



# **Potential 2018 NYISO Project: Clearing Price Factor for Capacity Imports**

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# Presentation Overview

- **Outlines a potential 2018 project that would investigate whether a factor should be applied to the clearing price for capacity imports into NYCA over AC Transmission Interfaces, and if so, possible methodologies**
  - *Background and Scoping Overview*
  - *Methodology Issues*
  - *Market Design and Other Issues*
  - *Considerations for Project Prioritization Process*
  - *Next Steps*

# Background and Scoping Overview

- Potomac Economic comments to FERC on the NYISO's "Locational Export Capacity" filing included a request that FERC mandate the development in Phase 2 of rules to "set prices for imports from external control areas to NYISO that are consistent with the Locality Exchange Factor"\*
  - *FERC found that Potomac's request was beyond the scope of the proceeding, but encouraged the NYISO to continue to work with its stakeholders\*\**
- The NYISO introduced the topic of a valuation of import capacity credit using Locality Exchange Factors during the December 20, 2016 ICAPWG
- In order to evaluate with stakeholders the potential 2018 project, the NYISO is seeking input on issues that might be considered as part of that project
- Presently, all capacity imports over AC ties are compensated at the NYCA clearing price

\* Docket No. ER17-446-000, *Motion to Intervene and Comments of Market Monitoring Unit* (filed December 21, 2017) at pp 6-7.

\*\* 158 FERC ¶ 61,064 at P41, Docket No. ER17-446-000

# Methodology Issues

- **The potential methodology could compensate these imports based on a blended price**
- **The import compensation might be increased if the Import Constrained Locality Auction clearing price is higher than that of the NYCA and provided there is a clearing price factor that applies for that month**

# Market Design and Other Issues

- Comparable clearing price for capacity resources in Rest of State?
- Unified price setting method?
  - *The Locality Exchange Factor for Exports is only applied in the Spot. Should the AC import factor be applied to the Capability Period (Strip) and Monthly Auction clearing prices, too?*
- How to handle bilaterals?
- Should the factor be applied to the clearing price for External CRIS Rights?
- Determination of the clearing price factor:
  - *How will it be determined?*
    - Probabilistic vs. Deterministic?
    - Will a factor be based on originating (external) Control Area, Zone, or Generator?
  - *How often should the factor be determined?*
- Impact on market dynamics?

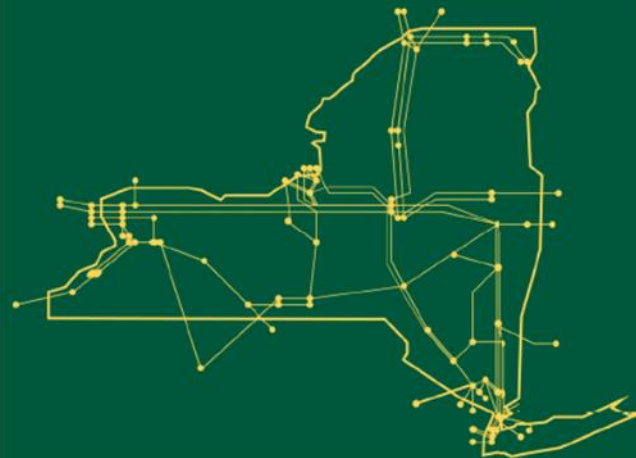
# Considerations for Project Prioritization Process

- **Expense:**
  - *Significant market design effort will be required*
  - *Significant software development will be required*
- **Complexity:**
  - *Complicated issue with multiple facets to be examined*
- **Based on this above, the NYISO believes it is appropriate to consider this in the NYISO's project description and Project Prioritization Process for 2018**

# Next Steps

- The NYISO will consider input received during today's ICAPWG meeting
- Stakeholders may also provide additional comments in writing to [deckels@nyiso.com](mailto:deckels@nyiso.com) by May 1, 2017

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