

Master Plan

April Draft

Ethan Avallone

TECHNICAL SPECIALIST, ENERGY MARKET DESIGN

ICAPWG/MIWG

April 22, 2020 Rensselaer NY

Agenda

- **Background**
- **2020 Master Plan – Structure**
- **2020 Master Plan – Strategic Initiatives and Key Themes**
- **Timeline**
- **Appendix I**
 - 2020 Master Plan Process
- **Appendix II**
 - 2020 Master Plan – Proposed Project Timelines

Background

Background

- The Master Plan was first developed in 2018 and is updated annually
- The Master Plan provides a multi-year vision for future NYISO enhancements
 - It is intended to provide a comprehensive 5-year plan that will enable the NYISO to prepare for anticipated changes to the bulk power system
 - The document serves multiple purposes including providing valuable information for the NYISO's project prioritization and strategic planning processes



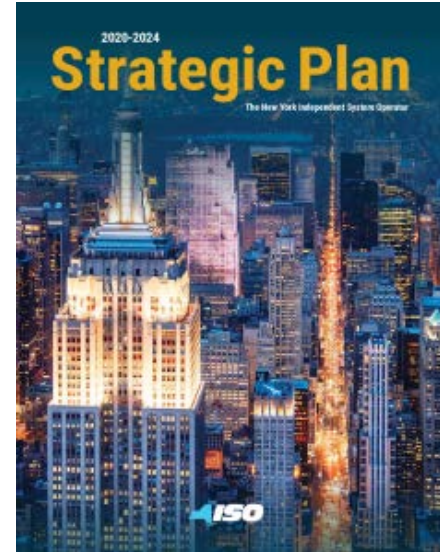
Background

- **In response to stakeholder feedback on prior plans, the 2020 Master Plan includes a number of features to improve readability and clarity**
 - The NYISO will provide a cohesive narrative, while avoiding reiteration of unnecessary project information that is already included within project candidate descriptions
 - Describe how each individual project will support grid reliability and market efficiency
 - Compare and contrast the projects in terms of the level of effort, and the benefit that each will provide for the grid
 - Provide a potential timeline for stakeholders
- **Today, the NYISO will discuss the updated draft of the Master Plan posted with today's meeting materials**

2020 Master Plan Structure

2020 Master Plan Structure

- The 2020 Master Plan derives the strategic initiatives discussed from the NYISO's 2020-2024 Strategic Plan*
 - The projects discussed in the 2020 Master Plan are grouped under the applicable strategic initiatives



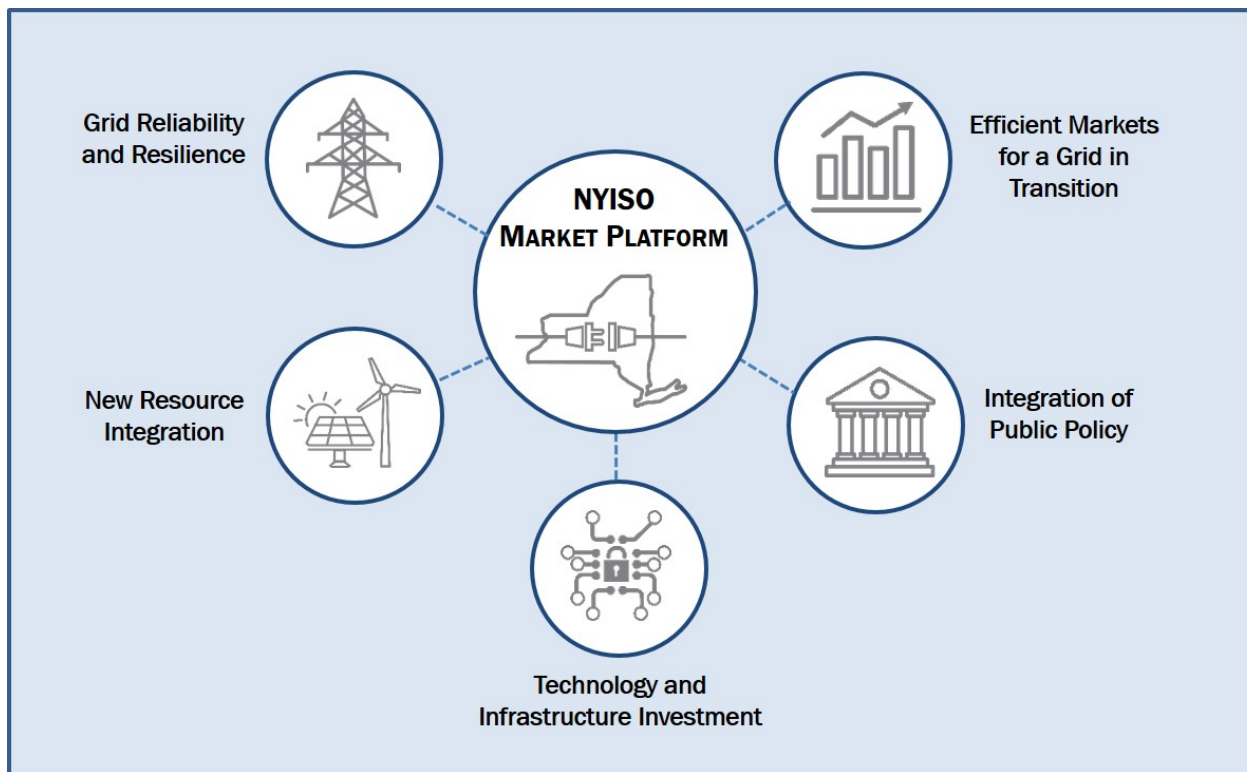
*Link to the Strategic Plan: <https://www.nyiso.com/documents/20142/2225883/2020-Strategic-Plan.pdf/e282579c-9988-3ff6-5164-dfea1abfbc13?t=1576765917219>

