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**NYISO Business Issues Committee Meeting Minutes**  
**November 9, 2021**  
**10:00 a.m. – 12:30 p.m.**

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**1. Introductions, Meeting Objectives, and Chairman’s Report**

Mr. John Marczewski (East Coast Power) called the meeting to order at 10:00 a.m. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

**2. Draft October 13, 2021 BIC Minutes**

There were no questions or comments regarding the draft minutes from the October 13, 2021 BIC meeting included as part of the meeting material.

Motion #1:

Motion to approve the October 13, 2021 BIC meeting minutes.

*Motion passed unanimously.*

**3. Market Operations Report**

Mr. Rana Mukerji (NYISO) reviewed the market operations report included with the meeting material. There were no questions or comments.

**4. Co-Located Storage Resource Participation Model: Manual Revisions**

Ms. Amanda Myott (NYISO) reviewed the presentation included with the meeting material.

Mr. Howard Fromer (Bayonne Energy Center) requested a status update regarding the supplemental tariff revisions recently approved by stakeholders related to clarifying the application of the scheduling limits for co-located storage resources. Mr. Alex Schnell (NYISO) stated that the proposed tariff revisions will be reviewed at the November 2021 NYISO Board of Directors meeting and, assuming approval by the Board of Directors, will be filed with FERC promptly thereafter. Mr. Schnell further noted that the filing to FERC will include a request for authority to implement the proposed tariff revisions in December 2021.

Motion #2:

The Business Issue Committee (“BIC”) hereby approves the revisions to the Installed Capacity Manual, Ancillary Services Manual, Day Ahead Scheduling Manual, and Transmission and Dispatch Operations Manual, regarding the updates required for the implementation of the Co-located Storage Resources Participation model, as described in the presentation titled “Manual Updates for the Co-located Storage Resources (CSR) Participation Model”, made to the BIC on November 09, 2021. The applicable revisions approved by the BIC shall become effective upon implementation of the Co-located Storage Resources participation model.

*Motion passed unanimously.*

**5. Comprehensive Mitigation Review**

Mr. Mike DeSocio (NYISO) reviewed the presentation included with the meeting material.

Mr. Kevin Lang (Couch White) noted that certain stakeholders have raised concerns throughout the discussion of the proposal regarding the need for linking the proposed changes to the Installed Capacity market buyer-side mitigation rules and the proposed enhancements to the capacity accreditation rules. Mr. DeSocio stated that the analysis conducted during the stakeholders discussions related to the potential market and consumer impacts of the proposal were designed to account for the combined effects of both the proposed changes to the Installed Capacity market buyer-side mitigation rules and the proposed enhancements to the capacity accreditation rules.

Mr. Fromer noted that other markets, such as PJM, have also pursued capacity accreditation enhancements as part of an overall process of seeking to implement changes to its minimum offer price rules. Mr. Michael Macrae (ENELX) noted that contrary to the actions taken by PJM, ISO-NE is pursuing changes to its minimum offer price rules without corresponding changes to its capacity accreditation rules. Mr. DeSocio noted that the capacity market structures in PJM and ISO-NE are different than NYISO's Installed Capacity market. Mr. DeSocio further stated that the proposal has been developed to address the market rules and structure in New York.

Mr. Lang asked whether the prior efforts undertaken with stakeholders to pursue potential changes to the "Part A" test of the Installed Capacity market buyer-side mitigation rules are mooted by the Comprehensive Mitigation Review proposal. Mr. DeSocio and Shaun Johnson (NYISO) stated that the Comprehensive Mitigation Review proposal, if approved, would largely address the intended enhancements sought through the previously considered changes to the "Part A" test of the Installed Capacity market buyer-side mitigation rules.

Mr. Lang asked for additional information regarding potential impacts of utilizing a marginal capacity accreditation methodology instead of an average methodology on the statewide installed reserve margin (IRM). Mr. Zach T. Smith (NYISO) noted that the analysis conducted by the Market Monitoring Unit (MMU) assumed different generation resource fleets in assessing the marginal and average capacity accreditation methodologies. Mr. Zach T. Smith further noted the resource fleet assumed by the MMU when assessing the marginal capacity accreditation approach was comprised of resources that generally provide a higher contribution to maintaining reliability and thereby resulted in a lower IRM compared to the resource fleet assumed by the MMU in assessing the average capacity accreditation approach.

