

# Internal Controllable Lines: 2023 Kickoff

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**Michael Swider**

Senior Market Design Specialist  
Capacity Market Design

**Amanda Myott**

Market Design Specialist  
Energy Market Design

**ICAPWG/MIWG**

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# Agenda

- **Background**
- **Energy Market Design Open Items**
- **Capacity Market Design Open Items**
- **Next Steps**
- **Appendix: Previous Project Presentations**

# Background

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- **NYSERDA's Tier 4 REC initiative has driven the prioritization of this project to develop market participation rules for ICL**
  - There are currently no internal controllable lines (ICL) in operation within the NYCA
- **The 2022 effort reached Market Design Concept Proposed (MDCP)**
- **The 2023 project milestone is Market Design Complete (MDC)**
  - Today's presentation is intended as a kick-off to tee up the 2023 project plan and highlight components of the market design that still need to be worked through

# Energy Market Design Open Items

# ICL Energy Market Bidding

- **The NYISO is continuing development of the energy market model that can be used to incorporate ICL within the optimization software**
  - This work includes model features such as how ICL will be economically evaluated, how their bid curves will be structured, and incorporating ICL losses into the model

# Ancillary Services Eligibility

- Consistent with other transmission facilities, ICL may be eligible to provide Voltage Support Service based on the technology chosen for the ICL
- Not eligible to provide Regulation service because Regulation is a non-locational product
- NYISO is evaluating the ability of ICL to make Reserves available as part of the Dynamic Reserves Project

# Energy Market Mitigation

- **ICL will be subject to energy market mitigation rules**
  - The NYISO and stakeholders will need to assess what Tariff and procedure changes will be necessary to incorporate ICL
  - Treatment expected to be similar to Energy Storage Resources, as ICL will have both withdrawal and injection energy



# Additional Items

## ■ Data posting

- Determining what data to post for ICL, which could include bid data and out-of-merit data, consistent with comparable resources

## ■ Settlements

- This year's effort will involve developing the rules and Tariff revisions pertaining to necessary ICL settlement provisions, such as any cost guarantee payments that an ICL may be eligible to receive

## ■ TCCs

- As previously discussed, TCCs will not be awarded to ICLs. The procedures for modeling an ICL in the TCC market will be addressed in the ICL project

# ICL Energy Market Tariff Revisions

- Revisions to the MST to incorporate the Energy and Ancillary Service market participation rules described in this presentation will be drafted and shared with stakeholders to support this year's MDC milestone

# Capacity Market Design

## Open Items

# IRM/LCR Modeling

- **The NYISO will need to discuss with NYSRC and/or ICS how an ICL (also referred to as an Internal UDR) should be modeled in the IRM process**

# Capacity Accreditation

- **The NYISO recognizes the need to establish a Capacity Accreditation Factor (CAF) for Internal UDRs**
  - The NYISO will incorporate Internal UDRs as part of the ongoing work to evaluate the CAF for the different Capacity Accreditation Resource Classes (CARC)

# ICAP Mitigation Measures

- **Provided an ICL seeking Internal UDRs provides a certification and is determined to meet the qualifications described in the Excluded Facility definition found in Section 23.2 of the NYISO Services Tariff, the facility will not be subject to the NYISO's Buyer's Side Mitigation evaluations**
- **The NYISO and stakeholders will need to assess whether changes will be necessary to apply the NYISO's supply-side mitigation measures to Internal UDRs**

# Integrating ICL into Capacity Auctions

- The NYISO is working through a methodology for incorporating ICL into its monthly Spot auctions

# ICL Capacity Tariff Revisions

- **Revisions to the MST to incorporate the ICAP Supplier obligations for an ICL that obtains UDRs will be drafted and shared with stakeholders to support this year's MDC milestone**
  - This may include tariff and manual changes to the ICAP shortfall provisions and deficiency penalties and the Bid/Schedule/Notify requirements and penalty provisions



# Next Steps

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- Targeting March/April 2023 to begin discussions on draft Tariff revisions with stakeholders

# Appendix

# Previous Project Presentations

- **2/03/22: Kick-Off presentation discussing project scope and timeline**
  - [2/3/22 MIWG Presentation](#)
- **3/16/22: Energy Market Real-Time Scheduling and Settlement Examples**
  - [3/16/22 MIWG Presentation](#)
- **4/19/22: Energy Market Two-Settlement Examples**
  - [4/19/22 MIWG Presentation](#)
- **6/07/22: Energy and Capacity Market Proposals**
  - [6/7/22 Energy Market MIWG Presentation](#)
  - [6/7/22 Capacity Market MIWG Presentation](#)
- **07/15/22: Energy and Capacity Market Proposal Updates**
  - [07/15/22 Energy Market MIWG Presentation](#)
  - [07/15/22 Capacity Market MIWG Presentation](#)
- **08/04/22: Market Design Concept Proposed**
  - [08/4/22 MDCP Presentation](#)

# 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