

Power Trends 2023:

A Balanced Approach to a Clean and Reliable Grid

Power Trends is the NYISO's annual state of the grid report, addressing the most important issues impacting the electric system and the grid in transition. Reliability of the electric system is essential to the state's economy, and necessary to ensure the health and safety of all New Yorkers. The NYISO is committed to a carefully planned approach to maintaining the reliability of a grid in transition and meeting state and federal policy objectives.

Key Messages

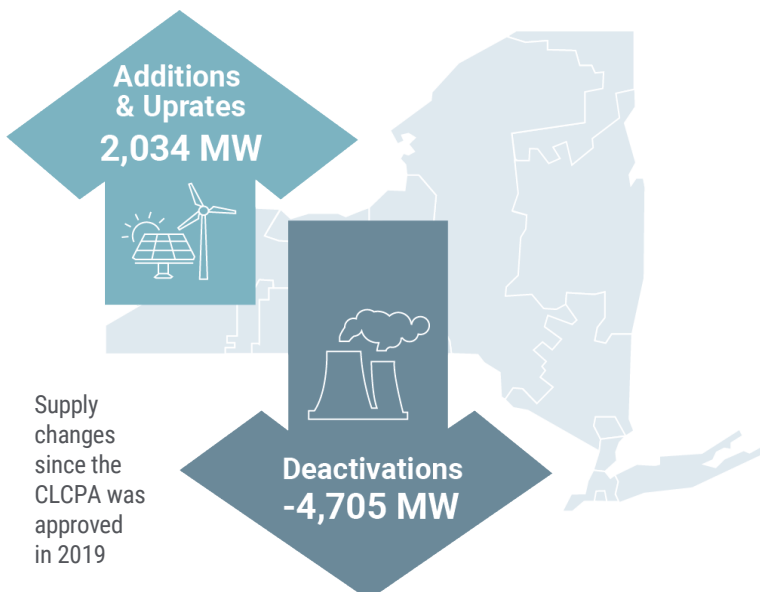
- ✓ **Public Policies are driving rapid change** in the electric system in the state, impacting how electricity is produced, transmitted, and consumed.
- ✓ **Reliability margins are shrinking.** Electrification programs are driving demand for electricity higher. Generators are retiring at a faster pace than new renewable supply is entering service. The potential for delays in construction of new supply and transmission, higher than forecasted demand, and extreme weather could threaten reliability and resilience of the grid.
- ✓ **New supply, load and transmission projects are seeking to interconnect to the grid at record levels.** The NYISO's interconnection process balances developer needs with grid reliability. Efforts are underway to make this process more efficient while continuing to protect the grid.
- ✓ **To achieve the mandates of the CLCPA, new emission-free supply with the necessary reliability services will be needed** to replace the capabilities of today's generation. Such new supply is not yet available on a commercial scale.
- ✓ **New wholesale electricity market rules** are supporting the grid in transition. These markets are critical for a reliable transition.

“ New York's public policies are increasingly prioritizing clean energy production and a rapid transition away from fossil fuels. It is imperative that during this time of rapid change we maintain adequate supply necessary to meet a growing demand for electricity. Achieving this balance will be the central challenge to the industry and New York State in the coming years. ”



– Rich Dewey,
CEO, New York ISO

Shrinking Reliability Margins



- **Key clean energy policies like the CLCPA**, which requires an economy-wide approach to addressing climate change and decarbonization, and the state's "Peaker Rule" with emissions regulations that impact approximately 3,300 megawatts of fossil fuel generation in the downstate region, are impacting how electricity is produced, transmitted, and used in New York.
- **The CLCPA and new clean energy policies require** significant electrification of the transportation and building sectors, driving electricity demand higher.
- **The NYISO's second quarter 2023 STAR report**, issued in July 2023, found a deficit in reliability margins for the New York City area beginning in summer 2025. The deficit is as large as 446 MWs.

Maintaining a Reliable Grid

- **Monitor Risk Factors:** Through our reliability planning processes, we will continue to identify and address risks to reliability and resilience.
- **Monitor & Track Local Transmission Owner Plans:** Transmission owners need to complete the projects identified in their Local Transmission Owner Plans (LTPs), on schedule.
- **Enhance Grid Interconnection Processes:** The NYISO is engaged in a significant effort to further improve the interconnection process to drive efficiencies for new developers seeking to interconnect to the grid while maintaining reliability.
- **Consider Enhancements to Reliability Requirements:** Revisions to current reliability rules, procedures, and practices may be necessary as the impacts of climate change, public policies, and changes to economic conditions place new demands on the grid.
- **Continue Coordination with the New York State Public Service Commission:** Transmission needs declared by the NYPSC to support the CLCPA are leading to the largest investment in decades. If the NYPSC determines any additional public policy needs for new transmission, the NYISO will solicit projects from developers to fulfill such needs.

A Just Transition of the Electric Sector

- ✓ **Environmental justice objectives are a key feature of the CLCPA.** Balancing reliability and efforts to build a cleaner power system is key to a successful transition of the grid.
- ✓ **A just transition of the electric sector must consider** the toll on public health, safety, and welfare if reliability is not maintained.
- ✓ **The NYISO is working closely with renowned experts and academics** on our Environmental Advisory Council (EAC) to gain key insight into the state's environmental justice challenges.

500+ Interconnection requests are in the queue today compared to approximately 120 projects in 2018 prior to the CLCPA.

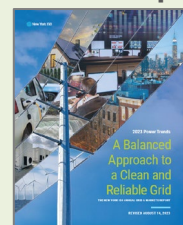
- **The NYISO interconnection study process is evolving to address a greater volume of requests.** The state's climate goals, and the influx of new projects means that more enhancements are needed.
- **Multiple factors outside the NYISO's control can impact** whether a project elects to move forward with the interconnection process, including the status of siting and other regulatory matters, investment risks, eligibility for RECs, and supply-chain concerns.
- **The NYISO and its stakeholders must weigh the benefits** provided to developers under the existing interconnection process against the resources, time, and study costs incurred by developers, utilities, and the NYISO.
- **To address the increase in projects seeking to connect to the grid,** the NYISO is working with stakeholders to develop and implement further improvements to the interconnection process.

Next Steps

The grid in New York is undergoing an unprecedented, historic transformation.

- **October 2023:** NYISO issues third quarter Short-Term Assessment of Reliability (STAR) Report which will evaluate the changing mix of supply, transmission capability, and forecasted demand.
- **Fourth quarter 2023:** NYISO issues the 2023-2032 Comprehensive Reliability Plan (CRP), which will account for the findings of the 2022 RNA and 2023 STAR evaluations.
- **Fourth quarter 2023:** NYISO issues response to the solicitation for solutions to the New York City reliability need identified in the STAR report issued in July 2023.

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