New York ISO
Independent System Operator

CMR Deficiency: Draft Responses

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ICAPWG/MIWG

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Background

CMR Deficiency Letter

- The NYISO received a FERC deficiency letter regarding the CMR filing on February 9th. The deficiency letter requests additional explanation of terminology, processes, and rationale related to the marginal capacity accreditation proposal
- The NYISO will file a response to the deficiency letter by March 11th

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Draft Responses

Disclaimer

- The NYISO is in the process of determining final responses to the deficiency letter. The draft responses in this presentation are subject to change prior to FERC filing

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Questions 1a-1e

- **Questions 1a through 1e regard defining marginal reliability contribution, describing the ELCC and MRI techniques, how NYISO would select the final technique, and whether NYISO is considering alternative techniques**
  - Marginal reliability contribution is a measure of a system's resource adequacy change when the next defined increment of a resource class is added to (or removed from) the system, in this case the NYCA bulk transmission system
  - In its response, the NYISO will describe the ELCC and MRI techniques as previously described to stakeholders by GE Energy Consulting at the 02/24/22 ICAPWG and consistent with description in technical journals and by Potomac Economics
  - Because ELCC is the industry standard, MRI should only be selected as the final technique if it produces robust and comparable results to ELCC
  - Currently, the NYISO is not considering alternative techniques

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Question 1f

- **Question 1f requests additional support regarding NYISO's position that the technique for calculating CAFs is an implementation detail**
  - The NYISO has included the critical elements that will be used to determine CAFs in the filed tariff. Therefore, the precise technique to implement the calculation of CAFs may be left to the manuals

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Question 2

- **Question 2 regards the extent to which the resource mix of the final NYSRC database reflects the resource mix that participates in and clears the NYISO capacity auctions**
  - The NYISO will identify the database inclusion rules outlined in NYSRC policy NO. 5–15 (“Policy 5”) that lead to the final database closely reflecting the mix of ICAP Suppliers that participate in the NYISO capacity auctions
  - Additionally, elements of the NYISO’s prompt capacity auctions (demand curve structure, timing, supply side mitigation, etc.) typically result in the vast majority of ICAP Suppliers participating as price takers and clearing the auctions
  - Therefore, the final NYSRC database closely reflects the resource mix that both participates in and clears the NYISO capacity auctions

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Questions 3a-3b

- **Questions 3a-3b involve the criteria NYISO will use to determine Capacity Accreditation Resource Classes**
  - The criteria that the NYISO will use to determine Capacity Accreditation Resource Classes are specified in the tariff -- technology, operating characteristics that are expected to result in similar marginal reliability values throughout the locations that are evaluated
    - Examples: Dispatchability, intermittency profiles, energy duration limitations, fuel supply limitations, start up notification limitations, etc.
  - The NYISO will be clear in its response to FERC that in Phase II the NYISO and its stakeholders will establish any additional factors as well as the processes and procedures for establishing Capacity Accreditation Resource Classes; utilizing the empirical evidence produced by GE Energy Consulting during Phase II

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Questions 3c-3d

- **Questions 3c-3d regard the assignment, notification, and dispute resolution processes of assigning ICAP Suppliers to Capacity Accreditation Resource Classes**
  - The NYISO will establish initial Capacity Accreditation Resources Classes as part of Phase II, and as necessary in the future. The classes and class descriptions will be publicly posted
  - ICAP Suppliers should be able to determine their expected class assignment from the publicly posted class descriptions, but all resources, including new resources and resources that have changed their participation model, will be notified of their class assignment sometime prior to the mid-March seasonal set up for each Capability Year
  - The NYISO will assign ICAP Suppliers to classes based on the information ICAP Suppliers are already required to provide to the NYISO (i.e., chosen participation model, resources characteristics provided upon registration, and elected energy duration limitation)
  - If an ICAP Supplier believes its resource has been incorrectly assigned to a class, the Supplier will be able to appeal its assignment through a process that will be outlined in the ICAP Manual

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Question 4a

- **Question 4a involves the decrease in relative UCAP of variable and energy storage resources in 2032 of the Analysis Group's study and the just and reasonableness of crediting capacity based on marginal accreditation**
  - The Analysis Group utilized ICAP and marginal capacity values for variable and energy storage resources from Brattle's Grid in Transition study[1]. In Brattle's study, marginal capacity values decline due to the shift in net peak load hours that occurs with increased penetration of variable resources and limited penetration of energy storage resources in 2032
    - This explains the decrease in total UCAP compared to total ICAP of variable and energy storage resources
  - With marginal accreditation, one MW of UCAP from one resource provides the same marginal reliability contribution as one MW of UCAP from any other resource type. Therefore, marginal accreditation allows for equal comparison of UCAP across all resource types while sending the appropriate market signals for efficient resource entry and exit

[1] Brattle Group, "New York's Evolution to a Zero Emission Power System: Modeling Operations and Investment Through 2040 Including Alternative Scenarios," June 22, 2020

Question 4b

- **Question 4b regards the assessment of capacity obligation compliance and penalties for non-performance with the implementation of marginal accreditation**
  - The assessment of capacity obligation compliance and penalties for non-performance will not change with the implementation of marginal accreditation
  - All compliance obligations will continue to be based on the Installed Capacity Equivalent of the Supplier's awarded UCAP
  - Compliance obligations and penalties are enumerated in Section 5.12 of the MST

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Questions?

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

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