Ms. Doreen Saia (Greenberg Traurig) expressed appreciation for the NYISO's efforts to develop additional tariff language regarding the certification process for Excluded Facilities, but noted continuing concerns regarding such proposed tariff language. Ms. Saia, therefore, recommended further discussion of the proposed certification process in advance of seeking stakeholder action at the Management Committee.

Mr. Lang recommended consideration of scheduling an Installed Capacity Working Group meeting prior to the Management Committee to further discuss any additional questions or concerns regarding the draft tariff revisions related to the proposal. Ms. Saia noted support for the request to schedule an Installed Capacity Working Group meeting prior to the Management Committee to further review and discuss the proposed tariff revisions related to the proposal.

Mr. Lang asked for clarification regarding the proposed deadline by which Excluded Facilities would need to submit the proposed certification form. Mr. Johnson stated that for resources in a Class Year, the proposed Excluded Facility certification form would be due by the official start date of the Class Year. Mr. Johnson further noted that the proposed deadline for submitting the Excluded Facility certification form is consistent with the deadline established for similar certification forms that may be required pursuant to the Installed Capacity market buyer-side mitigation rules.

Mr. Fromer asked whether the derating factor for the peaking plant underlying each ICAP Demand Curve is fixed for the four-year reset period or if this factor is changed annually as part of the annual update procedures for the ICAP Demand Curves. Mr. Zach T. Smith stated that the derating factor for the peaking plant underlying each ICAP Demand Curve is established as part of the reset process and remains fixed for the four-year reset period.

Mr. Lang asked for clarification regarding the assessment of financial risk in future ICAP Demand Curve resets as it relates to the Comprehensive Mitigation Review proposal if ultimately approved and implemented. Mr. DeSocio stated that the intent is to ensure that the independent consultant is informed of the market rule changes related to the proposal for its consideration as part of the future resets and, in collaboration with stakeholders, consider such rule changes as part of assessing development risk faced by the hypothetical peaking plant used in establishing each ICAP Demand Curve.

Ms. Saia asked for further clarification regarding the additional phases proposed for the development of the detailed procedures and modeling necessary to implement the proposed marginal capacity accreditation approach. Mr. DeSocio stated that the current expectation is to commence phase 2 of the capacity accreditation methodology implementation plan in early 2022 with a focus on developing the detailed procedures for conducting a marginal effective load carrying capability (ELCC) analysis to determine the appropriate capacity accreditation factors for the various resource classes. Mr. DeSocio further noted that the efforts in 2022 are also intended to produce indicative capacity accreditation factors using the proposed marginal ELCC approach.

Ms. Saia asked whether an underlying premise of the proposed capacity accreditation enhancements is to recognize that, in light of the ongoing transformation of the resource mix in response to the State's environmental and energy policy objectives, changes to capacity accreditation rules are needed to appropriately recognize that the reliability contribution of capacity is not equal for all types of resources. Mr. DeSocio stated that the intent of the proposed enhancements to the capacity accreditation rules is to seek to ensure that the rules provide for an appropriate assignment of capacity value that reflects the reliability value of various types of capacity supply resources.

Mr. Jay Brew (Nucor) asked for clarification regarding how resources will be categorized for purposes of determining capacity accreditation factors. Mr. DeSocio noted that the development of appropriate resource classes is anticipated to be part of the work efforts to be undertaken in collaboration with stakeholder in 2022. Mr. DeSocio stated that identifying resource attributes that meaningfully impact the reliability value of different types of capacity will be important in determining appropriate resources classes.