2020 Master Plan Structure

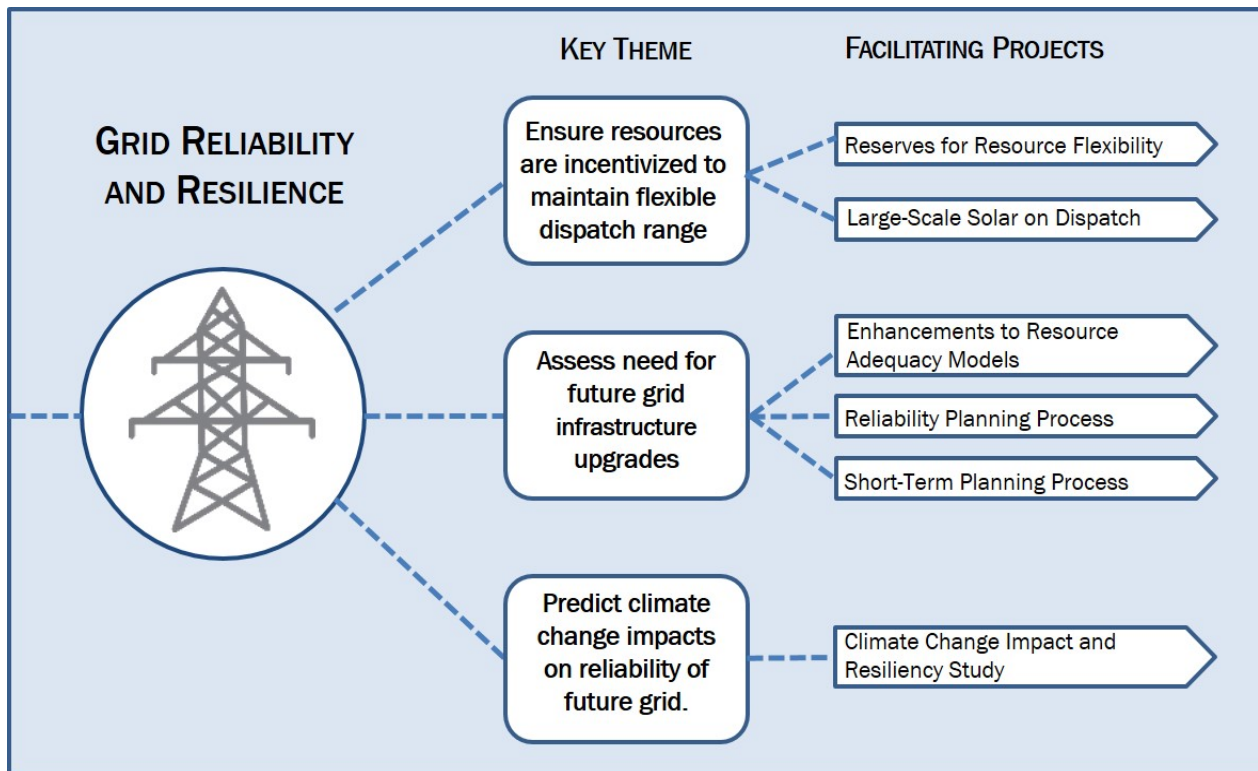
- **Strategic Initiatives and Key Themes**
 - Grid Reliability and Resilience
 - Efficient Markets for a Grid in Transition
 - New Resource Integration
 - Integration of Public Policy
 - Technology and Infrastructure Investment
- **Proposed project timelines**
- **Potential grid benefits, NYISO effort, and project dependencies**

