



Notice of Potential Market Problem: Load Zone J TSL Floor Value for the 2024-2025 Capability Year

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Background

- **In the course of conducting separate analysis to evaluate forced outage rate calculations, the NYISO discovered that an error was made in the determination of the 5-year derating factor used for calculating the transmission security limit (TSL) floor value for Load Zone J for 2024-2025 Capability Year**
 - The original 4.5% derating factor was based on inappropriate historical generator outage data from the 2017-2021 period
 - When using the appropriate historical generator outage data for 2018-2022, the derating factor for Load Zone J should be 2.89%
- **Using the correct derating factor, the TSL floor value for Load Zone J for the 2024-2025 Capability Year should be 80.4% instead of the initially calculated 81.7% value**
- **After discovery of the issue, the NYISO reported the matter to FERC and the Market Monitoring Unit (MMU) prior to issuing a “Notice of a Potential Market Problem” to the market on April 10, 2024**
 - The NYISO also informed the NYSRC of the matter
 - The NYISO commenced discussions with stakeholders at the Operating Committee on April 11, 2024
- **The NYISO’s ongoing assessment of the issue has confirmed that this error was limited to Load Zone J, and no corrections are required for the G-J Locality and Load Zone K for the 2024-2025 Capability Year**
 - Based on detailed unit-level comparison, the NYISO also confirmed offsetting effects between generators in Load Zones G-I and Load Zone J result in the 2018-2022 derating factor for Load Zone J decreasing compared to the 2017-2021 dataset while the G-J Locality remained static

Updated Study Results

- The NYISO conducted an updated study for the 2024-2025 Capability Year, using the corrected TSL floor value for Load Zone J, along with the TSL floors for the other Localities and the NYSRC approved IRM (22.0%). The results:
 - confirmed that the TSL floor values remain binding for all Localities with the Load Zone J Locational Minimum Installed Capacity Requirement (LCR) established at the corrected TSL floor value (i.e., 80.4%),
 - identified minimal change to the NYCA loss of load expectation (LOLE) compared to the original study, and
 - confirmed that the system reflecting the updated inputs continues to meet reliability criterion

| Parameters | Current | With Zone J Correction | Delta |
|-------------------|--------------------------------|---------------------------------|-----------------|
| IRM | 22% | 22% | |
| Zone K LCR | 105.3% | 105.3% | |
| G-J Locality LCR | 81% | 81% | |
| Zone J LCR | 81.7% | 80.4% | -1.3% |
| LOLE | Round to 0.089 (0.0886) | Round to 0.090 (0.08982) | +0.00122 |

- The small LOLE increase identified by the updated study is due to the improved transfer into Load Zone J in the underlying model, reducing the reliability impact of MW within Load Zone J
 - The impact of improved transfer into Load Zone J was studied and discussed at the NYSRC Installed Capacity Subcommittee during last year's the 2024-2025 installed reserve margin (IRM) study process ([link to ICS material](#))

Capacity Accreditation Factor Considerations

- Capacity Accreditation Factors (CAFs) are calculated as subsequent step after finalizing the LCRs
- The NYISO anticipates that some degree of change to the previously posted final CAF values for the 2024-2025 Capability Year would likely be identified if CAFs were reevaluated, using the results of the updated analysis due to the change in the LCR for Load Zone J and the resulting minimal change in NYCA LOLE
- However, the NYISO anticipates that the potential impact on the previously determined final CAFs for the 2024-2025 Capability Year would be small due to the minimal change to the NYCA LOLE, which is the key parameter in CAF calculations
- The final CAFs are used in updating the translation factors and translating the ICAP Demand Curves to UCAP terms
 - The previously posted final CAFs for the 2024-2025 Capability Year were used to determine the translation factors and the UCAP Demand Curves applicable for the Summer 2024 Capability Period
- **Seeking to update CAFs, translation factors and the demand curves would require significant effort and is not feasible to complete before the upcoming May 2024 ICAP Spot Market Auction**
 - The current certification deadline for the May 2024 ICAP Spot Market Auction is April 22, 2024
 - A complete refresh will require effort from both NYISO to update all downstream market parameters and Load Serving Entities to update estimated loads, in a compressed timeframe, leading to potentially additional market uncertainties
 - Given the NYISO's expectation that the potential impact on CAFs would likely be small, the resulting impacts on downstream market parameters utilizing the CAFs is similarly anticipated to be limited

Proposed Remedial Action

- **The NYISO recommends revising the Load Zone J LCR for the 2024-2025 Capability Year to 80.4% based on the updated study results and implementing the revised LCR beginning with the May 2024 ICAP Spot Market Auction**
 - This includes revising the associated UCAP requirements for Load Zone J to reflect the revised LCR
- **The NYISO recommends that the previously determined final CAFs for the 2024-2025 Capability Year and all other downstream market parameters that could potentially be impacted by the updated study results remain unchanged**
- **The NYISO will implement improved process and review controls to mitigate the potential for this error to recur.**

Next Steps

■ Related to ICAP Markets

- Special Operating Committee Meeting on April 19, 2024: seek approval of the revised Load Zone J LCR for the 2024-2025 Capability Year (i.e., 80.4%)
- Implementations requirements of a revised 2024-2025 Capability Year LCR for Load Zone J beginning with the May 2024 ICAP Spot Market Auction:
 - Update/revise Load Zone J obligations in the ICAP Automated Market System (AMS)
 - Coordinate with affected Transmission Owners and Load Serving Entities to implement revised requirements prior to the currently scheduled close of certification for the May 2024 ICAP Spot Market Auction on April 22, 2024
- Proceed with May 2024 ICAP Spot Market Auction as currently scheduled

■ Regulatory and Other Considerations

- Request a waiver from FERC to address the proposed remedial action plan and deviation from the typical LCR study procedures to determine a revised LCR for Load Zone J
 - Currently anticipate submission of a filing as early as April 17, 2024
 - Anticipate requesting expedited action, as well as a shortened notice and comment period
- Continue to assess the potential market impacts of the incorrect initial 2024-2025 Capability Year TSL floor value for Load Zone J, including collaboration and coordination with MMU on such assessment
- Investigate the root cause of the erroneous calculation and identify/develop potential process improvements to mitigate the potential recurrence of a similar calculation error in the future

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Questions?