

NYS Department of Public Service Staff Comments on
NYISO Capacity Market Study Scope

Capacity Market Study Comments

The Department of Public Service Staff (DPS Staff) submits the following comments on the NYISO's proposed scope for the Capacity Market Study (Study). DPS Staff recommends that the Study focus primarily upon identifying potential improvements into our current capacity market structure, rather than being heavily focused on Forward Capacity Markets and their relationship to New York's market. In just the last year, several significant issues have arisen that should be analyzed to see if improvements can be made to improve our current capacity market. These issues include mitigation rules, the current capacity rules for units submitting mothball and retirement notices including going-forward costs, and some assumptions in the demand curve process such as unit type selection for the demand curve proxy unit (as recommended by the NYISO external market monitor). One does not have to look far to see neighboring RTO/ISO's with alternative market structures with as much, or more, filings and litigation pending at FERC and in the DC Circuit Court of Appeals. The concept of Forward Capacity Markets was already the subject of a NYISO proposal, and was resoundingly rejected by market participants. Revisiting these issues will undoubtedly be contentious and detract from the issues currently facing the capacity market in New York that require immediate attention. The NYISO should use Study opportunity to work cooperatively with market participants and to analyze New York's current capacity market rules/practices to see how they can improve price signals for possible new entrants and existing market participants. DPS Staff has significant concerns that if the Study scope is too broad, and attempts to address FCMS, the potential for in-depth analysis into the most important issues and potential ways to improve them will be diminished.