

Comprehensive Mitigation Review Proposal: Consumer Impact Analysis Methodology

Tariq N. Niazi

Senior Manager, Consumer Impact Analysis

ICAPWG/MIWG

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Agenda

- **Background**
- **Comprehensive Mitigation Review Proposal**
- **Consumer Impact Analysis Evaluation Areas**
- **Cost Impact Methodology and Assumptions**
- **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

Comprehensive Mitigation Review Proposal

Comprehensive Mitigation Review Proposal

- **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 [September 28 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 discussed this item at the [September 20 ICAPWG](#)
 - 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**

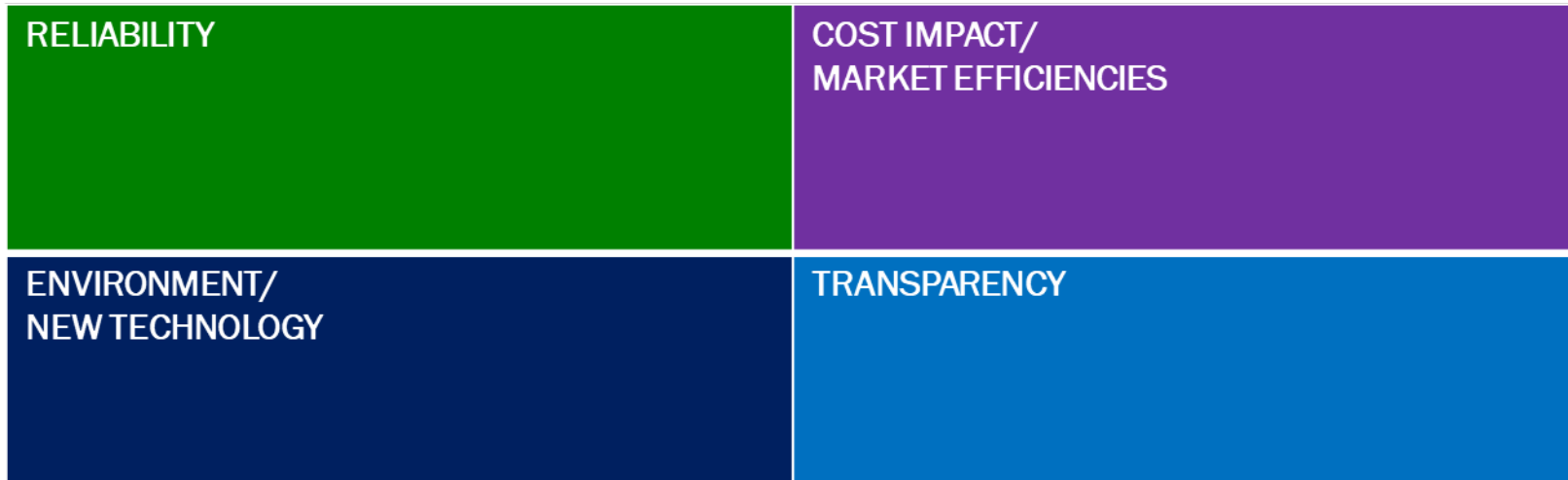
Capacity Accreditation Proposal

- **There are six elements of the Capacity Accreditation framework that are important for the Comprehensive Mitigation Review proposal. Including these elements in the Comprehensive Mitigation Review proposal is necessary for the NYISO to demonstrate that excluding CLCPA resources from BSM will continue to result in just and reasonable ICAP Market outcomes**
 - The NYISO proposes to use the IRM or LCR study models, as vetted and approved by the NYSRC for the applicable Capability Year, as a starting database for this study
 - The NYISO proposes to run this study at-criterion consistent with the setting of IRM and LCRs
 - The NYISO proposes to perform this study annually to keep pace with the resource changes that the CLCPA requires
 - The NYISO proposes to evaluate the capacity accreditation of all resource types
 - The NYISO proposes to perform the evaluation for resource types at the capacity Locality level
 - The NYISO proposes to determine the capacity accreditation of resource types consistent with the marginal reliability contribution of each resource type and locality

Consumer Impact Analysis Evaluation Areas

Consumer Impact Analysis (IA) Evaluation Areas

- Present the potential impact on all four evaluation areas



Cost Impact Methodology and Assumptions

Consumer Impact Methodology and Assumptions

- **The NYISO proposes to compare the status quo to:**
 - the CMR Proposal; and
 - an average accreditation approach
- **The analysis will focus on impacts for a 2026 resource mix**
- **The analysis will compare capacity market procurement costs**
 - The analysis will also provide other information such as utilized capacity accreditation values

Consumer Impact Methodology and Assumptions

■ Assumptions

- The NYISO will utilize the 2026 resource mix from the Grid in Transition study in all cases
- Analysis will be based on the load forecast, IRM, LCRs, and supply mix assumptions from the Analysis Group's CMR market impact study
- Capacity values comparing the status quo, marginal and average methodologies will be utilized
 - Status quo values will be based on the existing tariff
 - Marginal capacity values will come from the Grid in Transition study
 - Average capacity values will be derived from the marginal values above
- The proposed ICAP/UCAP Reference Price Translation update will be utilized in the marginal and average cases

Next Steps

Next Steps

- **November 2nd ICAPWG**
 - Consumer Impact Analysis Presentation

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

