

Buyer Side Mitigation (BSM) Process Improvements

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January 12, 2021

Agenda

- **Background**
- **Review Purpose of the BSM Process Improvements Initiative**
 - Potential Topics for Discussion
 - Tariff Clarity
 - Requesting Feedback
- **Next Steps and Proposed Timeline**

Background

Background

- **The current BSM processes were developed over the last decade, focused on how best to administer the process within the study.**
- **Until recently, the BSM process was usually performed on around 5 resources over the course of a Class Year Study that could take up to two years.**
- **This is no longer representative of the current environment.**
 - The number of resources evaluated for BSM in a given Class Year (CY) is expected to increase 5-10x historic levels.
 - CY2019 had over 50 resources to be evaluated in a MCZ at the start of the study, only about 30 resources were evaluated for a complete BSM determination.
 - CY2017 had about 7 resources evaluated for BSM.
 - In addition, the CY process is now shorter in length and expected to only take around one year.
 - Lastly, several other BSM evaluations may be required outside of the CY process throughout the year – Additional SDU Studies and Expedited Deliverability Studies (EDS). These could result in at least four to six BSM determination for 2021.
- **The current processes were not designed to be able to be administered effectively under this expected work load; two years between studies vs. two months.**

Purpose

Buyer Side Mitigation (BSM) Process Improvements

- **The objective of this initiative is to identify opportunities to improve the current BSM process in an effort to:**
 - Enable greater transparency and understanding for stakeholders and Developers
 - Decrease the administrative burden associated with the current BSM processes
 - Reduce risk of delays to the Class Year timelines due to BSM
 - Enable, where appropriate, consistency with other NYISO processes
 - Reduce tariff ambiguity
- **This initiative will not discuss new BSM designs or exemptions relating to BSM**
 - NYISO intends to continue to pursue changes as part of the Comprehensive Mitigation Review (CMR) effort

Potential Topics for Discussion

■ Forecast Assumptions:

- Timing/lockdown of input assumptions
 - Many ISO studies have a lockdown of assumptions
 - Would allow for discussion of inputs with stakeholders
 - Would allow for posting of assumptions well in advance of Initial Determinations
- Could allow for certainty in assumptions
 - IRM and LCR values
 - Winter-to-Summer Ratio values
- Alignment with Demand Curve Reset/Annual Update processes
 - Escalation Rate
 - LBMP projections
- Consistent assumptions across the CY/EDS/Additional SDU Studies

Tariff Clarity

- **Add language to clarify calculations related to the Renewable Exemption Limit**
 - URM component
 - Renewable Bank component
- **Revise language addressing the inclusion of units**
 - Supply stack Inclusion Rules
- **Inflation rate terminology**

Requesting Feedback

- NYISO would like to hear from Stakeholders if there are other areas of the process or tariff that could be improved/clarified consistent with the objectives of this initiative
- NYISO is requesting feedback by *January 27th*

Next Steps

Next Steps

- **Receive and review feedback from Stakeholders**
- **Propose specific enhancements consistent with initiative objectives at upcoming ICAPWGs**

Proposed Timeline

- Return to the February 9th and 25th ICAPWGs to discuss proposals
- March ICAPWG with proposed tariff changes
- April BIC/MC
- May BOD and File with FERC

Questions?

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

