information on amounts of unoffered, and offered but unsold, capacity in the New York City Locality.⁸ In 2010, the Commission accepted a settlement between the NYISO and the New York Transmission Owners that resolved pleadings pending before the Commission regarding the withholding analysis for the Rest of State, and that modified the methodology that the NYISO uses to perform the withholding analysis.⁹

Since 2010, the NYISO's Annual ICAP Report has consisted of five sections: (1) an overview of market developments and a regulatory update; (2) an analysis of recent ICAP auction results, particularly ICAP market clearing prices; (3) a capacity withholding analysis; (4) a report on new generation projects in the NYISO's interconnection queue; and (5) a net revenue

⁴ See *New York Indep. Sys. Operator, Inc.*, 103 FERC ¶ 61,201, *reh'g. denied*, 105 FERC ¶ 61,108 (2003).

⁵ See *New York Indep. Sys. Operator, Inc.*, 108 FERC ¶ 61,280 (2004).

⁶ See *New York Indep. Sys. Operator, Inc.*, 111 FERC ¶ 61,427 (2005).

⁷ See *New York Indep. Sys. Operator, Inc.*, 117 FERC ¶ 61,086 (2006).

⁸ See *New York Indep. Syst. Operator, Inc.*, 150 FERC ¶ 61,208 (2015).

⁹ See Letter Order, *New York Independent System Operator, Inc.*, Docket Nos. ER01-3001-021, ER01-3001-022, ER01-3001-024, ER03-647-012, ER03-647-013, ER03-647-014, issued February 19, 2010 (the "2010 Order"); see also *New York Indep. Sys. Operator, Inc.'s Updated Status Report on Stakeholder Discussions Regarding Annual Installed Capacity Demand Curve Reports and Plan for Future Reports* (Nov. 12, 2009) ("NYISO 2009 Request").

analysis. In the 2010 letter order accepting the withholding settlement, the Commission also directed that the Annual ICAP Report be submitted for informational purposes only.

B. Annual DSM Report and Semi-Annual Report

The Annual DSM Report and the Semi-Annual Report are submitted in response to a series of orders issued by the Commission in Docket No. ER01-3001. Specifically, beginning in 2001, the Commission directed the NYISO to submit two semi-annual reports – one addressing the NYISO’s progress in its implementation of demand-side management (“DSM”) programs, and a second addressing the addition of new generation resources in the New York Control Area (“NYCA”).¹⁰ In 2006, after the Commission ordered the NYISO to include in its Annual ICAP Reports information regarding new generating projects in the NYCA and participation of demand response in the ICAP markets, the NYISO moved to consolidate Docket Nos. ER01-3001 and ER03-647, noting “that there is considerable overlap between the information that the Commission has requested the NYISO to provide in the two reports.”¹¹ The NYISO also asked for permission to file the combined reports in January rather than in December. The Commission subsequently granted the motion “only insofar as to allow the NYISO to make a single compliance filing in fulfillment of its obligations in these dockets.”¹²

The NYISO 2009 Request also asked for permission to file the Annual ICAP Report in December, but to continue to file the report on demand response in January based on the

¹⁰ See *New York Independent System Operator, Inc.*, 97 FERC ¶ 61,095 (2001); *New York Independent System Operator, Inc.*, 100 FERC ¶ 61,081; *New York Independent System Operator, Inc.*, 100 FERC ¶ 61,243 (2002); *New York Independent System Operator, Inc.*, 105 FERC ¶ 61,115 (2003).

¹¹ *Motion of the New York Independent System Operator, Inc. to Consolidate Proceedings and Revise Filing Deadlines*, Docket Nos. ER01-3001-006 and ER03-647-008, filed November 15, 2006, at pg. 3.

¹² *Notice of Extension of Time*, Docket Nos. ER01-3001-006 and ER03-647-008, issued November 28, 2006.

availability of pertinent data.¹³ The Commission granted that request. Accordingly, since 2010 the NYISO has filed the Annual ICAP Report in December, and the Annual DSM Report in January. The NYISO has continued to file the Semi-Annual Report, which addresses both new generation in the NYISO and the status of demand response in the NYISO markets, in June.

