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|  | NEPOOL Markets Committee |
|  | Jon Lowell |
|  | July 18, 2016 |
|  | Resource Dispatchability Requirements (WMPP ID: 84) |

The ISO is requesting a vote on the Resource Dispatchability Requirements proposal. The proposed changes will contribute to improved reliability through greater operational flexibility, and improved price formation by reducing the number of resources on the system that are non-dispatchable in real-time.

**Key Design Elements and Tariff Changes**

The key design elements and a summary of proposed changes to Market Rule 1 are summarized below:

1. *Expanded requirement for the types and categories of resources that must be able to receive and respond to electronic dispatch instructions (either Do-Not-Exceed Limits or Desired Dispatch Points) in real-time in accordance with an economic offer.*
   * The expanded requirements will take effect on June 1st of the Capacity Commitment Period associated with the first Forward Capacity Auction following FERC approval of the tariff change.
   * The following resource types remain excluded at this time:
     1. Solar
     2. Nuclear
     3. Demand Resources not part of Price Responsive Demand (PRD)
     4. Settlement Only Resources
     5. External Transactions
   * Establishment of milestones for impacted resources the must become dispatchable:
     1. Submission of the order form that initiates installation and activation of a Remote Terminal Unit (RTU) and supporting communication circuit by January 15, 2017
     2. Completion of communications installation and testing to allow real-time dispatchability within 12 months of the order submission date
2. *DDP Dispatchable Intermittent Power Resources with a Capacity Supply Obligation (CSO) must submit offers into the Day-Ahead Market consistent with the Participant’s expectation of the resource’s operation in real-time*
   * The Day-Ahead offer requirement will become effective on June 1st of the Capacity Commitment Period associated with the first Forward Capacity Auction following FERC approval of the tariff change.
   * Note that a similar requirement already applies to DNE Dispatchable Generators.
3. *Elimination of Settlement-Only criteria exemptions*

* Existing exemptions to the Settlement-Only criteria will lapse effective June 1st of the Capacity Commitment Period associated with the first Forward Capacity Auction following FERC approval of the tariff change.

1. *Clarification of energy settlement options for Alternative Technology Regulation Resources to include registration of the asset as a dispatchable generator*

* The change to ATRR energy settlement options will become effective in December 2018.

Note that price formation enhancements focused on resources operating at EcoMin is still under evaluation and will be presented to the Committee for discussion as a separate issue.

**Summary of Significant Changes to the ISO Tariff**

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| **Defined Terms** | **Explanation** |
| DDP Dispatchable Resource | New term to simplify tariff langauge when referring to resources that receive DDPs |
| Dispatchable Resource | New term to simplify tariff langauge when referring to the set of resources that are dispatchable |
| Do Not Exceed (DNE) Dispatchable Generator | Clarifies that DNE Dispatchable Generators are Dispatchable Resources |
| Non-Dispatchable Resource | New term to simplify tariff references to the set of resources that are not dispatchable. |
| Settlement Only Resources | Aligns the definition of the defined term with the definition used in OP-14. |

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| **Tariff Reference** |  |
| III.1.7.19A | Incorporates a new “Dispatchable Resource” defined term |
| III.1.7.20(f) | Corrects the usage of “Dispatchable Asset Related Demand” defined term |
| III.1.11.1 | Replaces “Pool Scheduled Resource” with “Dispatchable Resource” where the language is primarily referring to dispatch rather than commitment.  Clarifies ISO authorities to instruct Dispatchable versus Non-Dispatchable Resources. |
| III.1.11.3 | Describes dispatchability requirement, treatment of Dispatchable Resources, and deadline to submit order form for RTU and communication circuit.  Removes obsolete tariff reference to III.1.11.5, which will now contain different content. |
| III.1.11.5 | Describes the dispatchability requirements for Intermittent Power Resources. Note that the content previously residing in this section that described how non-dispatchable intermittents participated in real-time is now located in III.1.11.6. |
| III.1.11.6 | Consolidates the treatment of Non-Dispatchable Resources in a single location in the tariff. |
| III.13.6.1.3.1 | Describes the requirement for Intermittent Power Resources with a Capacity Supply Obligation to offer in Day-Ahead. |
| III.14.8(d) | Clarifies ATRR asset registration options to facilitate participation in the energy market and settlement of energy provided while regulating. |

**Background Materials**

The Resource Dispatchability Requirements market enhancements have been presented and discussed at six previous Markets Committee meetings in 2015 and 2016 shown below. The table below provides the meeting dates, the principal discussion topics at the meetings, and links to the presentation materials used. Please note that the scope of the final proposal is narrower than the scope as presented at the December 2015 meeting.

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| MC Meeting Date | Discussion Topics |
| October 2015 | [Problem Identification](http://www.iso-ne.com/static-assets/documents/2015/10/a09_iso_presentation_10_08_15_1.pptx) |
| December 2015 | [Presentation/discussion of proposed design changes](http://www.iso-ne.com/static-assets/documents/2015/12/a06_iso_presentation_12_09_15.pptx) |
| January 2016 | [Review/discussion of proposed design changes](http://www.iso-ne.com/static-assets/documents/2016/01/a05_iso_presentation_01_13_156.pptx) |
| February 2016 | [Review/discussion of proposed design changes](http://www.iso-ne.com/static-assets/documents/2016/02/a07_iso_presentation_02_10_16.pptx) |
| April 2016 | [Review/discussion of changes changes/simplifications to the proposed design](http://www.iso-ne.com/static-assets/documents/2016/04/a03_iso_presentation_04_12_16.pptx) |
| June 2016 | [Initial presentation of supporting tariff changes](http://www.iso-ne.com/static-assets/documents/2016/06/a4_tariff_section_1_2_2_and_mr1_redlines_resource_dispatchability.docx) |