

Engaging the Demand Side: NYISO Proposal to Address Feedback

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Project Overview

Project Overview

■ Deliverables:

- Q4 Issue Discovery

■ Project Description:

- Engaging the Demand Side is a highly collaborative project that will, in conjunction with NYISO stakeholders, identify potential issues with or gaps in the NYISO's existing Demand Side programs. A final report will be released in Q4 of 2023, which will recommend next steps regarding future Market Design projects/efforts to address feedback.

Project Goals

- **The Engaging the Demand Side final report will recommend that the NYISO investigate market participation model enhancements that, if implemented, could allow Demand Side Resources to better reflect their operating capabilities in the NYISO markets and broaden program eligibility**
- **NYISO is not proposing to terminate the SCR program**

Feedback Summarized

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- **MPs have requested that the NYISO modify SCR program rules so that Resources can better represent their true operating capabilities to the wholesale market**
 - Some SCRs may be capable of responding to SCR Events more frequently than others
 - Some SCRs may be capable of responding to SCR Events with less than today's 21-hour advance notification requirement
 - Some SCRs are capable of operating with a 4, 6, or 8-hour Energy Duration limitation
 - In short, some Resources have expressed that they are more flexible than the SCR program allows, but not flexible enough to fully participate in the DER program on dispatch

NYISO Proposal to Address Feedback

NYISO Proposal to Address Feedback

- **The NYISO will maintain the SCR program in its current state**
 - This will allow Resources that are unable or do not want to participate via the DER model to continue participating in the wholesale markets via the SCR program
- **In addition, NYISO will explore the development of DER participation model enhancements which would expand participation opportunities for Demand Side Resources, and allow existing Resources to participate in a more fulsome way**
 - For example, the NYISO will investigate the development of ‘Day-Ahead Only DER’ rules, in which participating Resources would receive binding DA schedules

Concerns with SCR Program Enhancements

NYISO Concerns with SCR Program Enhancements

- **The SCR program includes a significant amount of manual administration including scheduling SCR Events and auditing SCR performance**
 - The decision process for SCR events requires NYISO grid operators to take manual out-of-market actions during times that grid reliability already requires extra attention
- **These manual processes make expanding the SCR model impractical**
- **For example, if the NYISO allowed SCRs to have multiple Energy Duration Limitations, Grid Operators would need to factor in SCR startup/shutdown times, Energy Durations, etc. to efficiently utilize these Resources**
 - To fully appreciate each SCR's unique operating capabilities in this context, NYISO would need to call on them individually like DER – NYISO would no longer be able to call SCRs to activate based on Load Zones
 - The current standardization of operating characteristics (21 hour DA notification, 2 hour in-day notification, 4 hour EDL) reduces complexity
- **Expanding the SCR model would also perpetuate the use of out-of-market actions to address system conditions**
 - Procuring additional in-market Resources adds flexibility to the system and helps address reliability issues that may arise
- **NYISO's preferred approach is to instead enhance the DER participation model to better reflect Demand Side Resource capabilities, and make it more amenable to SCR operating characteristics**

2019 DER Model Benefits

2019 DER Model Benefits for Demand Side Resources

- **An DSR transitioning to the DER model would find that the model allows them to better represent their full capabilities in the NYISO markets**
 - The 2019 DER participation model allows DSRs participating in a DER Aggregation to have a longer Energy Duration (and therefore a higher CAF) that reflects the Aggregation's Energy Duration and includes the ability to time-stack individual DER/DSR

DER Model Benefits to a Grid in Transition

- Unlike the SCR program, which relies on out-of-market actions taken by NYISO Operators, DSRs in the DER model are automatically scheduled/dispatched based on the economics of their bids
- Economic scheduling of additional Demand Side Resources will help smooth impacts of increased penetration of intermittent Resources
- Dispatching Demand Side Resources by Transmission Node, rather than for an entire Load Zone as is done in the SCR program, will provide more accurate response to system conditions

Next Steps

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- **Mid Q4: Engaging the Demand Side draft Report**
- **Kickoff MDCP milestone in 2024/after EtDS Report completion**

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

Questions?