2020 Master Plan – Strategic Initiatives and Key Themes

NYISO Strategic Initiatives



Grid Reliability and Resilience

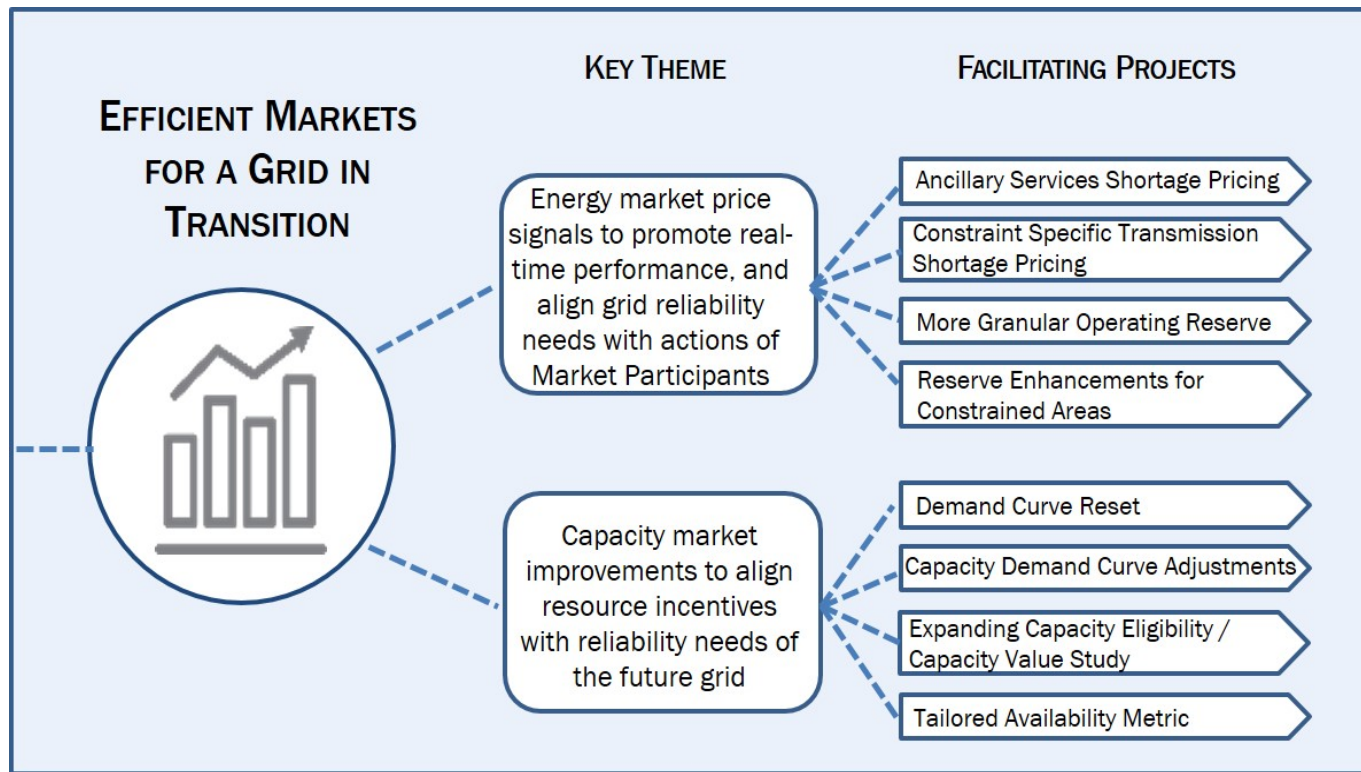


Strategic Initiatives and Key Themes

Grid Reliability and Resilience

Grid Reliability and Resilience		Description
	Incentives for Flexible Dispatch	
1	Reserves for Resource Flexibility	Proposes to expand the procurement of operating reserves in the Southeastern New York (SENY) reserve region
2	Large-Scale Solar On Dispatch	The NYISO recommends that front-of-the-meter solar resources be treated similarly to wind resources. This would require solar plants to submit flexible offers that indicate their willingness to generate at various price levels, and to receive and respond to economic dispatch instructions to curtail output.
	Future Infrastructure Upgrades	
3	Enhancements to Resource Adequacy Models	Evaluate the robustness of these models in the NYISO markets, and making updates as needed to reflect emerging technologies and changing system dynamics.
4	Reliability Planning Process	Part of the Reliability Planning Process ("RPP"), assesses the reliability of the New York State Bulk Power Transmission Facilities ("BPTF") in accordance with applicable Reliability Criteria.
5	Short-Term Planning Process	The Short-Term Planning Process ("STRP") was approved by the NYISO Board in January 2020 and filed with FERC in February. The STRP builds on the existing Generator Deactivation process by not only evaluating and addressing Reliability Needs on the BPTF resulting from Generator Deactivations, but also resulting from other changes on the electric grid such as load and transmission changes.
	Climate Change Impacts	
6	Climate Change Impact and Resiliency Study	Contemplates the impacts of climate change itself on the reliability of the future grid.

