Market-based Planning

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Market-Based Approach

- NYISO planning was designed with a commitment to markets and strives to achieve market-based solutions
  - Market design & rules
  - Planning process
- This approach engages regulators, market participants, and other stakeholders
  - Employs open, transparent process for stakeholder participation
Comprehensive System Planning Process (CSPP)

- Long-term (10-year) planning process provides for both market-based & regulated backstop solutions
  - *All resources (Transmission, Generation & Demand-Response) are considered on a comparable basis*
  - *Preference is given to market-based solutions*
- Addresses cost allocation and cost recovery
- “Beneficiary-pays” methodology
Requests for Solutions

Reliability Needs Assessment (RNA)

Comprehensive Reliability Plan (CRP)

System Congestion Assessment (CARIS Phase 1)

Review of Specific Project Proposals (CARIS Phase 2)

NYISO Planning

Reliability Planning

Economic Planning
FERC NOPR

- Different cost allocation methodologies may be applied to different types of projects
  - Reliability
  - Economic
  - Public Policy

- NYISO planning and cost allocation procedures for reliability and economic projects have already been approved by FERC as compliant with Order 890 planning principles
Public Policy Requirements

- NYISO planning processes provide scenario analysis to assess the impacts of proposed state and federal environmental, energy efficiency and renewable power policies.
- NYISO is an active participant in the New York State Energy Planning Process *(Named as technical advisor in 2009 law.)*
- NYISO provides targeted studies and technical advice at the request of the State to address public policy considerations.
- State and federal authorities — not the NYISO — identify public policy requirements.
Regional Collaboration

Eastern Interconnection Planning Collaborative
## Inter-regional Issues

- NYISO supports the NOPR’s principles with respect to inter-regional planning & cost allocation that:
  - **Would require that an interregional project must be included in each region’s respective plan as a pre-requisite for inter-regional cost allocation**
  - **Would require mutual agreement on inter-regional cost allocation**
  - **Would prohibit cost allocation to regions which receive no benefit**
  - **Would prohibit cost allocation to regions where the facility is not located**

- NYISO will urge FERC *not* to mandate establishment of a uniform inter-regional cost allocation methodology
  - **Interregional projects can take many different forms. It would be difficult, if not impossible, to anticipate all possible situations in advance**
  - **FERC should allow regions to negotiate acceptable cost allocation for specific projects as they arise**
  - **FERC should not impose a uniform interregional cost allocation methodology as to do so will likely cause extended litigation**
The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state’s bulk electricity grid, administering New York’s competitive wholesale electricity markets, conducting comprehensive long-term planning for the state’s electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.

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