New York ISO
Independent System Operator

2021-2025 ICAP Demand Curve Reset: Proposed ICAP Manual Changes

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Agenda

- Background
- Proposed ICAP Manual Revisions
- Next Steps

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Background

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Background

- **As part of the 2021-2025 ICAP Demand Curve reset (DCR), the NYISO proposed a minor modification to the maximum clearing price calculation for each ICAP Demand Curve**
  - The NYISO's proposed adjustments account for the winter-to-summer ratio (WSR) and the percent capacity at level of excess (LOE) in translating annual gross cost of new entry (CONE) values to monthly values for use in calculating the maximum clearing price value for each ICAP Demand Curve
- **Additionally, the NYISO proposes minor, clarifying updates to the reference point price calculation for each ICAP Demand Curve to account for the implementation of Duration Adjustment Factors (DAF) for ICAP Suppliers**
  - DAFs were created as part of the Expanding Capacity Eligibility (ECE) rules
  - The DAF accounts for the Adjusted Installed Capacity of an ICAP Supplier
    - Resources without an Energy Duration Limitation will have a DAF of 100%
- **The NYISO is proposing revisions to the ICAP Manual to reflect these changes**
  - The proposed manual revisions are posted with the meeting material for today's meeting

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Proposed ICAP Manual Revisions

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Maximum Price Calculation

- **As part of the 2021-2025 DCR, the NYISO proposed to slightly modify the maximum clearing price calculation for the ICAP Demand Curves**
  - In translating each estimated localized, levelized cost value from an annual value to a monthly value, the NYISO's proposed adjustment accounts for the applicable WSR and percentage of capacity at LOE used in establishing each ICAP Demand Curve
    - Applying the WSR and percentage of capacity at LOE provides for improved consistency with the methodology used to translate annual net CONE values to monthly reference point price values
    - The resulting monthly gross CONE values are multiplied by 1.5 to establish the maximum clearing price value for each ICAP Demand Curve
- **The NYISO proposes revisions to Section 5.5 of the ICAP Manual to clarify the adjusted methodology for translating annual gross CONE values to monthly values in the calculation of the maximum clearing price values for the ICAP Demand Curves**

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Reference Point Price Calculation

- As part of the ECE rules, the NYISO implemented the use of DAFs that are accounted for in determining capacity payments to ICAP Suppliers
  - The NYISO proposes to update the reference point price calculation to account for DAFs as follows:

$$RP_z = \frac{ARV_z * AssmdCap_z}{6 * \mathbf{DAF_z} * [SDMNC_z * \left(1 - \frac{LOE_z - 1}{ZCPR_z - 1}\right) + WDMNC_z * \left(1 - \frac{LOE_z - 1 + WSR_z - 1}{ZCPR_z - 1}\right)]}$$

Where DAF_z = the applicable Duration Adjustment Factor of the peaking plant for location z *(Resources that do not have an Energy Duration Limitation will have a Duration Adjustment Factor of 100%)*

- The NYISO has proposed these revisions to the reference point price calculation formula set forth in Section 5.5 of the ICAP Manual

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Next Steps

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Next Steps

- Seek stakeholder approval of the proposed ICAP Manual revisions described herein

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Questions?

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- 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

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