Mr. Brew asked for further clarification regarding whether capacity accreditation factors will be determined based on location. Mr. DeSocio stated that resource location will be an important consideration in determining appropriate classifications of resources to assess for purposes of determining capacity accreditation factors. Ms. Erin Hogan (UIU) asked for clarification regarding whether the consideration of resource location for purposes of determining capacity accreditation factors could potentially be more granular than the currently existing capacity regions. Mr. DeSocio stated that considering the appropriate granularity of locations to assess for determining capacity accreditation factors should be further considered and informed by development of additional data as part of the further work efforts in 2022.

Mr. Scott Leuthauser (HQUS) recommended the need to consider the development of a transition rule to address the implementation of the Excluded Facility certification form for resources in the currently ongoing Class Year.

Mr. Liam Baker (Eastern Generation) asked whether the stakeholder approval being sought at this time presumes any requirement for further stakeholder approvals as part of the future phases to develop the detailed requirements to implement the proposed capacity accreditation enhancements. Mr. Lang and Ms. Saia stated that it is premature to know whether additional stakeholder approvals will be required as part of the development of the detailed requirements to implement the proposed enhancements to the capacity accreditation rules. Mr. Lang and Ms. Saia explained that the intent of the motion language is to clarify that stakeholders are approving the concepts described in the presentation with the tariff revisions relating thereto to be further reviewed and finalized prior to the Management Committee, while acknowledging that further detailed requirements to implement the capacity accreditation enhancements will be developed over the next few years prior to planned implementation of those enhancements for the 2024/2025 Capability Year.

Mr. Kevin Lang provided the following statement for inclusion in the minutes:

On behalf of the City of New York, the City appreciates that the NYISO has tried to work through the concerns raised by market participants in this matter and that some analysis has been performed. The City strongly supports BSM Reform and believes it is long overdue. The City also believes that narrowing the BSM rules does not need to be linked to capacity accreditation. Given the City's preference for restructuring the BSM rules to limit their applicability; because the NYISO's approach generally achieves the same result, the City supports the proposal.

With respect to capacity accreditation, the City is concerned about by the accelerated pace at which this matter went through the stakeholder process, observing that the original plans set forth by the NYISO provided for this matter to be considered separately from BSM Reform and not brought to a vote until Fall 2023, after analysis had been performed and discussed. Indeed, while there have been 17 meetings on this matter dating back to April, the proposal was first presented in August, and only a handful of the meetings involved substantive discussions of it – mostly within the past month or so. Notably, additional information was presented yesterday, and there has not been sufficient time to properly review and understand the analysis.

The City conceptually supports capacity accreditation, but a corollary concern to the accelerated pace is the potential for unintended consequences to arise. While the City does not believe there is reason to oppose the proposal at this time, it cannot yet support the proposal. The City will continue to review the information provided and may modify its position at the MC meeting.

Mr. Jay Goodman (Couch White) provided the following statement for inclusion in the minutes:

Multiple Intervenors opposes the Comprehensive Mitigation Review proposal at this time and will be voting against it today.

To ensure clarity regarding Multiple Intervenors' position, we would like the record to reflect that Multiple Intervenors fully supports the proposed Buyer-Side Mitigation reforms. Multiple Intervenors also has no objections to the ICAP/UCAP reference price translation being proposed. Thus, if the proposed Buyer Side Mitigation reforms were advanced for a vote in isolation, or in conjunction with the ICAP/UCAP reference price translation proposal, Multiple Intervenors would support that motion.

Multiple Intervenors' opposition to the Comprehensive Mitigation Review proposal relates solely to that part of the proposal relating to capacity accreditation. In short, we do not believe that the capacity accreditation proposal has been developed or vetted fully enough for approval at this time, and is being expedited inappropriately. Importantly, Multiple Intervenors is not inalterably opposed to modifying the NYISO's existing capacity markets to incorporate capacity accreditation at some point in time, and would be supportive of capacity accreditation continuing to be developed, analyzed, and vetted by stakeholders for future action.