C. Engagement With Stakeholders and Market Monitoring Unit

The NYISO has discussed with its stakeholders the ways it already makes ICAP information available on its website and has also developed, with input from stakeholders, additional periodic information posting. The NYISO's presentations to and discussions with stakeholder were at the December 15, 2016, February 15, 2017, April 24, 2018, July 18, 2018, and February 4, 2019 ICAP Working Group Meetings. The NYISO also had separate discussions with its stakeholders. As described below, the NYISO has already commenced posting the additional information to its website and is committed to continue to do so.

The NYISO has also discussed with its Market Monitoring Unit, Potomac Economics, LLC, the discontinuance of the filing obligation and the NYISO's commitment to provide the information as described herein including that based on performing the withholding analysis presented in Attachment I to this filing. The MMU has authorized the NYISO to state that it supports the NYISO's efforts to modify its reporting obligations and refine the withholding analysis.

II. Motion to Modify Reporting Obligations

The NYISO respectfully requests that the Commission modify the NYISO's reporting obligations in these dockets by discontinuing its obligation to file the Annual ICAP Report, the

¹³ NYISO 2009 Request at 5.

Annual DSM Report, and the Semi-Annual Report, and by replacing the formal reports with obligations to post the relevant information on the NYISO website as outlined herein.

Specifically, the Annual ICAP Report, the Annual DSM Report, and the Semi-Annual Report cover, in total, six categories of information. The Annual ICAP Report covers five categories: (1) market developments and regulatory updates; (2) recent ICAP results, particularly ICAP market clearing prices; (3) a capacity withholding analysis; (4) new generation projects in the NYISO's interconnection queue; and (5) a net revenue analysis. The Annual DSM Report and the Semi-Annual Report cover the sixth category – the status of DSM programs in the NYISO markets.¹⁴ The NYISO requests that the Commission revise the reporting requirements with respect to each category of information as follows.

A. Market Developments and Regulatory Updates

The market developments and regulatory updates are designed to give the Commission and stakeholders a summary of ICAP market design initiatives and regulatory developments pertaining to the NYISO's ICAP market. This portion of the Annual ICAP Report is merely a summary of major initiatives and market developments about which the Commission and stakeholders are notified through various other mechanisms in greater detail. In particular, the NYISO provides all stakeholders with notice of each filing that it makes to the Commission, and posts those filings to the NYISO website. The NYISO also has a robust and active stakeholder process through which all NYISO initiatives involving potential tariff changes must be explored. That stakeholder process involves multiple committees and working groups, each of which holds

¹⁴ The Semi-Annual Report also covers new generation in the NYISO markets, thus overlapping with the Annual ICAP Report.

multiple meetings each year. Furthermore, the materials from each NYISO committee and working group meeting, including proposed tariff changes, are available on the NYISO website.

For these reasons, the information presented in the market developments and regulatory updates section of the Annual ICAP Report is available to the Commission and stakeholders through multiple other sources. The NYISO respectfully submits that a separate requirement for the NYISO to make a filing to the Commission to summarize those market developments and regulatory updates is redundant and unnecessary. Accordingly, the NYISO requests that the Commission discontinue its requirement to have the NYISO submit a summary of these market developments and regulatory updates as part of the Annual ICAP Report.

B. ICAP Auction Results

This portion of the Annual ICAP Report provides an update on the most recent ICAP auction results, a comparison of those results to those of the market in prior years, and an explanation of the results and trends observed in the market. The NYISO has expanded (with stakeholder input) the fields of information in its monthly ICAP report (“Monthly Report”) posted to its website¹⁵ to include charts and data that are currently provided in Charts 1-9 of the Annual Report. This information now includes the most recent 5 years of data from like Capability Period to like Capability Period.

The Monthly Report now also presents Masked Unsold Spot Market Offer data, which is currently supplied in Attachment II of the Annual Report. A rolling 12 months of information is provided with a 4-month lag from the date of the auction, in adherence with Tariff timing

¹⁵ See, <https://www.nyiso.com/installed-capacity-market→Monthly Reports>.

restrictions for publishing this data.¹⁶ The NYISO therefore proposes to discontinue its obligation to file this information in an annual report.

