

December 7, 2020

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.*'s Proposed Tariff Amendments to Specify how Fast-Start Resources' Start-Up Costs will be Incorporated into Enhanced Fast-Start Resource Pricing, and Request for Expedited Effective Date; Docket No. ER21-____-000.

Dear Ms. Bose:

The New York Independent System Operator, Inc. ("NYISO") submits this filing pursuant to Section 205 of the Federal Power Act,¹ 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").² The proposed amendments revise the NYISO's Fast-Start Resource pricing tariff language that the Commission accepted in February 2020 in Docket No. ER20-659³ such that the NYISO will always use the cost associated with the initial step on a Fast-Start Resource's multi-point Start-Up Bid curve in the Real-Time Market if the Fast-Start Resource does not submit a single-point Start-Up Bid.⁴ The revisions proposed herein describe how NYISO's Real-Time Market⁵ will evaluate start-up costs for Fast-Start Resources. The start-up cost for each Fast-Start Resource will be the single-point Start-Up Bid submitted by that Fast-Start Resource or, if a single-point Start-Up Bid is not submitted, then the NYISO will instead use the cost associated with the initial step (*i.e.*, shortest downtime) on the Fast-Start Resource's multi-point Start-Up Bid curve.⁶

¹ 16 U.S.C. §824d.

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

³ *New York Indep. Sys. Operator, Inc.*, Letter Order, Docket No. ER20-659-000 (February 6, 2020) ("February 2020 Order").

⁴ The multi-point Start-Up Bid curve parameter permits a Generator to submit different start-up costs based on the number of hours since its last operation (based on downtime).

⁵ The Real-Time Market software is comprised of a Real-Time Commitment ("RTC") and a Real-Time Dispatch ("RTD"). RTC schedules Resources every 15 minutes over a forward-looking 2.5 hour commitment window. RTD ordinarily dispatches Generators that were committed/scheduled by RTC. RTD optimizes the NYISO's dispatch every 5 minutes over a forward-looking one hour dispatch window.

⁶ Single-point Start-Up Bids are given priority over the start-up cost curve parameter for *all* Resources. The multi-point Start-Up Bid curve parameter is used when a single-point Start-Up Bid is not submitted.

The NYISO Management Committee unanimously approved the proposed revisions on November 18, 2020. For the reasons explained in Section V of this filing letter, the NYISO respectfully requests that the Commission waive the 60-day prior notice requirement in Section 35.3(a)(1) of its regulations⁷ to permit the proposed tariff revisions to go into effect on December 15, 2020. The NYISO intends to implement its Fast-Start Resource pricing rules, including these revised start-up cost rules, on December 15, 2020 consistent with the NYISO filings and the Commission order in Docket No. ER20-659.⁸

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 backline version of the proposed revisions to the NYISO's Services Tariff ("Attachment II").

II. Correspondence

All communications and correspondence concerning this filing should be directed to:

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⁷ 18 C.F.R. § 35.3(a)(1).

⁸ See February 2020 Order at p. 1 ("Pursuant to the authority delegated to the Director, Division of Electric Power Regulation – East, under 18 C.F.R. § 375.307, your submittal is accepted for filing, as requested. NYISO requests a flexible effective date during the fourth quarter of 2020, and will submit a compliance filing providing no less than two weeks' notice of the proposed effective date of the tariff revisions.").

III. Background and Justification

On December 20, 2019, the NYISO submitted proposed tariff revisions in Docket No. ER20-659 to allow Fast-Start Resources' commitment costs to be reflected in prices and to allow the relaxation of all dispatchable Fast-Start Resources' minimum operating limits by up to 100 percent for the purpose of setting prices in accordance with the Commission's April 18, 2019 *Order on Paper Hearing*.⁹ The tariff revisions proposed in the NYISO's December 2019 filing are collectively referred to as the "Fast-Start Pricing Revisions" in this filing. The Commission accepted the NYISO's Fast-Start Pricing Revisions in the February 2020 Order.¹⁰

Late in its development effort leading to the December 2020 Fast-Start Pricing Revisions software deployment, the NYISO identified a challenge that affects the implementation of Fast-Start Resource pricing when a single point Start-Up Bid is not submitted by a Fast-Start Resource in the Real-Time Market. In the NYISO-Administered Markets, Market Participants may submit start-up costs using two different methods. The first is the submission of a single-point Start-Up Bid that specifies the payment a Supplier requires to bring a Generator up to its minimum operating level from an offline state. The second is a multi-point Start-Up Bid curve that specifies the cost to bring a Generator up to its minimum operating level from an offline state based on how long it has been since the Generator last operated. The multi-point Start-Up Bid curve may specify several different start-up costs as a function of a Generator's downtime. However, the NYISO's Real-Time Dispatch software ("RTD") cannot determine the start-up cost of a Fast-Start Resource as a function of downtime because the RTD (which optimizes over an hour) does not include the functionality to receive downtime as an input to determine a Generator's start-up costs.¹¹ The vast majority of fossil Generators that will be Fast-Start Resources submit single point Start-Up Bids in the Real-Time Market.¹²

