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To: New York Independent System Operator, Inc. (“NYISO”)
From: Matthew Schwall, Director of Market Policy & Regulatory Affairs
Date: August 10, 2020
Re: **IPPNY Feedback on Grid in Transition Reliability Gap Market Design Improvements**

Independent Power Producers of New York, Inc. (“IPPNY”) submits these brief comments in response to the NYISO’s July 28, 2020 presentation at the joint meeting of the Installed Capacity and Market Issues Working Groups, titled Reliability and Market Considerations for a Grid in Transition: Reliability Gap Assessment Potential Market Design Improvements Part 3.

The NYISO has made a series of presentations over the past few months intended to foster conversation between stakeholders regarding market design improvements that will be needed to maintain and attract the resources necessary to close the reliability gaps identified in the NYISO’s Grid in Transition Report. Recommendations for addressing the identified future reliability gaps have been grouped generally into Energy Market Mechanics, Ancillary Services, and “Other Markets and Processes” categories, with discussion pertaining to resource adequacy settling under the Other Markets category. At the July 28 stakeholder meeting, the NYISO presented on the Other Markets category, but spent very little time discussing resource adequacy and the capacity market enhancements that too will be necessary to maintain resource adequacy. Meanwhile, studies conducted by the NYISO’s planning group, the NYSRC and affected Transmission Owners as well as NYISO consultants, charged with reviewing system composition considerations over the next two decades all demonstrate the need to provide adequate revenues to retain certain resources with defined characteristics on the system until additional technological advances and innovations can come to fruition.

IPPNY requests that the NYISO return to stakeholders with a presentation dedicated to discussing resource adequacy concerns and capacity market enhancements that should be considered, such as those that would more accurately reflect the capacity value of existing and future resources in the near term. The need for additional capacity market enhancements, beyond those adopted as part of the Tailored Availability Metric project, to maintain resource adequacy is made paramount by the

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Reliability Needs identified in the NYISO's 2020 Reliability Needs Assessment. Consideration of enhancements to the Energy and Ancillary Services markets to meet future reliability gaps is important, but those enhancements, in and of themselves, will not adequately address critical "missing money" considerations. As such, they will certainly not be sufficient to properly maintain existing resources or even attract investments in resources needed to address the identified Reliability Needs. The NYISO has correctly established the need to not only identify the work that must proceed but to ensure it is prioritized effectively. Addressing resource adequacy is the primary issue that must continue to be addressed in the short term. Based on the extensive study efforts to date, the "reliability gap" will be profound absent focus on this issue.