Efficient Markets for a Grid in Transition



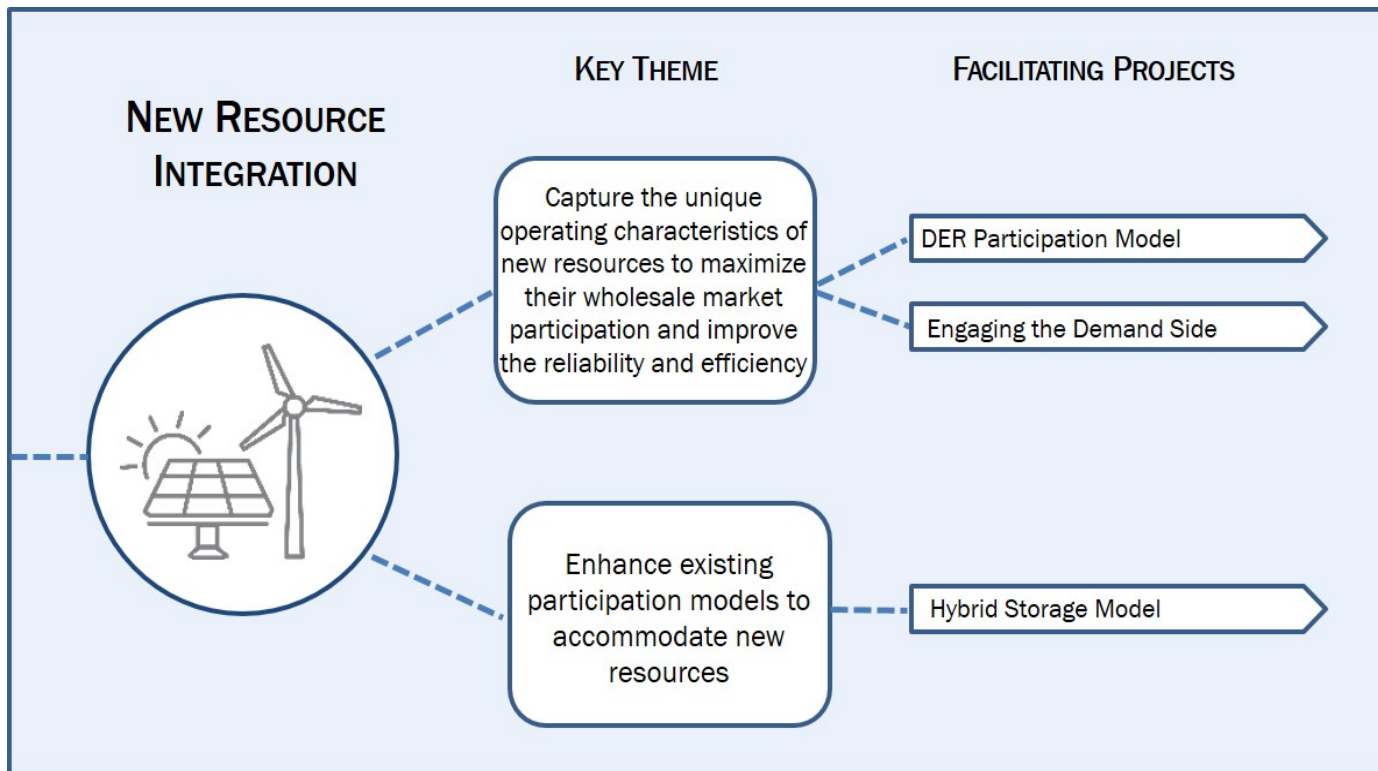
Strategic Initiatives and Key Themes

Efficient Markets for a Grid in Transition

Efficient Markets for a Grid in Transition		Description
	Performance and Alignment	
7	Ancillary Services Shortage Pricing	The purpose of this project is to evaluate the NYISO's Ancillary Services shortage pricing values, considering the operator actions taken to maintain operating reserve requirements, market incentives necessary to maintain flexibility, and payment incentives in neighboring markets, especially pay-for-performance capacity market designs.
8	Constraint Specific Transmission Shortage Pricing	Improve resource scheduling efficiency and investment signals by enhancing the way that constraints on the transmission system are priced in the NYISO's energy markets.
9	More Granular Operating Reserve	Implementing reserve requirements within certain New York City load pockets that would better represent the value of short-notice responsive resources in desirable locations.
10	Reserve Enhancements for Constrained Areas	Dynamically procure operating reserve based on system needs and transmission capabilities, which will enable operating reserves to be scheduled more efficiently in constrained areas.
	Capacity Markets and Alignment	
11	Demand Curve Reset	Every four years, the NYISO, along with its stakeholder community, conducts this comprehensive review to determine the parameters used in establishing the Installed Capacity (ICAP) Demand Curves.
12	Capacity Demand Curve Adjustments	This effort includes exploring alternative slopes and shapes of the ICAP Demand Curves that may help stabilize capacity market pricing outcomes and improve the predictability of future market revenues as large quantities of new resources are deployed across New York State in the coming years.
13	Expanding Capacity Eligibility/Capacity Value Study	Assess the changes to the reliability benefit of resources in the grid through time to continue to support reliable grid operations.
14	Tailored Availability Metric	This project will help the NYISO to maintain the availability and incentivize performance of capacity suppliers during peak operating conditions. The Tailored Availability Metric project addresses this by incentivizing resources to be available and perform during these critical operating periods.

