New York ISO
Independent System Operator

Internal Controllable Lines: Capacity Market Rules

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ICAPWG/MIWG
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Agenda

- Background
- Review of Proposed Capacity Tariff Revisions
- Review of Capacity Accreditation Factor and IRM Modeling
- Next Steps

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Background

Previous Discussions

Date	Working Group	Discussion Points and Links to Materials
February 21, 2023	ICAPWG/MIWG	Internal Controllable Lines: 2023 Kickoff: https://www.nyiso.com/documents/20142/36339783/ICL_MIWG_022123.pdf/3859d78e-68aa-e5fc-3a7a-fba6f1ed552d
June 27, 2023	ICAPWG/MIWG	Internal Controllable Lines: Proposed Capacity Market Tariff Revisions: https://www.nyiso.com/documents/20142/38423065/6%20Internal%20Controllable%20Lines_Capacity%20Tariff%20Revisions_062723_ICAPWG_MIWG_final.pdf/66465cbe-4e23-088b-d888-da24dfdb240c
August 9, 2023	ICAPWG/MIWG	Reposted select capacity-market tariff sections based on stakeholder feedback: https://www.nyiso.com/documents/20142/39257338/ICL_Energy%20MarketTariff%20Revisions_ICAPWG_MIWG_8.9.23.pdf/92824fa6-cfdb-52da-71cf-b1828791ece1

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Background

- There are currently no internal controllable lines (ICL) in operation within the NYCA
- NYSERDA's Tier 4 REC initiative has driven the prioritization of this project to develop market participation rules for ICL
- The NYISO's proposed design is intended to accommodate ICL with a range of different project structures
- The objective of today's presentation is to review previously-presented Tariff revisions in advance of the anticipated November 2023 BIC meeting.

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Summary of Proposed Capacity Market Design Concept

- **Consistent with the proposed ICL Energy Market design, the Capacity Market Design will not tie supply to specific generators**
  - This structure aims to enable the market design to work for any ICL that may seek to enter NYISO markets
  - An Internal UDR is the rights an ICL must hold in order to be an Installed Capacity Supplier
- **Internal UDRs will participate in the Capacity market as Installed Capacity (ICAP) Suppliers via an updated and revised market construct, under which they will transmit pooled capacity, sourcing in NYCA and sinking in a Locality**
  - There will be an automatic procurement in the NYISO Spot auctions from the source region, if needed, to cover the ICAP Supply Obligation in the Locality (accounting for line losses)
- **For purposes of calculating the IRM and LCRs, Internal UDRs will be counted as supply resources up to the level they elect to be considered ICAP**

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Review of Proposed Capacity Tariff Revisions

Summary of Substantive Draft Capacity Tariff Revisions

- **MST 2.9 and 2.21**
  - Added definition of Internal Controllable Line, revised definition of UDR to include Internal UDR and External UDR, noted that ICL are required to use the ISO-Committed Flexible bidding mode, and added UDR and EDR Rights holders to the definition of ICAP Supplier
    - The ICAP Supplier definition revision will enable the existing SSM and BSM ICAP Mitigation rules to apply for UDR and EDR facilities
      - Provided an Internal UDR meets the qualifications as an Excluded Facility, it will be excluded from BSM evaluations.
    - Mirroring definition revisions will be made in the OATT
- **MST 5.9.2.2**
  - ICAP Suppliers utilizing UDRs are not eligible to wheel Installed Capacity through or export Installed Capacity out of the Locality where it sinks
- **MST 5.11.4.1**
  - Addition of requirement for Internal UDRs to annually notify the NYISO of their election prior to August 1 for the upcoming Capability Year, consistent with existing provisions for External UDRs

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Summary of Substantive Draft Capacity Tariff Revisions (cont'd)

- **MST 5.11.5**
  - Description of the process for counting Unforced Capacity sold in by an ICAP Supplier holding Internal UDRs towards meeting the locational component of the LSE Unforced Capacity Obligation
  - The ICAP Supplier must procure the sum of the UCAP MW sold plus the UCAP MW associated with the transmission losses
- **MST 5.12.6.2**
  - Description that the amount of Unforced Capacity that an Internal UDR is authorized to supply in the NYCA shall account for the unavailability of the Internal UDR, in accordance with ISO Procedures
- **MST 5.12.7.2**
  - Bid/Notify obligation for Internal UDRs
    - The NYISO believes it is appropriate not to include the "schedule" [a Bilateral Transaction in the Energy Market] option for Internal UDRs since ICL will not have the ability to self-schedule Energy and must bid their full Energy capability flexibly, per the draft posted language in MST 32.3, which is discussed in today's presentation on proposed energy market rules for ICL
- **MST 5.12.8**
  - Discussion of Internal UDR UCAP procurement obligation corresponding to the amount of UCAP sold plus applicable losses

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Summary of Substantive Draft Capacity Tariff Revisions (cont'd)

- **MST 5.14**
  - Shortfall provisions for Internal UDRs
    - Discussion of Internal UDR UCAP procurement obligation corresponding to the amount of UCAP sold plus applicable losses
    - If an Internal UDR has not procured sufficient Unforced Capacity to cover its Unforced Capacity Sales prior to the Spot auction, and for any Unforced Capacity Sales made in the Spot auction, the NYISO will fulfill this requirement on behalf of the ICAP Supplier
    - In the event that less than the full MW amount of an Internal UDR is awarded in the sink Locality, the NYISO will update the Spot auction Unforced Capacity procurement obligation accordingly

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Review of Capacity Accreditation Factor and IRM Modeling

ICL Capacity Accreditation Factor (CAF) and IRM Modeling

- **Internal discussions are ongoing with regard to how to model ICL for purposes of NYISO Planning studies**
  - In particular, the NYISO Reliability Needs Assessment (RNA) will determine how to model ICL earlier than the IRM will need to incorporate ICL
    - The RNA modeling approach will be a starting point for IRM modeling discussions
- **As included in the 2022 MDCP presentation, ICL will have a CAF, consistent with other resource types**
  - The CAF methodology will leverage the modeling methodology decision for the IRM, increasing the ICL capacity by 100 MW to determine the CAF, consistent with other resource types
    - This methodology will be documented in the ICAP Manual, consistent with other resource types

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Next Steps

Next Steps

- November BIC and MC
- Target FERC filing Q1 2024

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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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