Multiple Intervenors disagrees that capacity accreditation must be voted upon at the same time as, and linked inextricably to, Buyer-Side Mitigation reforms. More concerning, however, is the timing of this vote, prior to the capacity accreditation proposal being analyzed and understood fully by stakeholders. Issues relating to marginal versus average approaches, the impacts of capacity accreditation on different forms of existing fossil-fuel-fired facilities, the impacts of capacity accreditation on demand response resources, the impacts of capacity accreditation on total capacity market costs paid by consumers, the potential impacts associated with performing annual updates of capacity accreditation factors and the potential volatility in capacity market compensation associated therewith, for instance, all warrant further examination and vetting. It also is not at all clear to Multiple Intervenors precisely how the NYISO would conduct capacity accreditation if the instant motion is approved, the processes that would be followed, and the role – if any – that stakeholders would play in that process.

In our opinion, capacity accreditation represents the single biggest modification to the NYISO's capacity markets since the Demand Curves were introduced, and possibly since

the NYISO formed. Unfortunately, also in our opinion, today's proposal has been unduly rushed and requires further development, analysis, and vetting by stakeholders.

Mr. Raj Addepalli (ACE-NY) provided the following statement for inclusion in the minutes:

We appreciate and support NYISO's efforts to address the BSM issues that have been raised over a number of years, and agree that reform is needed on this issue with urgency ahead of the next Class Year study. We do not believe the BSM reform needs to be coupled with the Capacity Accreditation modifications at this time as proposed. We are supportive of necessary modifications to the Capacity Accreditation rules but further study and analysis is required before specific changes can be made to the Capacity Accreditation rules. As a result, we will abstain from the BIC vote today.

Mr. Chris Hall (NYSERDA) provided the following statement for inclusion in the minutes:

Thanks to the NYISO for all the work in developing this important proposal with elements that are important to state policy implementation. Given the choice before us today, NYSERDA will be supporting this proposal. Excluding policy resources from BSM is our main priority and we want it expedited for FERC approval. We do recognize that an accreditation project is needed and we look forward to that work continuing soon. We do have some sympathy for those who may believe we moved quickly through parts of the accreditation proposal we are voting on today. And regarding accreditation, we understand moving forward that NYISO and stakeholders will be pursuing consistent new accreditation methods for all resource types to the extent possible. We also believe that NYISO should and will remain collaborative during subsequent phases of this work. BSM needs to be removed from policy resources as NY consumers should not be made to double-pay for capacity and to help ensure that, we are supporting this proposal today.

Mr. Michael Macrae provided the following statement for inclusion in the minutes:

Enel X would like the minutes to reflect that we share and echo the sentiments expressed by the City of New York, Multiple Interveners, ACE-NY, and NRDC. We support the removal of Buyer Side Mitigation (BSM), but oppose the amendment today as provided by the NYISO on the grounds that it should not link BSM with capacity accreditation. The analysis to date supporting the NYISO's rushed decision to adopt a marginal capacity accreditation methodology is woefully incomplete and in light of the timeline established by the NYISO to implement these changes we believe there is still sufficient time to continue to evaluate the most appropriate capacity accreditation methodology. If adopted, these changes may lead to the NYISO wholesale markets no longer providing a meaningful price signal for the new and existing resources necessary to achieve the State's energy policy objectives.

Mr. John Brodbeck (EDP Renewables) expressed support for, and agreement with, the comments of ENEL X.

Mr. DeSocio stated that the proposal was developed in response to an overarching concern raised by regulators and certain stakeholders that the current Installed Capacity market buyer-side mitigation rules may erect unnecessary barriers to the achievement of the state's environmental and energy policy objectives. Mr. DeSocio further noted appreciation for the efforts of stakeholders in collaborating on the development of the proposal. Mr. DeSocio stated that the NYISO supports the proposal and views it to be a reasonable and balanced set of market enhancements in response to the concerns raised regarding the sustainability of the current Installed Capacity buyer-side mitigation rules.

### Motion #3:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee (“MC”) approve changes to the Installed Capacity market buyer-side mitigation rules, Installed Capacity market capacity accreditation rules, and certain other Installed Capacity market procedures as these concepts are more fully described in the presentation “Comprehensive Mitigation Review” made to the BIC on November 9, 2021. With respect to implementing changes to the Installed Capacity market capacity accreditation rules, a three-phase approach is described in the aforementioned presentation, and the BIC recommends that the NYISO should pursue the additional phases as reflected in the presentation related to the more detailed procedures for such changes in the stakeholder process prior to implementation thereof.

