

Internal Controllable Lines

Amanda Myott

Market Design Specialist, Energy Market Design

ICAPWG/MIWG

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Agenda

- Background
- Project Plan
- Next Steps

Background

Background

- **On Oct. 15, 2020, the New York Public Service Commission (NYPSC) established a new Tier 4 Renewable Energy Credit (REC) within the Clean Energy Standard (CES)**
 - The State will procure the unbundled environmental attributes (i.e., Tier 4 RECs) associated with renewable generation delivered into Zone J
- **NYSERDA issued a Request for Proposal (RFP) for Tier 4 REC resources on January 13, 2021**
 - On September 20, 2021, Governor Hochul announced selection of two projects, and NYSERDA has submitted these for approval with the Public Service Commission (PSC)
 - Both selected projects are High-Voltage Direct Current (HVDC) transmission lines: Clean Path New York (CPNY) and Champlain Hudson Power Express (CHPE)
 - CPNY is proposed as a controllable line that is internal to the New York Control Area (NYCA)

Background (cont'd)

- **The Tier 4 REC initiative has driven the prioritization of this project, which will develop market participation rules for internal controllable lines**
- **The project will culminate in a Market Design Concept Proposed (MDCP) by Q4**

Background (cont'd)

- **There are no internal controllable lines in operation within the NYCA**
- **NYISO has high-level rules to allow Internal Unforced Capacity Deliverability Rights (UDRs) to participate within the ICAP Market**
 - These rules also have gaps including, but not limited to, the determination of requirements for providing capacity on the Internal UDR and the determination of obligations for the Internal UDR that sells capacity
- **Market rules for the scheduling and pricing of internal controllable lines within the Energy Market do not exist**

Project Plan

Energy Market Considerations

- The project will begin with developing market rules for the scheduling and pricing of internal controllable lines within the Energy Market
- Energy schedules for *external* controllable lines are based on two factors:
 - The market participant must have a reservation to use the line; and
 - The market participant's energy offer is accepted
- **The NYISO has not determined that this construct for determining energy schedules on external controllable lines is supportable within the structure of the NYISO's tariff or software for internal controllable lines**
 - Therefore, reviewing these rules to make sure the market will support outcomes in the best interests of all stakeholders is needed

Energy Market Considerations (cont'd)

- **The current energy market design does not allow for advanced reservations of internal transmission rights**
 - Instead, the ISO awards firm transmission rights to any resource that receives an energy schedule
 - The ISO currently believes that developing rules for and administering an advanced reservation system would be costly and extremely time consuming, and recommends continuing to leverage the existing process for allocation of transmission rights

Energy Market Considerations (cont'd)

- **At this time, the ISO believes that scheduling an internal controllable line to minimize as-bid production costs would be most compatible with the existing Energy Market design**
 - The scheduling of the line would occur independent of but simultaneously with the scheduling of resources, which is similar to how Phase Angle Regulators (PARs) are scheduled by the ISO
 - Implications of this approach will be examined as part of the project

Capacity Market Considerations

- Based on the Energy Market rules developed in the first phase of this project, the NYISO will evaluate and, if necessary, propose revisions to, the existing ICAP market rules for Internal UDRs to ensure compatibility with the expected operation of internal controllable lines in the Energy Market
- Modeling of internal controllable lines within resource adequacy studies will also be an important consideration when determining ICAP market rules

Additional Considerations

- **The project will also consider any other market rule changes that may be necessary to integrate internal controllable lines into NYISO markets, including energy mitigation rules and transmission congestion contract (TCC) rules**

Next Steps

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- **February, March, April: Energy Market design discussions (ICAPWG/MIWG)**
 - Targeting late February/Early March ICAPWG/MIWG(s) to discuss Energy Market design examples
- **April, May: Capacity Market design discussions (ICAPWG/MIWG)**
- **May, June: Discuss any open items (ICAPWG/MIWG)**
- **July, August: Consumer Impact Analysis discussions (ICAPWG/MIWG)**
- **MDCP by the end of Q4**

Our Mission & Vision



Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation