

Via E-Mail to mdesocio@nyiso.com

To: Mike DeSocio

From: David Johnson, Counsel to Independent Power Producers of New York, Inc. (IPPNY)

Date: June 30, 2021

Re: **Comments on Buyer-Side Mitigation (“BSM”) Reform and Capacity Accreditation Considerations**

IPPNY¹ submits the following comments on the NYISO’s proposed BSM reform and capacity accreditation considerations presented at the June 3, 2021 Installed Capacity Working Group meeting. IPPNY agrees with the NYISO that any changes to the BSM rules must be coupled with other necessary changes to the capacity market in a balanced manner. Such changes must ensure the capacity market continues to support just and reasonable capacity prices and maintain its core function of attracting and retaining the resources needed to ensure resource adequacy and preserve the long-term reliability of the system.² In addition, such changes must be supported by market participants in different sectors and be expected to be approved by FERC. IPPNY also strongly agrees with the NYISO and the Market Monitoring Unit as to the importance of accurately valuing capacity resources’ contribution to resource adequacy at the same time as, and in conjunction with, developing BSM reforms. Therefore, approving the core concepts of an enhanced capacity accreditation process together with a revised timeline for the periodic review and update of levels set to compensate resources in accordance with their marginal reliability value must be coupled with revisions to the NYISO’s BSM rules.

The State’s CLCPA and related efforts indisputably will transform New York’s electric system. Given the nature and operating capabilities of the new resources that will be brought on line, it will no longer be the case that “a MW is a MW.” The capacity market structure must thus evolve apace with the structural changes in New York’s electric system.

Accurately valuing resources’ contribution to resource adequacy could significantly reduce the need for BSM rules to address the impact of State-backed policy resources. Refashioning proposed tariff revisions to address Part A considerations could be considered in the near term as a further accommodation to State-based policy resources. Doing so would have the benefit of providing the additional time needed to develop a balanced capacity market rule structure while allowing a subset of rules to remain in place to protect the market against

¹ IPPNY is a trade association representing companies involved in the development of electric generating facilities including renewable resources, the generation, sale, and marketing of electric power, and the development of natural gas and energy storage facilities in the State of New York. IPPNY member companies produce a majority of New York’s electricity, utilizing almost every generation technology available today, such as wind, solar, natural gas, oil, hydro, biomass, energy storage and nuclear.

² FERC established as the fundamental tenet of capacity markets in New York that they must “provide a level of compensation that will attract and retain needed infrastructure and thus promote long-term reliability while neither over-compensating nor under-compensating generators.” *See New York Independent System Operator, Inc.*, 118 FERC ¶ 61,182 (2007) at P 17. That tenet must continue to be upheld here.

premature forced retirement of resources that are otherwise economic and may be needed to maintain resource adequacy.

It is critical that the NYISO keep modifications to the BSM rules and the development of the core concepts and overall framework to implement enhanced accreditation rules in lockstep with each other. These two matters should be presented together for stakeholder committee discussion and action and, subsequently, NYISO Board approval. The details of the modified accreditation rules can then be fully delineated and filed with FERC later this fall when modifications to the BSM rules may be pending.

IPPNY appreciates that the NYISO acted on market participant requests and have published a schedule of ICAP working group meetings dedicated to addressing these two issues in tandem. IPPNY looks forward to working with the NYISO on crafting revisions to the BSM and accreditation rules in a timely manner.