Strategic Initiatives and Key Themes

New Resource Integration

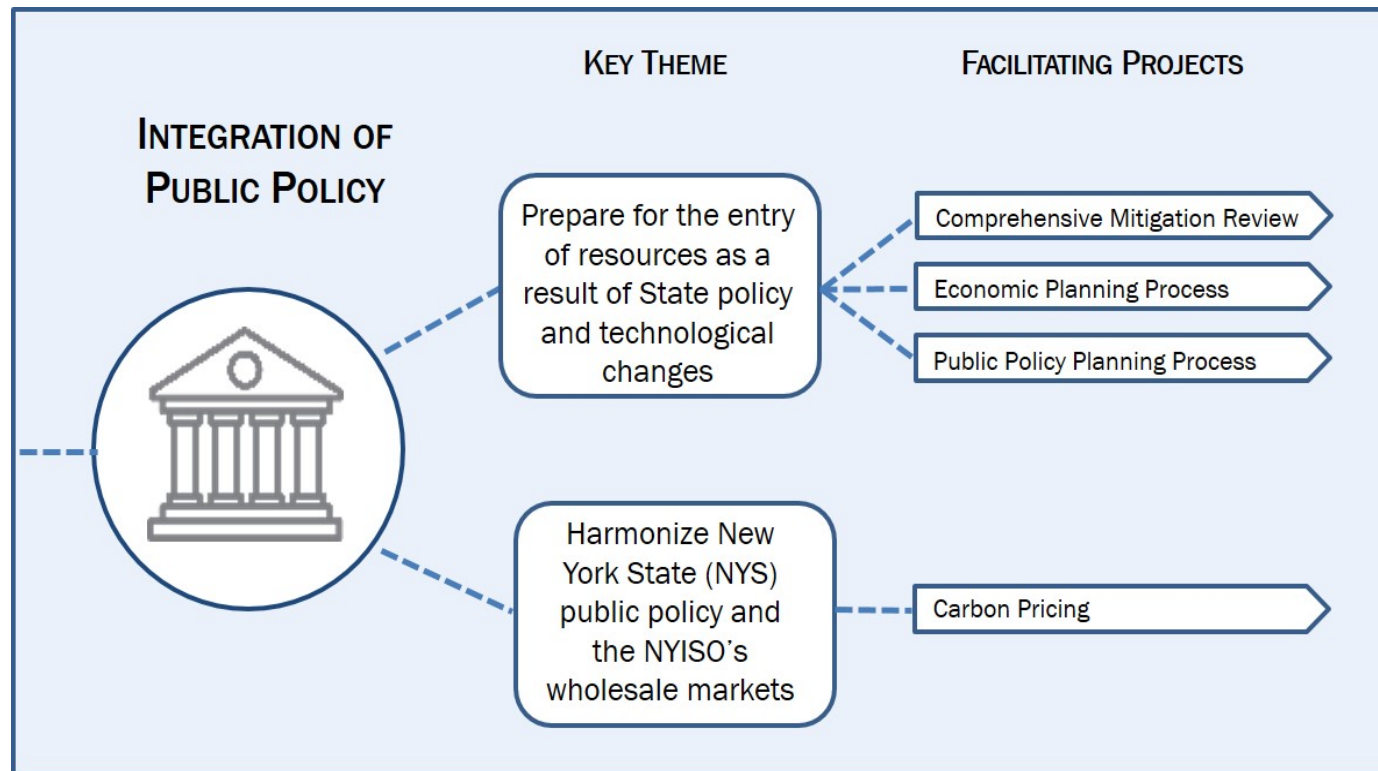


Strategic Initiatives and Key Themes

New Resource Integration

New Resource Integration		Description
	Wholesale Market Participation	
15	DER Participation Model	Harmonize New York's REV goals and compliance with FERC Order Nos. 719, 745 and 841, while simplifying the operational matrix of rule sets for product offerings of both demand response and distributed resources, for all stakeholders involved.
16	Engaging the Demand-Side	Controllable and flexible load can help to balance inflexible/intermittent supply and provide ancillary services.
	Participation Model Enhancement	
17	Hybrid Storage Model	Develop market participation rules for front-of-the-meter resources co-located with ESRs.

Integration of Public Policy

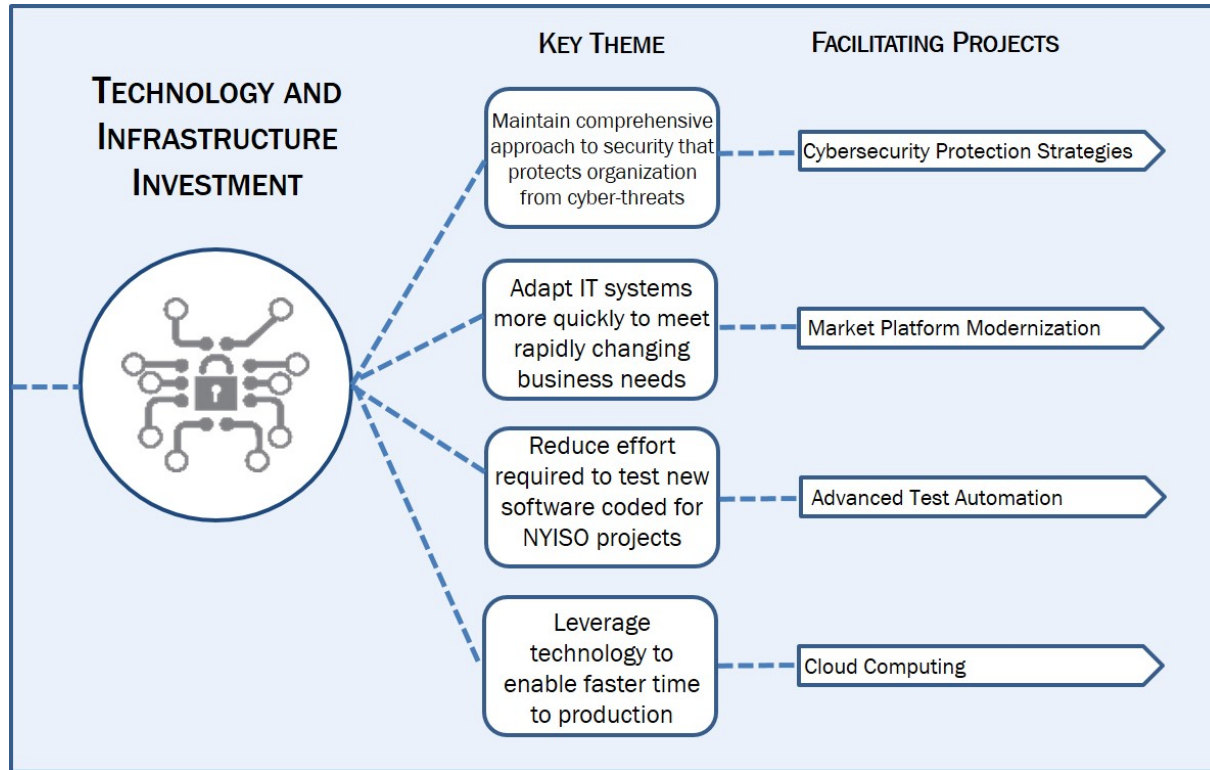


Strategic Initiatives and Key Themes

Integration of Public Policy

Integration of Public Policy		Description
	New Resource Entry	
18	Comprehensive Mitigation Review	Will allow the NYISO to further prepare for the entry of resources as a result of State policy and technological changes.
19	Economic Planning Process	The purpose of the CARIS studies is to identify whether transmission build-out or the introduction of other resources is economic based on forecasted congestion costs within the NYISO market.
20	Public Policy Transmission Planning Process	The NYISO's Public Policy Transmission Planning Process is the means by which the NYISO addresses transmission needs that are driven by Public Policy Requirements
	Public Policy and Market Harmonization	
21	Carbon Pricing	Seeks to harmonize New York State (NYS) public policy and the NYISO's wholesale markets by incorporating the social cost of carbon dioxide ("carbon") emissions when scheduling resources through the energy markets.

