

Via E-Mail to mdesocio@nyiso.com

To: Mike DeSocio
From: Leonard Ashley, IPPNY Director, Market Policy & Regulatory Affairs
Date: October 4, 2021
Re: Comments on Comprehensive Mitigation Review

IPPNY¹ submits the following comments on the NYISO's Comprehensive Mitigation Review proposal and presentations presented at the September 28, 2021 Installed Capacity Working Group meeting. These comments supplement IPPNY's September 20 comments on the Capacity Accreditation proposal presented at the August 30 and August 31, 2021 ICAPWG meetings as well as the BSM reform update presented at the September 9, 2021 ICAPWG meeting.

IPPNY continues to emphasize that any proposed revisions to the NYISO's BSM rules and an enhanced capacity accreditation process **must be filed with FERC for approval as a comprehensive and balanced set of revisions** to ensure suppliers are neither under nor over-compensated to preserve the long-term reliability of the system, and thus, be just and reasonable as required by Federal Power Act Section 205 and Commission precedent in New York addressing the NYISO's capacity markets in orders spanning more than a decade.²

During the NYISO's Comprehensive Mitigation Review proposal presented at the September 28 ICAPWG meeting, some stakeholders opposed the NYISO's proposal to revise the Services Tariff to specify the potential for market investment risks resulting from the elimination of major aspects of the BSM Rules must be assessed in future Demand Curve reset process efforts. This proposal, as demonstrated by Potomac Economics in its September 20 presentation, is a necessary component of the NYISO's overall proposal and should be maintained. This proposal will clarify that the risks faced by independent merchant investors who do not receive State subsidies are reviewed, and where warranted, reflected in the ICAP market, which will

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. IPPNY's comments do not necessarily represent the position of its individual members.

² See *New York Independent System Operator, Inc.*, 118 FERC ¶ 61,182 (2007) at P 17 (establishing capacity market must provide level of compensation that attracts and retains needed infrastructure to support long term reliability of system); see also *New York Independent System Operator, Inc.*, 170 FERC ¶ 61,121 (2020) at P 48 (reaffirming exemption structure must limit risk of significantly impacting market prices).

help ensure that non-subsidized resources have a reasonable opportunity to recover the costs of their investments.

In addition, objections raised by some Market Participants that tariff revisions must not be submitted until the defined structure has been developed lack basis and ignore the framework that has long been in place over many years to address market design efforts. The NYISO routinely addresses associated changes to its rules following FERC approval of tariff revisions. There is no reason to depart from that framework here.

IPPNY appreciates the draft tariff language that the NYISO put forth related to these important reforms. IPPNY continues to encourage the NYISO to take an adequate amount of time with stakeholders to review and modify all of these tariff revisions to ensure that they collectively satisfy the underlying intent of making these revisions. To be incorporated in the Class Year 2021 MET determinations, the tariff revisions must be effective when the Class Year 2021 study is completed. The NYISO's own presentations establish that the Class Year 2021 study is not expected to be completed until at least April 2022 which also coincides with the general time frame that the next REC solicitation to initiate the 2022 REC auction is expected to be issued. Given this timeline, there is still some limited time available to take purposeful action; it is not necessary to bring this comprehensive BSM report/capacity accreditation proposal to the committees for discussion and action at the October regularly scheduled meetings.

IPPNY remains committed to working with the NYISO on crafting revisions to the BSM and capacity accreditation rules in a timely and balanced manner.