

NYISO Considerations Regarding PJM Pseudo-Ties

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Background

Objective

- The NYISO and PJM have been working to determine whether mutually acceptable rules can be developed for sales of capacity across the common border for delivery into PJM.

Considerations

- The NYISO's existing Tariffs and market rules are not compatible with PJM's external capacity rules.
 - The NYISO's rules for capacity exports were developed to accommodate rules that were in place before PJM adopted its pseudo-tie approach. The mechanism in place to deliver NYCA capacity externally links the capacity obligation from the supplying generator to an interchange transaction for delivery of energy to the external region.
- Agreement on how to reconcile the NYISO and PJM Tariff obligations, covering significant aspects of operations, planning and the markets, would be required before a generator that is interconnected to the NYCA transmission system could meet PJM's external capacity requirements.

Key Areas of Review

Topics Requiring Further Consideration

- System Operations - A particular area of focus is the concept that pseudo-tied generators are expected to be committed and dispatched by PJM.
- The removal of a NYCA generator from the NYISO's commitment and dispatch raises the following concerns:
 - Limits the ability for the NYISO to manage the generator as needed to ensure NYCA reliability
 - Introduces compliance complexities/concerns regarding the NYS Reliability Council rules
 - Decreases the efficiency of the NYISO's least-cost solution in its Day-Ahead and Real-Time Markets
- A mutually acceptable path forward to address these concerns would be required to accommodate pseudo-tied generation from the NYCA to PJM.

Topics Requiring Further Consideration

- Long-term firm transmission service
 - PJM's external capacity rules require long-term firm transmission service. NYISO does not offer long-term transmission service. PJM and NYISO would need to develop an alternate approach regarding transmission service for pseudo-tied generators from NYISO.
 - Within the NYISO, transmission service is automatically provided as part of the energy market schedules received. Essentially, agreeing to pay for congestion and losses provides firm transmission service in the NYISO markets.

Topics Requiring Further Consideration

■ Congestion Management

- In order to support pseudo-ties, revisions to the Market-to-Market provisions in the Joint Operating Agreement including PAR coordination and entitlement provisions would need to be developed.
- A particular area of focus would be the concept and appropriateness of a firm flow entitlement being provided from a pseudo-tied generator to PJM across the NYS transmission system.

Topics Requiring Further Consideration

- **Phase Angle Regulators (PARs)**
 - The border between the NYCA and PJM includes a significant portion that is managed with controllable devices (PARs); increasing the complexity of the coordination required under a pseudo-tied generator model.
 - The operation of the PARs at the border would impact the ability of PJM to access pseudo-tied generation.
 - The operation of the PARs could also impact the value of the Energy to PJM.

Topics Requiring Further Consideration

■ Deliverability

- The studies required and criteria for approving a pseudo-tied generator would require extensive review including consideration of the regional reliability criteria between ReliabilityFirst (for PJM) and the Northeast Power Coordinating Council (for NYISO), as well as the New York State Reliability Council.
- NYISO would need to study and confirm that a proposed pseudo-tied generator is deliverable to PJM under all of the circumstances PJM requires without degrading NYCA reliability.

Questions?