C. Capacity Withholding Analysis

This portion of the report provides information on amounts of unoffered, and offered and unsold capacity. The methodology that triggers a further analysis of certain behavior for purposes of the annual report was developed in 2010. That methodology was accepted by the Commission to resolve issues pending at that time before the Commission regarding prior annual reports. The NYISO proposes to discontinue its obligation to file this information in an annual report and instead report, via a posting to the NYISO's website, the information described below and in detail in Attachment I, on an annual basis, with the first such report in December 2019:

- Monthly maximum price impacts of unoffered Unforced Capacity, and monthly maximum price impacts for offered but unsold Unforced Capacity. Price impacts will be for each Locality and for the NYCA.
- Amount of unsold Unforced Capacity offered at prices above reported unit-specific going forward costs ("GFCs").
- Price impact estimates of unsold Unforced Capacity over the entire Capability Year from "Units" (meaning Generators, Unforced Capacity Deliverability Rights (UDRs, *i.e.*, capacity associated with certain controllable transmission), Special Case Resources, and other capacity Resources) that are shown to have recovered, or could have recovered, their annual revenue requirement (based on annual GFCs).

D. New Generation Projects

This portion of the Annual ICAP Report and the Semi-Annual Report merely summarizes the NYISO interconnection process, and provides the NYISO interconnection queue (*i.e.*, the list of facilities seeking to interconnect to the transmission system in the NYCA), which is already available on the NYISO website. The NYISO respectfully submits that there is no reason to

¹⁶ This posting is available on the NYISO's web site at: <https://www.nyiso.com/installed-capacity-market>.

have a separate NYISO reporting requirement to provide the list of projects in the NYISO interconnection queue. That information is publicly available and updated regularly by the NYISO. Accordingly, the NYISO respectfully requests that the Commission discontinue the requirement that the NYISO file a report on new generation being developed in the NYCA.

E. Net Revenue Analysis

This section of the report provides a net revenue analysis designed to show the effectiveness of the ICAP Demand Curves on developing new generation. The NYISO presents data and the results of a relatively simple analysis using historical data based on a hypothetical peaking plant using the ICAP Demand Curve parameters. A significant portion of this or similar information is provided in the Market Monitoring Unit's ("MMU's") State of the Market annual report, which is posted on the NYISO's website and the MMU's website.¹⁷ The MMU's annual report utilizes a model that produces more robust and representative results than what is used to produce the information in the Annual ICAP Report.

In addition, the NYISO will continue to post to its website certain data presented in the Net Revenue Section of the ICAP Annual Report (Section III) as follows:

- "Available Capacity" presented in Section III.5, is now and will continue to be presented in the Monthly Report.
- "Required Capacity" presented in Section III, Table 12 and Chart 19 is now and will continue to be presented with the NYCA minimum requirements and Locational Minimum Installed Capacity documents.¹⁸

¹⁷ See, e.g., *2017 State of the Market Report for the NYISO Administered Markets*, available at: <https://www.nyiso.com/documents/20142/2223763/2017-State-Of-The-Market-Report.pdf/cd4ee8a0-1989-dfa0-b53e-2d642c65e46d>.

¹⁸ See, e.g., <https://www.nyiso.com/installed-capacity-market> →Reference Documents →LCR-Calculation-Process.

- “Annual Revenue Requirement” presented in Tables 13-15 and Charts 18 and 20 is now and will continue to be presented in the Demand Curve Parameters documentation.¹⁹

Based on the availability of the indicated data, for the above reasons, the NYISO respectfully requests that the Commission discontinue the requirement that the NYISO prepare and file a net revenue analysis regarding the ICAP Demand Curves.

F. DSM Status in NYISO Markets

The Annual DSM Report and the Semi-Annual Report provide an overview of the four DSM programs that the NYISO administers – the Emergency Demand Response Program, the Installed Capacity–Special Case Resource program, the Day-Ahead Demand Response Program, and the Demand-Side Ancillary Services Program. The two reports explain how the four programs operate, provide information on the resources that participate in them, and assess the impact of those programs on the NYISO markets.

Most of this information is relatively static from report to report. For instance, the four DSM programs have evolved, and are updated by the NYISO from time-to-time, but any changes to those programs tend to be fairly incremental. Similarly, there have not been substantial changes in the types and amounts of resources participating in the NYISO’s DSM programs since their inception, or the impact that they have on the NYISO’s markets.