To address the described limitation, the NYISO proposes that its Real-Time Market software utilize a consistent start-up cost from each Fast-Start Resource when scheduling and dispatching Resources.¹³ The start-up cost for each Fast-Start Resource will be determined as follows. The NYISO will use a single point Start-Up Bid (or mitigated Bid, where appropriate) if one is submitted for the Resource. If a single point Start-Up Bid is not submitted for a Fast-Start Resource, then the NYISO's Real-Time Market software will instead use the cost

⁹ *Order on Paper Hearing*, Docket No. EL18-33-000, 167 FERC ¶ 61,057 (April 18, 2019) ("April 2019 Order").

¹⁰ *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER20-659-000 (February 6, 2020).

¹¹ RTD is only able to schedule Fast-Start Resources to start-up. All other Resources must be scheduled to start-up by RTC, or based on their Day-Ahead schedules.

¹² The NYISO is not aware of any type of Fast-Start Resource that has start-up costs that significantly vary based on unit downtime.

¹³ The NYISO must use the same start-up costs in RTC and RTD. Using different start-up costs in RTD from the costs that RTC considers could cause an unnecessary and inefficient divergence between the RTC and RTD solutions and would add new complexity to real-time settlements, which would need to track which start-up cost (RTC or RTD) to use for each start-up.

associated with the initial step on the multi-point Start-Up Bid curve provided for the Resource (or its mitigated multi-point Start-Up Bid curve, where appropriate). The initial step on the start-up cost curve corresponds to the shortest specified downtime.¹⁴ The NYISO's proposed approach is consistent with the way the NYISO expects Fast-Start Resources' to reflect start-up costs in their offers. Fast-Start Resources typically submit single-point Start-Up Bids, as their start-up costs generally do not vary with the Generator's downtime. NYISO stakeholders supported this approach in the stakeholder governance process because it avoids the need for NYISO to develop additional, costly real-time bidding software that Market Participants will not use, or will only rarely use. The NYISO's proposed approach to developing start-up costs for Fast-Start Resources will enable the NYISO to implement the necessary software modifications with the Fast-Start Resource pricing rules on December 15, 2020, consistent with the Commission order in Docket No. ER20-659.¹⁵

IV. Description of Proposed Revisions to the Services Tariff

The NYISO proposes to revise Services Tariff Sections 4.4.1.2.1 and 17.1.1.2 to specify how the NYISO will determine a Fast-Start Resource's start-up cost for consideration in the Real-Time Market software. The proposed tariff revisions in both sections indicate that the NYISO will use a single point Start-Up Bid (or mitigated Bid, where appropriate) if one is submitted for the Resource. If a single point Start-Up Bid is not submitted for a Fast-Start Resource, then the NYISO's Real-Time Market software will instead use the cost associated with the initial step on the multi-point Start-Up Bid curve provided for the Resource (or its mitigated multi-point Start-Up Bid curve, where appropriate). The initial step on the start-up cost curve corresponds to the shortest specified downtime.

V. Effective Date

The NYISO respectfully requests that the Commission issue an order accepting the tariff revisions proposed in this filing by February 8, 2021 (*i.e.*, the day following the end of the statutory 60-day notice period) with an effective date of December 15, 2020.

The NYISO also respectfully requests that the Commission waive the 60-day prior notice requirement set forth in Section 35.3(a)(1) of its regulations¹⁶ to permit the tariff revisions to go into effect on December 15, 2020, at the same time as the Fast-Start Pricing Revisions accepted in the Commission's February 2020 Order. The revisions proposed in this filing were identified during the software development process and are a necessary component of the NYISO's Fast-

¹⁴ Fast-Start Resources must be able to start, synchronize to the grid, and inject Energy in 30 minutes or less.

¹⁵ See April 2019 Order at P. 54 (the April 2019 Order requires the NYISO to implement these changes by December 31, 2020.). The February 2020 Order accepted the NYISO's request for a flexible effective date during the fourth quarter of 2020.

¹⁶ 18 C.F.R. § 35.3(a)(1).

Start Resource pricing software that will be implemented on December 15, 2020, to achieve compliance with the Commission order in Docket No. ER20-659.

VI. Stakeholder Approval

The Management Committee unanimously approved the revisions to the Services Tariff on November 18, 2020. The NYISO Board of Directors approved the proposed tariff revisions on December 3, 2020.

VII. Service List

The NYISO will send an electronic link to this filing to 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.

VIII. Conclusion

The NYISO respectfully requests that the Commission waive the 60-day prior notice requirement set forth in Section 35.3(a)(1) of its regulations and issue an order by February 8, 2021, accepting the tariff revisions proposed in this filing without modification, and with an effective date of December 15, 2020.

Respectfully submitted,

/s/ James H. Sweeney

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