

# Comprehensive Mitigation Review *Tariff Revisions for BSM Reforms*

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**ICAPWG**

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# Today's Agenda

- Background
- Tariff Revisions for BSM Reforms
- Next Steps

# Background

# Background

- **The current Buyer Side Mitigation (BSM) rules when applied to state supported resources are increasingly viewed by both state and federal regulators as costly to consumers, resulting in inefficient outcomes that are ultimately counterproductive**
- **The NYISO believes that any modification of BSM rules must support just and reasonable Installed Capacity (ICAP) Market rates, continue to allow the ICAP Market to attract and retain resources to maintain resource adequacy, be supported by stakeholders and the FERC, and be legally durable**
  - Therefore, the role of accurately valuing installed capacity resources' contribution to resource adequacy is extremely important when considering BSM reforms
    - The NYISO has adjusted the schedule for Improving Capacity Accreditation accordingly
- **The premise of the new approach aims to:**
  - Eliminate BSM risk for CLCPA resources
  - Simplify currently complex and administratively burdensome BSM process

# Background

- **The NYISO's Comprehensive Mitigation Review proposal includes the following:**
  - BSM Reforms
    - New resources that are required to satisfy the goals specified in the CLCPA will not be subject to review by the NYISO under the BSM rules or otherwise subject to an offer floor as discussed at the September 9 ICAPWG
  - Capacity Accreditation
    - The NYISO is currently working with stakeholders to establish a framework proposal to reexamine the capacity accreditation of all resource types in the NYISO's ICAP Market
    - For details on the current proposal, please see the materials posted to the [August 31 ICAPWG](#)
  - ICAP/UCAP Reference Price Translation
    - The NYISO is proposing to adopt Potomac Economics' recommendation to translate the ICAP Reference Price to a UCAP Reference Price using the derating factor of the peaking unit underlying the relevant ICAP Demand Curve
    - For details on this part of the proposal, please see the materials posted to the [August 31 ICAPWG](#)
  - Address capacity market investment risk
    - Potomac Economics will discuss this item at the September 20, 2021 working group
  - Analysis Group's supporting analysis examining the impact of a large influx of state-supported resources into the NYISO's ICAP Market
- **The NYISO believes that all aspects of this proposal and supporting analysis is necessary to ensure that ICAP Market remains competitive and effective, and continues to provide just and reasonable outcomes**

# BSM Tariff Revisions

# BSM

- **As a part of the BSM Reforms, the NYISO has identified sections in Attachment H that will need to be revised as a part of this proposal**
  - Substantial edits were made to define new terms and incorporate edits to include the resource types that are exempt from the BSM rules or otherwise subject to an offer floor, as well as delete previous Tariff language related to Renewable Exemptions
- **The NYISO is still considering some of the feedback received during the September 9 ICAPWG**

# 23.2.1 Definitions

- **“Excluded Facility” is a new defined term that reflects the Resource types that are not subject to review by the NYISO under the BSM rules or otherwise subject to an offer floor**
- **Language for the definition of “Examined Facility” has been modified to delete language related to Co-located Storage Resources and add to include any Generator or UDR that meets the definition of “Excluded Facility”**
- **The following terms have been deleted from Section 23.2.1**
  - Exempt Renewable Technology
  - Incremental Regulatory Retirement
  - Minimum Renewable Exemption Limit
  - Qualified Renewable Exemption Applicant
  - Renewable Exemption Applicant
  - Renewable Exemption Bank
  - Renewable Exemption Limit



# Attachment H

- **23.4.5.7**
  - Revisions have been made to include language with respect to an Excluded Facility and delete language related to Special Case Resources that will not be subject to the Offer Floor
- **23.4.5.7.2**
  - Language has been deleted that pertains to Examined Facilities seeking to participate as a Co-located Storage Resource as well as language pertaining to the Renewable Exemption
- **23.4.5.7.3.3**
  - Replaced 'Project' with 'Examined Facility' to avoid confusion
- **23.4.5.7.3.4**
  - Language has been deleted that pertains to Examined Facilities seeking to participate as a Co-located Storage Resource

# Attachment H

- **23.4.5.7.5**
  - This section addressing SCR mitigation has been deleted
- **23.4.5.7.6**
  - Revisions have been made to delete language pertaining to the Renewable Exemption and Examined Facilities that are Limited Control RoR Hydro
- **23.4.5.7.7**
  - Revisions have been made to include language with respect to an Excluded Facility and delete language related to Special Case Resources that will not be subject to the Offer Floor
- **23.4.5.7.3.8**
  - Added language clarifying that the section is applicable only to a Generator or UDR project that is an Examined Facility
- **23.4.5.7.9.3.2**
  - Revisions delete reference to Renewable Exemption with respect to the concept of requests for Competitive Entry Exemptions

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- **23.4.5.7.10**
  - Replaced 'Project' with 'Examined Facility' for clarity
- **23.4.5.7.13**
  - This section addressing the Renewable Exemption has been deleted
- **23.4.5.7.14.1**
  - Added to clarifying language “that is an Examined Facility”
  - Removed language that pertains to Co-located Storage Resources requesting a Self-Supply Exemption
- **23.4.5.7.15**
  - Replaced term “Excluded Units” with “Omitted Units” to avoid confusion

# Next Steps

# Next Steps

- **September 20<sup>th</sup> ICAPWG**
  - Potomac will discuss capacity market investment risk
- **September 28<sup>th</sup> ICAPWG**
  - NYISO will present full set of tariff language, including addressing any feedback received at today's meeting
  - E3 will present on Delta method
  - AG will present on analysis for market impacts
- **October 5<sup>th</sup> ICAPWG**
  - NYISO will address any feedback, including updates to tariff language if necessary
- **October 13<sup>th</sup> BIC**
- **October 27<sup>th</sup> MC**

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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



# Questions?