

External Resource Performance & Eligibility

Ethan D. Avallone

Senior Market Design Specialist, Energy Market Design

ICAPWG

April 24, 2018

Rensselaer, NY

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2018. ALL RIGHTS RESERVED



Agenda

- **Background**
- **External Resource Performance & Eligibility**
 - **SRE Process for External Resources – Issue Overview**
 - **Existing Consequences for External ICAP Supplier Non-Performance**
- **Next Steps**

Background

Background

- **External capacity resources should be expected to perform and deliver energy at a level comparable with internal resource expectations.**
 - The NYISO and its stakeholders have been discussing deliverability to the New York Control Area (NYCA) border when deciding which resources are able to sell capacity into the NYISO.*
 - The Management Response to the Analysis Group (AG) Performance Assurance Report recommended that the NYISO and its stakeholders consider improving requirements for external capacity resources.^

*Business Issues Committee Presentation: Proposed ICAP Manual Revisions Regarding Deliverability Requirements for Capacity Imports from PJM:

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic/meeting_materials/2018-01-17/5%20Import%20Right%20Deliverability%20Requirements%20final.pdf

^Management Response to AG Performance Assurance Report: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-02-21/Performance%20Assurance%20Management%20Response%20Feb%2021%20MIWG%20FINAL.PDF



DRAFT – FOR DISCUSSION PURPOSES ONLY

Background

- The NYISO is considering the following project scope and welcomes stakeholder feedback.
- Performance
 - Improve requirements for external capacity resources to ensure these resources are providing comparable reliability value for consumers as is expected of internal resources.
 - Targeting a Market Design Concept Proposal (“MDCP”) for June 2018: Build upon the process used to perform a Supplemental Resource Evaluation (SRE) on external resources
- Eligibility
 - Continue to evaluate what, if any, additional performance requirements and obligations are needed for deliverability to the NYCA border when deciding which resources are able to sell capacity into the NYISO.
 - Consider requiring external ICAP resources to demonstrate deliverability to the NYCA as part of their DMNC test

DRAFT – FOR DISCUSSION PURPOSES ONLY

External Resource SRE - Direction

- **The NYISO currently proposes that the SRE treatment of external ICAP suppliers should be more comparable to other ICAP suppliers.**
 - The NYISO will collaborate with stakeholders today and in the coming months to consider this issue.

SRE Process Improvements for External Resources – Issue Overview

External Resource SRE – Issue Overview

- The authority for the NYISO to call on external resources that have sold into the NYISO markets exists today; however, process improvements are needed to better manage SRE process for these resources.
 - There is currently no process in place to verify and reimburse an external resource for its energy costs in exchange for responding to the SRE.

Existing Consequences for External Capacity Supplier Energy Delivery Shortfalls

Determining Energy Delivery UCAP Shortfall

- **Currently, if an External ICAP Supplier fails to deliver Energy to the NYCA due to a failure to obtain appropriate transmission service or rights (or due to a forced outage), then:**
 - There is a shortfall starting from the later of 1) the beginning of the period for which the UCAP was certified or 2) the last demonstrated delivery of the Installed Capacity Equivalent
 - The shortfall extends to the earlier of either 1) the time at which the entity demonstrates delivery, or 2) the end of the term for which the block of UCAP was certified.

Determining Deficiency Charge

- **The deficiency charge is equal to 1.5 times the applicable Market-Clearing price for UCAP determined in the ICAP Spot Market Auction for the applicable month**
 - This value is prorated for the number of hours in the month that the External ICAP supplier is deemed to have a shortfall.
 - The value is then multiplied by the number of MW of shortfall.

Next Steps

Timeline

- **May 23, 2018**
 - Continue stakeholder discussions
- **June 13, 2018**
 - Market Design Concept Proposal: SRE Process Improvements for External Resources
- **July 26, 2018**
 - Continue stakeholder discussions

DRAFT – FOR DISCUSSION PURPOSES ONLY

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits 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 policy makers, stakeholders and investors in the power system



www.nyiso.com

DRAFT – FOR DISCUSSION PURPOSES ONLY

©COPYRIGHT NYISO 2018. ALL RIGHTS RESERVED