For these reasons, the NYISO respectfully submits that it would be more efficient to post and update the information on DSM set forth in the Annual DSM Report and the Semi-Annual Report on the NYISO website instead of relying on formal reports. This would be a more efficient use of the Commission’s resources, and of the NYISO’s resources, than the current

¹⁹ See, e.g., 2019-2020 ICAP Demand Curve Parameters, available at: <https://www.nyiso.com/documents/20142/2953344/Demand-Curve-2019-2020.pdf/fbe06a61-0578-d056-5c78-dfab5b9ae74b>.

obligation to submit two nearly-identical reports each year – reports that do not change much from one year to the next.

Accordingly, the NYISO respectfully requests that the Commission discontinue its obligation to submit DSM updates in the Annual DSM Report and the Semi-Annual Report, and instead allow the NYISO to post the relevant DSM information on its website. The NYISO presently posts the Annual DSM Report and the Semi-Annual Report on its website at the date it files the reports with the Commission. Provided the Commission grants the motion, the NYISO will instead post the relevant DSM information on its web site with at least the same periodicity (*i.e.*, January and June each year).

III. Communications

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IV. Service

The NYISO will send an electronic link to this filing to the official representative of each party to these proceedings, 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 Board of Public Utilities. The NYISO will also post the complete filing on its website at www.nyiso.com.

V. Conclusion

For the reasons set forth above, the NYISO respectfully requests that the Commission grant the motion, and modify the NYISO's reporting obligations in the manner described herein.

Respectfully submitted,

/s/ Gregory J. Campbell

Gregory J. Campbell

Attorney

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May 17, 2019

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Attachment I

Unoffered and Unsold Capacity Reporting

Overview

In relation to the NYISO's proposal to the Commission to eliminate its obligation to file an Installed Capacity Annual Report ("Annual Report") and instead provide Installed Capacity ("ICAP") information in a revised manner, the NYISO proposes to:

- Continue to prepare the analysis of unoffered capacity in the same manner as it has been prepared for the Annual Report, and to publish the results thereof on an annual basis (subject to restrictions on disclosure of Confidential Information); and
- Utilize the following new method to analyze unsold Unforced Capacity ("UCAP")¹ in the Rest of State and report the results. The new methodology was developed with stakeholder input. The NYISO believes it is based on better information than the current analysis, which focuses on class-based going forward costs and monthly price impacts of unsold capacity associated with offers above class-based going forward costs (with unit-specific adjustments when performed) and, as such, the new methodology is designed to present more meaningful results.

The information and analysis will continue to be performed utilizing the reporting period of November through October (the "Analysis Year").

Proposed Method for Unsold MW

The NYISO will report the following:

- 1) Monthly maximum price impacts of offered but unsold UCAP ("unsold UCAP") for each Locality and for the New York Control Area ("NYCA").
 - a. Maximum price impacts for unsold UCAP will be calculated under the assumption that monthly going forward costs ("monthly GFCs")—*i.e.*, the costs that a Unit would have avoided immediately before a month if it had not sold UCAP for that month—are zero for all Units.
- 2) Amount of unsold UCAP offered at prices above unit-specific annual going forward costs (as described below, "annual GFCs").
- 3) Price impact estimates of unsold UCAP for the Analysis Year from Units (Generators, capacity using Unforced Capacity Deliverability Rights ("UDR projects"), Special Case Resources, and other capacity Resources) that are shown to have recovered, or could have recovered, their annual revenue requirement (based on annual GFCs).

The amount of unsold UCAP will be reported based on the Resource's offer price and whether the MW would have cleared against the ICAP Demand Curve for the smallest Locality in which the Resource is electrically located. Thus, the reporting of unsold UCAP within a Locality will not

¹ Capitalized terms not defined herein have the meaning set forth in the Market Administration and Control Area Services Tariff.

necessarily equal the MW that were offered and were actually sold. That is, MW that would not have cleared at the Market-Clearing Price of the smallest Locality in which a Resource is electrically Located if that Market-Clearing Price had been determined at the intersection of the UCAP supply and demand curves for that Locality, would be reported as an unsold MW even if the offer of MW cleared because the Market-Clearing Price was set at a higher level due to the capacity price cascading rules that apply to Localities. For example, if the price of capacity that would have been determined at the intersection of the supply curve for UCAP in New York City and the UCAP Demand Curves for New York City is \$10/kW-mo., then MW of an offer from a Resource in New York City that would not have been sold at that price will be included in this report even if the MW did clear because the Market-Clearing Price of capacity for the G-J Locality or for the NYCA equaled or exceeded the offer price.