Technology and Infrastructure Investment



Strategic Initiatives and Key Themes

Technology and Infrastructure Investment

Technology and Infrastructure Investment		Description
22	Cybersecurity Protection Strategies	The NYISO views cyber and physical security as a crucial component of its strategic plan, and invests significant time and resources to maintain a comprehensive approach to security that protects the organization and allows it to fulfill its mission to reliably operate the electric grid and wholesale electricity markets in New York State.
23	Market Platform Modernization	The goal of this IT strategic initiative is to optimize the market platform to be adapted quickly and safely to enable the NYISO to be responsive to the emerging business needs of a grid in transition.
24	Advanced Test Modernization	The goal of this IT strategic initiative is to reduce the time and effort required to validate software changes
25	Cloud Computing	This IT strategic initiative focuses on building capabilities that will allow the NYISO to effectively manage the cost, risk, and efficiency of cloud based services.

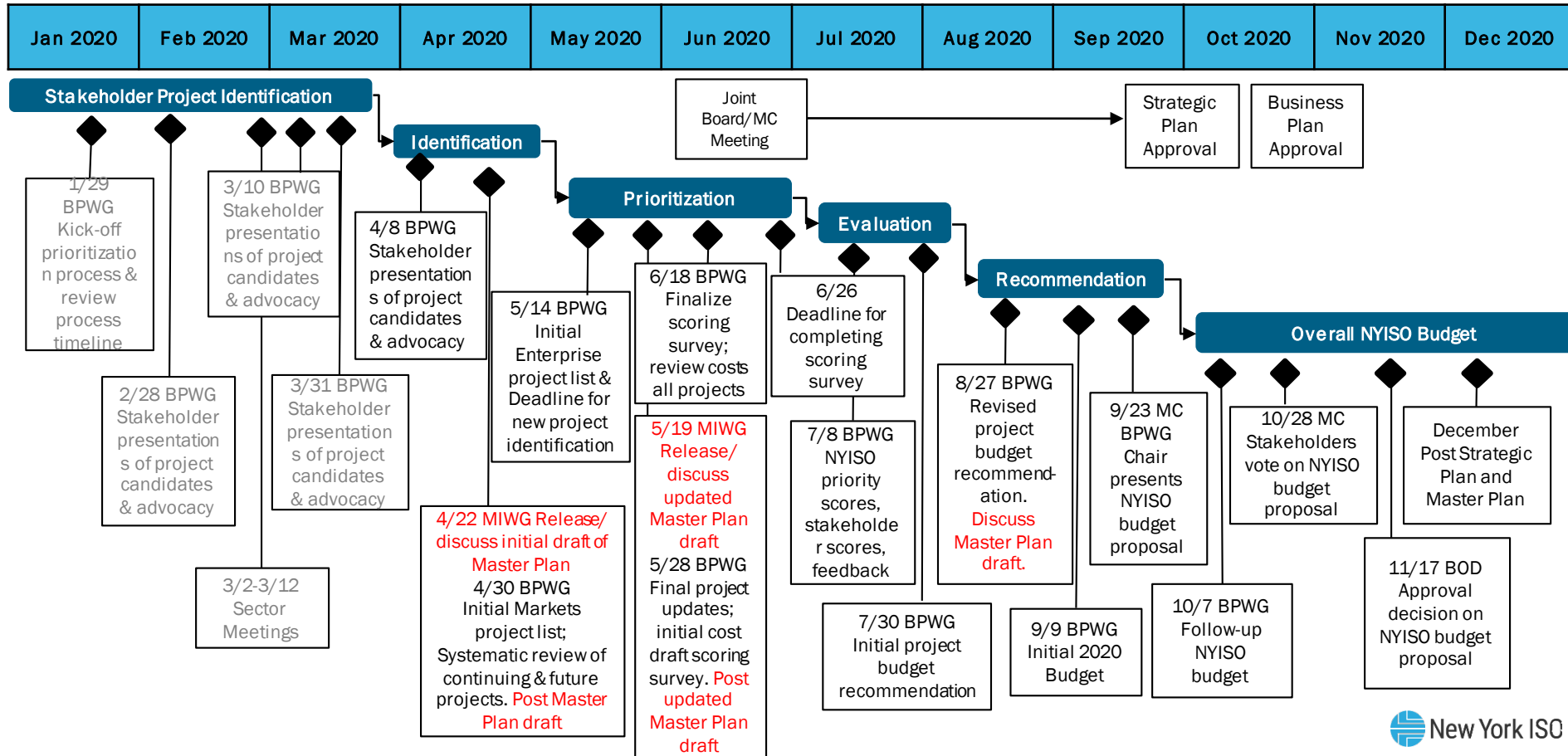
Timeline

Master Plan Timeline

- ✓ March 2020 – Meet with each governance sector to get initial feedback
- ✓ April 22, 2020 (MIWG) – Release and discuss the initial draft of the Master Plan
- April 30, 2020 (BPWG) – Release the initial draft of the Master Plan (no discussion)
- May 19, 2020 (MIWG) – Release and discuss updated draft
- May 28, 2020 (BPWG) – Release updated draft (no discussion)
- August 27, 2020 (BPWG) – Release and discuss near final draft of the Master Plan
- December 2020 – Release final Master Plan

All updates to the Master Plan will be coordinated with the overall project prioritization process

2021 Proposed Project Prioritization Timeline



Appendix I: 2020 Master Plan Process

Master Plan Process

- **The Master Plan starts with receiving feedback at each of the Sector Meetings**
- **An initial draft of the Master Plan will be produced in mid-April**
 - This draft is intended to share NYISO's initial thoughts based on Sector Meeting feedback
- **An updated draft of the Master Plan will be produced near the end of May**
 - This draft will incorporate additional feedback and identify costs and benefits
- **A near final draft of the Master Plan will be produced near the end of August**
 - This draft will incorporate any changes as a result of the project prioritization and the budget process
