



Tailored Availability Metric Enhancements

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Rationale for Considering Enhancements

- This year's Tailored Availability Metric project was originally intended "to implement a market design that reflects higher value to resources that are available and can perform during peak operating hours."
 - The market design that was adopted at the April 29 Management Committee meeting only partly meets that objective.
 - This proposed project for 2021 would build on those changes, to more fully meet the objective.
 - For resources whose UCAP rating is based upon their availability, this proposal would tie the amount of UCAP they qualify to provide more closely to their availability during peak operating hours.
 - This would incentivize resources to be more available during those hours.

Effect of Market Design Approved in April

- Under the market design that was approved last month, the UCAP rating for an availability-based resource will be based upon its availability during the two preceding like capability periods, in most cases.
 - Since prices are higher during the summer than the winter, the approved market design improved incentives for generators to be available during the summer.
 - But this market design does not include any other provisions that would explicitly weight availability during peak hours or months in the summer more highly than availability at other times.

Impact of Outages in Different Months

- At the March 20 ICAP Working Group meeting, the ISO presented an example comparing the impact that a month-long forced outage in July would have on the UCAP rating for two hypothetical generators, compared to an identical outage in May.
 - There is a difference, because a generator that is forced out in July will forego more opportunities to run, which would negatively affect its EFORd.
 - But the difference is not large:
 - For a hypothetical combined cycle unit, a May outage caused its EFORd to increase from 4.3% to 20.6%, while a July outage caused its EFORd to increase to 21.1%.
 - For a hypothetical gas turbine, a May outage caused its EFORd to increase from 9.9% to 25.2%, while a July outage caused its EFORd to increase to 26.3%.

Opportunity to Improve Incentives

- This suggests that there is an opportunity to improve incentives for availability further, because:

The difference between the impact on reliability of an extended outage during July and the impact of an identical outage in May

is likely to be greater than

The difference between the impacts of these outages on the generator's EFORd.

- But proposed 2021 Project #5 is not intended to include assessment of enhancements to the TAM market design that was approved by the MC last month.
 - Instead, it focuses upon deployment of the market design approved by the MC.

Objective of This Project

- At the March 20 ICAP WG meeting, the ISO indicated, “If stakeholders would like to further assess availability-based resources, it could be addressed in the future if it is prioritized in the project prioritization process.”
- That is what this proposed project seeks to do.
 - The ISO would identify and assess further improvements to the procedures used to calculate the amount of UCAP that availability-based resources qualify to provide.
 - The objective is to develop and implement a market design that provides more effective incentives for these resources to be available during those hours when their availability significantly affects reliability, by tying their compensation for capacity more closely to their availability at those times.
 - Better incentives for Installed Capacity Suppliers to be available at those times would enhance reliability and reduce the cost of meeting reliability objectives.