Price Impact Analysis Based on Annual GFCs

In addition to calculating the maximum price impacts of unsold UCAP, the NYISO will perform ICAP Spot Market Auction simulations for a more detailed understanding of how non-zero price offers may have impacted Market-Clearing Prices. The new method will use Unit-specific annual GFCs for the analysis when certain specific thresholds are met (as described below). Market Participants with 15 MW of unsold UCAP in any period in which a threshold is met will be required to provide GFC Data.

Thresholds:

- The Capability Period price impact threshold: This threshold will be met for the Capability Period if the average Market-Clearing Price of the NYCA in that Capability Period is \$1.00/kW-mo. or greater, and the average maximum price impact of unsold UCAP for that Capability Period, calculated under the assumption that monthly GFCs for unsold UCAP are zero, is \$0.20/kW-mo. or greater.
- The monthly price impact threshold: This threshold will be met for a given month if the Market-Clearing Price for the NYCA in that month is \$1.00/kW-mo. or greater, and the maximum price impact of unsold UCAP, calculated under the assumption that monthly GFCs for unsold UCAP are zero, is \$0.35/kW-mo. or greater.

Market Participants required to provide Annual GFC data:

- If the Capability Period price impact threshold is met for a given Capability Period, the NYISO will request and Market Participants will be required to provide data needed to calculate unit-specific annual GFCs from any Unit with more than an average of 15 or more unsold MW over that Capability Period.
- If the Capability Period price impact threshold is not met for a given Capability Period, but the monthly price impact threshold is met for one or more months within that Capability Period, the NYISO will request and Market Participants will be required to provide data needed to calculate unit-specific annual GFCs from any Unit with more than 15 or more unsold MW for those months in which the monthly price impact threshold is exceeded.

The NYISO will analyze the Unit Specific GFCs. It will then analyze the price impact using annual GFCs as follows for the Analysis Year:

1. For the Unit with the lowest annual GFC value (expressed in \$/kW-mo.), the NYISO will conduct a simulation of the ICAP Spot Market Auctions for the entire Analysis Year. The simulation will replace all actual ICAP Spot Market Auction offers from the Unit with a \$0/kW-month Offer, and will determine the resulting simulated clearing prices for each simulated spot market auction. The NYISO will then determine if the Unit would have recovered its annual GFCs in the simulated spot market auctions. This determination will be made by comparing its annual revenue requirement (based on the Unit's UCAP and annual GFC values) to its simulated spot market auction sales in the twelve Spot Market Auctions for that Analysis Year.
 - a. Any Unit that is shown to NOT recover its annual GFCs through the simulation will not be considered in the price impact calculations below.
 - b. Any Unit that is shown to recover its annual GFCs through the simulation will have its simulated Offers remain in the simulated Spot Auction for the remaining Units.
2. Step 1 will be performed sequentially for each Unit from which the NYISO requested annual GFCs, in ascending order by the next lowest annual GFC.
3. The price impact will be reported as the difference between the actual ICAP Spot Market Auction clearing price, and the clearing price of the simulated spot market auction after all Units have been simulated at their \$0/kW-month offers.

Going Forward Costs

GFC data requirements and inputs:

For purposes of the analysis and report, annual GFCs are defined as costs (other than production costs) that could reasonably be expected to be avoided or deferred if, in the case of a generator or UDR facility, all MW of the entire Unit (*i.e.*, all UCAP MW of all units at a generation station) were deactivated for at least one year and, in the case of a Special Case Resource, the costs a supplier must incur if it were to remain qualified to sell capacity but can, therefore, only be avoided when it ceases to sell capacity if it ceases to maintain eligibility to participate in the capacity market. Annual GFCs may provide insight into why a Resource offered its capacity at a non-zero offer. The assumption is that an Installed Capacity Supplier would only want to sell capacity if the capacity revenues it receives cover its net GFCs. However, the new analysis will generally look at a Unit's annual costs and revenues, because GFCs for the upcoming month are generally accepted as \$0 or near \$0 for most Units. The NYISO would not separately calculate or report GFCs for tail-end capacity because to do so would require unit-specific information about the cost of tail-end capacity that generally would not be readily verifiable in relation to a report of this nature.