- **A final Master Plan will be produced near the end of the year**
 - This final version will incorporate any changes from the final approved budget

Appendix II: 2020 Master Plan Proposed Project Timelines

Strategic Initiatives and Key Themes

Grid Reliability and Resilience

Grid Reliability and Resilience		2020	2021	2022	2023	2024	2025
	Incentives for Flexible Dispatch						
1	Reserves for Resource Flexibility	MDC	DC	DEP			
2	Large-Scale Solar On Dispatch		DEP				
	Future Infrastructure Upgrades						
3	Enhancements to Resource Adequacy Models		Ongoing				
4	Reliability Planning Process	Ongoing					
5	Short-Term Planning Process	DEP	Ongoing				
	Climate Change Impacts						
6	Climate Change Impact and Resiliency Study	SC	CP				

Strategic Initiatives and Key Themes

Efficient Markets for a Grid in Transition

Efficient Markets for a Grid in Transition		2020	2021	2022	2023	2024	2025
	Performance and Alignment						
7	Ancillary Services Shortage Pricing	MDC	DC	DEP			
8	Constraint Specific Transmission Shortage Pricing	MDC	DC	DEP			
9	More Granular Operating Reserve	MDC	DEP				
10	Reserve Enhancements for Constrained Areas		SC	FR	DC	DEP	
	Capacity Markets and Alignment						
11	Demand Curve Reset	SC	DEP		SD	SC	DEP
12	Capacity Demand Curve Adjustments		SC	MDC	DC		
13	Expanding Capacity Eligibility/Capacity Value Study	DC	DEP	SD	SC		DEP
14	Tailored Availability Metric	MDC	DEP	SD	SC		DEP

Strategic Initiatives and Key Themes

New Resource Integration

New Resource Integration		2020	2021	2022	2023	2024	2025
	Wholesale Market Participation						
15	DER Participation Model	SD	DEP				
16	Engaging the Demand-Side		ID	SD	SC	CP	CP
	Participation Model Enhancement						
17	Hybrid Storage Model	MDC	DC	DEP			

Strategic Initiatives and Key Themes

Integration of Public Policy

Integration of Public Policy		2020	2021	2022	2023	2024	2025
	New Resource Entry						
18	Comprehensive Mitigation Review	MDC/DEP	MDC/DEP				
19	Economic Planning Process	Ongoing					
20	Public Policy Transmission Planning Process	Ongoing					
	Public Policy and Market Harmonization						
21	Carbon Pricing	FR					

Strategic Initiatives and Key Themes

Technology and Infrastructure Investment

Technology and Infrastructure Investment		2020	2021	2022	2023	2024	2025
22	Cybersecurity Protection Strategies	Ongoing					
23	Market Platform Modernization	Ongoing					
24	Advanced Test Modernization	Ongoing					
25	Cloud Computing	Ongoing					

Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system

