

Time-Differentiated TCCs

Market Design Concept Proposed

Amanda Myott

Market Design Specialist, Energy Market Design

ICAPWG/MIWG

September 20, 2021

Agenda

- **Background**
- **Review of Market Design Concept Proposed**
- **Next Steps**

Background

2021 Approved Market Project

- The 2021 Time-Differentiated TCCs project deliverable is a Q4 Market Design Concept Proposed
- 2021 Project Schedule Milestone Update
- 2021 Approved Market Projects Product and Project Management
 - See Project 24 (Pages 25-26 of 26)

Project Objectives & Deliverable

- **2021 Project Deliverable: Market Design Concept Proposed**
- **The objective of this project is to work with stakeholders to develop market rule changes needed to facilitate the creation of Transmission Congestion Contract (TCC) products that apply to different periods of time**
 - Current TCC product is a 24x7 product for the applicable effective period
- **The project description notes that the NYISO's assessment will include:**
 - The number of different types of TCCs that would be valid during each month (including whether any new time-differentiated product offerings would supplement, or replace the current 24x7 product)
 - *Discussed at the May 25, 2021 and June 17, 2021 MIWG/ICAPWG meetings*
 - The hours in which each type of time-differentiated TCC would be valid
 - *Discussed at the May 25, 2021 and June 17, 2021 MIWG/ICAPWG meetings*
 - The procedures the NYISO would use to: (1) auction time-differentiated TCCs, (2) establish the prices of those TCCs, (3) allocate auction revenue, and (4) allocate costs or revenues associated with increases or decreases in transfer capability
 - *Discussed at the June 17, 2021 MIWG/ICAPWG meeting*
 - Other Market Design improvements that may be necessary

Review of Market Design Concept Proposed

NYISO's Proposed Concept

- **NYISO proposes a Market Design Concept for Time-Differentiated TCCs that consists of the following:**
 - Defining time-differentiated TCC products as follows:
 - On-peak: Monday – Friday, hour beginning (HB) 7 – HB 22, except holidays
 - Off-peak: all hours not encompassed by on-peak definition (Monday – Friday, HB 0 – HB 6, and HB 23; all hours on weekends and holidays)
 - Retaining the current 24x7 product and offering any time-differentiated products as a supplement thereto
 - Seeking to leverage the previously developed coupled mode auction functionality to provide greater bidding flexibility for time-differentiated TCC product offerings
 - This functionality also allows the potential for different power flow models to be used in each period for which TCCs are made available
 - The aim of this approach is to balance complexity and functionality
 - Additional functionality could possibly be included subject to further assessment of feasibility as part of a potential future project, such as potentially expanding the time-differentiated product offerings to include an “on-peak weekend/holiday” product (refer to the presentation at the June 17, 2021 MIWG/ICAPWG meeting for additional details)

Additional Market Design Considerations

■ Auction procedures

- The NYISO's current procedures for determining TCC products to be offered for sale in each Centralized TCC Auction include soliciting input from Market Participants, which the NYISO considers when determining the products to be offered
 - The NYISO proposes to extend this process to assist in determining the time-differentiated TCC products that would be offered for sale

■ Auction revenue and surplus/shortfall cost allocation

- The NYISO does not anticipate any significant changes to the current overarching concept and methodology regarding calculation of auction revenue and surplus/shortfall cost allocation
 - Adjustments/modifications would, however, be required to extend the current design to encompass time-differentiated TCCs
- Any necessary tariff changes would be addressed in a future Market Design Complete project phase

Additional Market Design Considerations

■ Credit policy

- The current credit requirements for TCCs do not address time-differentiated products. Additional credit requirements would need to be developed specific to time-differentiated TCCs
 - These requirements would be developed as part of a future Market Design Complete phase for the project, during which the market design is finalized with stakeholders

Next Steps

Next Steps

- **This project is currently not recommended for prioritization for 2022**
- **The NYISO will not conduct a consumer impact analysis for this project at this time, but will evaluate potentially conducting one as part of any future Market Design Complete phase for this project**
- **Future project efforts and the timeline relating thereto will be determined as part of the annual project prioritization process**

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