If, after reviewing the Unit-specific annual GFC data, the NYISO, in its judgment, determines it is not reasonable, the NYISO may substitute an estimated value. The NYISO will report the amount of unsold MW in each type of Market Party (*i.e.*, like the current report, by Generation company,

Transmission Owner, or “other,”) subject to any restrictions on the disclosure of Confidential Information.

If the NYISO determines that the annual GFC of a Resource or a particular cost input is unquantifiable, or a particular cost type is not quantifiable in a meaningful manner, the NYISO’s explanation will be included in a narrative, subject to any restriction on the disclosure of Confidential Information.

Under the current method, if the price impact was exceeded, the NYISO calculated annual GFCs for generator classes that contributed to the price impact, and contacted a generator owner for unit-specific information if that generator’s offer for unsold capacity exceeds the “GFCs with half net revenues.” Additionally, for the past two ICAP Annual Reports, the NYISO has been obtaining specific annual GFC cost data from Resources in order to provide a more specific analysis. The methodology proposed herein is a further enhancement and the NYISO believes it will provide more meaningful information.

Attachment II

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

**New York Independent System Operator, Inc.) Docket Nos. ER01-3001-000
ER03-647-000**

AFFIDAVIT OF ZACHARY T. SMITH

I. Qualifications

1. My name is Zachary T. Smith. I am currently the Manager, Capacity Market Design for the New York Independent System Operator, Inc. (“NYISO”). My business address is 10 Krey Boulevard, Rensselaer, NY 12144.
2. I originally joined the NYISO as a Price Validation Analyst in 2009. I joined the ICAP Market Operations department in 2013, and was promoted to be the Supervisor of ICAP Market Operations in 2015. I transitioned to the position of Manager of Capacity Market Design in 2017. As a member of the ICAP Market Operations department, I developed and enhanced the monthly ICAP Market Operations report. Additionally, I have been involved in the development and filing of the Annual ICAP Market Report since 2014.
3. I received a Bachelor’s of Science in Computer Engineering from Union College, and a Master’s of Science in Engineering and Management Science degree from Union Graduate College (now Clarkson University).

4. In my current position, I am responsible for overseeing the development of Capacity Market designs and ensuring compliance with the Tariffs and FERC orders, including the Annual ICAP Report. My responsibilities include overseeing the ICAP Demand Curve periodic review and the development of new and enhanced capacity market rules to respond to the evolution of the markets and the introduction of new technologies.

II. Purpose of this Affidavit

5. The purpose of my affidavit is to verify the facts regarding current NYISO capacity market-related reporting practices that are addressed in *Motion of the New York Independent System Operator, Inc. to Modify Reporting Obligations* (the “Motion”) to which this affidavit is attached.
6. I am personally involved in preparing and reviewing the Annual ICAP Report. I work closely with those persons who are responsible for the preparation of the Semi-Annual Report and Annual DSM Report and am cognizant of their contents and preparation.
7. I have reviewed the Motion and have personal knowledge of all of the factual statements contained therein. Those factual statements are all accurate to the best of my knowledge
8. In particular, the Motion accurately describes that: (i) the three reports are submitted solely for informational purposes in response to directives established

by earlier Commission orders; (ii) some of the information provided by the reports merely duplicates information that is already available to stakeholders; and (iii) the balance of the information presently provided in the three reports could be disseminated more efficiently and effectively through web postings or other periodic notifications to NYISO stakeholders.

9. In short, the facts stated in the Motion, and underlying its request for relief, are all valid and accurate.
10. 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.

3/5/2019

Subscribed and sworn to before me
this 30th day of April, 2019.

[Signature]
Notary Public

LINDA SLOAN
Notary Public - State of New York
No. 01SL6198599
Qualified in Schenectady County
My Commission Expires December 29, 2020

My commission expires: 12/29/2020

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 17th day of May 2019.

/s/ Joy A. Zimmerlin

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