

Time-Differentiated TCCs

Revised Market Design Concept Proposed

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Agenda

- **Background**
- **Revised Market Design Concept Proposed**
- **Next Steps**

Background

Recent Project Activity

- **At the 9/20/2021 ICAPWG/MIWG meeting, the NYISO presented a proposed Market Design Concept to stakeholders**
 - Certain stakeholders expressed their thoughts that the proposed concept was not responsive to the needs of the market
 - This presentation can be found at:
 - <https://www.nyiso.com/documents/20142/24717106/Time-Differentiated%20TCCs%20MDCP%20FINAL.pdf/ff4fbb9f-b8f7-0a7f-81a7-4521b1f5d355>
- **In response to stakeholder feedback, the NYISO has revised its proposed Market Design Concept, as discussed in subsequent slides**

Revised Market Design Concept Proposed

NYISO's Proposed Concept

- The NYISO proposes a Market Design Concept 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 and on-peak weekend/holiday definitions (all days, HB 0 – HB 6 and HB 23)
 - On-peak weekend/holiday: HB 7- HB 22 on Saturday, Sunday 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, thereby facilitating the potential to use different power flow model assumptions for each time-differentiated period
 - Any future Market Design Complete phase for this project will require further investigation of the proposed design concept to ensure feasibility of administration

*The item in blue represents an additional component of the proposal beyond the 9/20/2021 presentation.

Additional Market Design Considerations

■ 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

■ 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

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
 - The NYISO recognizes that certain stakeholders have expressed a preference for time-differentiated products to be offered in each TCC auction
 - The NYISO has not foreclosed offering time-differentiated products in each TCC auction, and the proposal is intended to provide consistency with the current procedures for establishing the products to be offered in advance of each Centralized TCC Auction or Reconfiguration Auction

■ Incremental TCCs

- Certain stakeholders have expressed interest in extending the time-differentiated design to the Incremental TCC product
 - As part of the deliverables for this effort, the NYISO did not contemplate modifications to the current rules and procedures for Incremental TCCs
 - The NYISO will consider this request in future efforts

Next Steps

- **This project is currently not recommended for prioritization for 2022**
 - Future project efforts and the timeline relating thereto will be determined as part of the annual project prioritization process

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