*Motion passed with 76.13% affirmative votes.*

## **6. Working Group Updates**

- **Billing and Accounting and Credit Working Group:** The group met on October 21, 2021 and reviewed: (1) the standard accounting/settlement reports; and (2) an overview of the settlement processes for distributed energy resources participating in the wholesale markets.
- **Electric System Planning Working Group:** The group met on October 25, 2021 and reviewed: (1) a presentation by Central Hudson regarding updates to its local transmission plan; (2) a presentation by NYPA regarding updates to its local transmission plan; (3) key study assumptions for the short-term assessment of reliability study for Q4 2021; (4) the draft report for the 2021-2030 Comprehensive Reliability Plan; and (5) study assumptions related to the ongoing 2021-2040 System & Resource Outlook study.
- **Installed Capacity Working Group:** The group has met jointly with MIWG and/or PRLWG five times since the last BIC meeting. On October 18, 2021, the group met and reviewed: (1) proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules; (2) the proposed methodology for conducting a consumer impact analysis related to the proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules; and (3) a presentation by the Market Monitoring Unit (MMU) providing an overview of the methodology it will use to conduct an impact assessment of the proposed enhancements to capacity accreditation rules. The group met on October 22, 2021 and reviewed: (1) proposed revisions to the Installed Capacity Manual related to the co-located storage resource participation model; and (2) a presentation by Analysis Group regarding updated results and a draft study report for its assessment of potential market impacts related to proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules. The group met on October 29, 2021 and reviewed proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules. On November 2, 2021, the group met and reviewed: (1) the consumer impact analysis related to the proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules; and (2) a presentation by the MMU regarding the results of its impact assessment related to the proposed enhancements to capacity accreditation rules. The group also met on November 8, 2021 and reviewed: (1) updates to the study report by Analysis Group regarding its assessment of the potential market impacts related to proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules; (2) proposed reforms to the buyer-side Installed Capacity market mitigation rules and related enhancements to capacity accreditation rules; and (3) an overview of the NYISO's planned response to the additional information request issued by FERC regarding the NYISO's compliance filing related to FERC Order No. 2222.
- **Load Forecasting Task Force:** The group has met twice since the last BIC meeting. On October 21, 2021, the group held its annual Fall Economic Conference reviewing national and New York economic outlook reports by Moody's Analytics. At the October 21, 2021 meeting, the group also reviewed the impacts of the ongoing COVID-19 pandemic on load patterns and energy consumption. The group also met on November 3, 2021 and reviewed preliminary 2021 weather normalized peak loads for use in developing the 2022/2023 Capability Year capacity market peak load forecast.
- **Market Issues Working Group:** The group has met jointly with ICAPWG and PRLWG twice since the last BIC meeting. The group met on October 22, 2021 and reviewed proposed manual revisions (i.e., Ancillary Services Manual, Day-Ahead Scheduling Manual, and Transmission and Dispatch Operations Manual) related to the co-

located storage resource participation model. The group also met on November 8, 2021 and reviewed: (1) an overview of the NYISO's planned response to the additional information request issued by FERC regarding the NYISO's compliance filing related to FERC Order No. 2222; (2) survey results related to the upcoming Spring 2022 Centralized TCC Auction; and (3) the proposed methodology for conducting a consumer impact analysis regarding the ongoing study related to the Reserve Enhancements for Constrained Areas project.

- Price Responsive Load Working Group: The group has met jointly with ICAPWG and/or MIWG five times since the last BIC meeting (i.e., October 18, 2021, October 22, 2021, October 29, 2021, November 2, 2021, and November 8, 2021). At each meeting, the group reviewed the agenda topics related to distributed energy resources, energy storage resources and/or the NYISO-administered demand response programs.

## **7. New Business**

There was no new business

Meeting adjourned at 12:30 p.m.