

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

MATTER 14-01862 - In the Matter of a Technical Conference to
Address New York Markets and Infrastructure.

SECOND SUPPLEMENTAL NOTICE OF JOINT TECHNICAL CONFERENCE

(Issued October 31, 2014)

As announced in notices issued on September 17, 2014, and October 10, 2014, the Commission will hold a joint technical conference with the Federal Energy Regulatory Commission (FERC) on November 5, 2014, from 9:00 am to approximately 4:00 pm. The purpose of the conference is to discuss issues of mutual interest and concern regarding the installed capacity market and energy infrastructure in New York and review the role of New York's centralized capacity market in attracting investment and ensuring resource adequacy and reliability.

An agenda identifying panelists for this conference is attached. Please note that the conference will be Commissioner-led. There will not be an opportunity for the public to provide comments or ask questions during the conference.

The conference will be held at the New York Institute of Technology Auditorium on Broadway, which is located at 1871 Broadway, between 61st and 62nd Streets, New York, NY 10023. Given limited seating capacity, priority for seating will be given to those who have registered with FERC. Registrants that have a confirmed space will be contacted by email. Persons that have not received confirmation are encouraged to view the conference by accessing the following webpage: <http://bcove.me/n8ovpqq7>. A recording of the webcast will be made available on the Department's website after the conference. The technical conference will also be transcribed and made publicly available following the conference.

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For more information about the technical conference, please contact David Drexler at David.Drexler@dps.ny.gov or (518) 473-8178; or William Heinrich at William.Heinrich@dps.ny.gov or (518) 473-3402.

KATHLEEN H. BURGESS
Secretary

**Joint FERC-NYPSC Technical Conference on New York Markets &
Infrastructure**

FERC Docket No. AD14-18-000

NYPSC MATTER 14-01862

November 5, 2014

Agenda

- 8:00am - 9:00am Registration**
- 9:00am - 9:30am Opening remarks by Commissioners**
- 9:30am- 10:15am NYISO and Independent Market Monitor
presentation**

NYISO and the Independent Market Monitor will report on the recent performance of NYISO's capacity market. NYISO will also describe current initiatives it is undertaking, and hurdles it is facing, as it seeks to improve performance of its capacity market to attract adequate investment in resources and infrastructure to efficiently meet New York State's reliability/resource adequacy needs. NYISO will provide information on recent investments made in resources and infrastructure through NYISO's markets and transmission planning efforts, and discuss the implementation of the new capacity zone in the Lower Hudson Valley. NYISO will provide a brief update on preparedness for the upcoming winter. Finally, the Independent Market Monitor will provide its recommendations for improved performance of NYISO's capacity market.

- 10:15am - 12:15pm Panel One: Assessing the performance of
NYISO's capacity market design in attracting
investment in resources and infrastructure
to meet reliability/resource adequacy needs**

This session will discuss the role of NYISO's capacity market in attracting investment in both resources and infrastructure in order to meet New York State's reliability and/or resource adequacy needs. In particular, panelists should discuss the particular capacity market design features that encourage merchant investment in resources and infrastructure. Panelists will be asked to discuss how the capacity market is addressing local and state-wide resource adequacy and reliability issues at just and reasonable rates. Finally, panelists should discuss what changes, if any, should be considered going forward to improve the performance of NYISO's capacity market.

Panelists should be prepared to discuss the following questions:

- a. How do particular market design features impact infrastructure investment decisions by merchant entities? How can these market design aspects best address the interests of both buyers and sellers? How do buyer-side mitigation measures affect investment? Should the NYISO capacity market provide a longer revenue certainty period (e.g., 3, 5, or 10 years)? Does the existing NYISO capacity market appropriately incent investment as compared with three-year forward market designs in other capacity markets (e.g., PJM, ISO-NE)? Are long-term bilateral contracts a feasible alternative procurement mechanism for New York (e.g., California model)?
- b. Are changes to NYISO's capacity market necessary to better ensure resource performance during peak demand conditions (summer or winter)?
- c. Why are Reliability Support Services (RSS) needed? What is the effect of RSS agreements on the ability of the NYISO capacity market to efficiently meet the intended goal of incentivizing investment in resources and infrastructure? Are there other market and infrastructure impacts of the use of RSS agreements?
- d. How does NYISO coordinate its planning processes and its capacity market? Are there possible improvements in the coordination efforts?
- e. How is the planning of transmission, generation and other resources coordinated between retail and wholesale markets?

Panelists: Gavin Donohue - Independent Power Producers of New York
Glenn Haake - New York Power Authority
Marji Philips - DirectEnergy
Mike Mager - Multiple Intervenors
Raymond Kinney - New York State Electric & Gas
Robert O. Gurman - Pocono Manor Investors

12:15pm - 1:00pm Lunch Break

1:00pm - 3:00pm

Panel Two: Role of NYISO's capacity market in attracting investment in resources and infrastructure needed to meet public policy objectives

This session will focus on whether, and to what extent, NYISO's capacity market should play a role in attracting investment in resources and infrastructure to meet public policy objectives. There may be a range of public policy objectives, including increasing renewable resources; maintaining or increasing clean energy resources to meet emission reduction goals; increasing distributed resources; increasing energy efficiency and demand response resources; maintaining fuel diversity; maintaining price stability for customers (wholesale, retail, commercial and industrial); economic development; and spurring investment in resources and infrastructure (both power lines and gas pipelines). Panelists should address whether these objectives are appropriately addressed through the NYISO capacity market. If so, this session will also include a discussion of whether certain aspects of the current NYISO capacity market design—in particular the capacity market product definition—need to change to achieve the requisite public policy objectives. The discussion may also explore whether some of these objectives are complementary or in conflict with other objectives.

Panelists should be prepared to discuss the following questions:

- a. Are changes to the capacity market needed to account for fuel availability/firmness of fuel, or to differentiate the value of capacity resources based on the "firmness" of fuel arrangements?
- b. Should the capacity market specifically account for or otherwise value resources that are intended to meet current or future public policy goals (e.g., fuel diversity or emission reduction goals)? How should there be modifications to the buyer-side mitigation rules to help achieve those goals?
- c. What price signals and tariff changes may be needed to achieve the objectives under discussion in the PSC's Reforming the Energy Vision (REV) proceeding?
- d. Are there market, environmental, or other barriers to entry in certain locations or for certain kinds of resources (e.g., repowering assets in New York City)?

e. Are there broader market design features outside of the capacity market (e.g., scarcity and shortage pricing) that could be adjusted to account for public policy objectives (e.g., increasing renewables)?

Panelists: Kevin Lang - City of New York
Jackson Morris - Natural Resources Defense Council
John Reese - USPowerGen
James Holodak, Jr. - National Grid
Patricia Stanton - Conservation Services Group
Scott Harvey - FTI Consulting

3:00pm - 3:15pm Break

**3:15pm - 4:00pm Roundtable discussion among
Commissioners/Wrap up**

Discussion of possible paths forward for identified issues and solutions.