

2025 - 2029 ICAP Demand Curve Reset: Real-Time Energy Prices for Net EAS Revenue Estimates

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Agenda

- **Background**
- **Proposal**
- **Tariff Revisions**
- **Next Steps**

Background

Background

- **Section 5.14.1.2.2.2 of the Market Administration and Control Area Services Tariff (MST) addresses the requirements for estimating net Energy and Ancillary Services (EAS) revenue earnings of peaking plant options as part of determining the ICAP Demand Curves**
 - As part of each quadrennial ICAP Demand Curve reset (DCR), a model(s) is(are) developed for use in determining the net EAS revenue offset of each peaking plant (commonly referred to as the “net EAS revenue model”)
 - The detailed operation of the model(s), including its commitment/dispatch logic and specific inputs and assumptions are not hardwired in the tariff. These details are required to be developed as part of each reset and included in the filing to FERC proposing the results of each DCR
- **Currently, Section 5.14.1.2.2.2 does not allow for the use of 5-minute real-time LBMPs when estimating net EAS revenues for peaking plants**
 - Section 5.14.1.2.2.2 prescribes use of hourly zonal LBMPs for both Day-Ahead and real-time

Background

- **As potential peaking plant technology options evolve over time, the operating characteristics of certain technologies may warrant consideration of using 5-minute real-time prices instead of hourly prices as part of estimating net EAS revenues**
- **To have the ability to capture the impact of 5-minute real-time prices in the net EAS revenue estimates for applicable technologies, the NYISO has proposed to revise Section 5.14.1.2.2.2**
 - The proposed tariff revisions reflect feedback from stakeholders, including additional clarifying changes discussed at the April 17, 2024 ICAPWG meeting

Proposal

Proposal

- **The NYISO is proposing to permit the usage of interval Real-Time Dispatch (RTD) prices (i.e., nominal 5-minute intervals) in the net EAS model, in addition to the currently permitted usage of hourly prices**
 - This proposal does not require the use of RTD interval pricing, but instead provides the option to evaluate net real-time Energy revenues at RTD interval increments if warranted based on consideration of the operating capability of a given technology option.
 - The decision of whether to use hourly or interval real-time prices would be established as a determination to be made as part of each reset when developing the net EAS model(s) for each of the potential technologies being evaluated
 - Consistent with the current tariff requirements, the details and specifics regarding the net EAS model logic, inputs, and assumptions are determined during the DCR
 - For example, if consideration of RTD interval prices is desired for the evaluation of energy storage, the details regarding such a model would be developed in collaboration with stakeholders as part of the DCR

Proposal

- **The proposal should not be interpreted as an indication of any final determinations regarding the net EAS revenue methodology for the ongoing 2025-2029 DCR**
 - Instead, the proposal merely facilitates a determination that has yet to be made and will need to be fully evaluated as part of the ongoing reset
- **The appropriateness of using interval real-time prices in evaluating energy storage for the 2025-2029 reset period will continue to be assessed and discussed as part of the ongoing DCR**
 - If use of interval real-time pricing is ultimately recommended, the net EAS revenue model details to effectuate such usage will need to be developed in collaboration with stakeholders as part of the ongoing reset
 - Consistent with all other inputs and assumptions developed as part of the DCR, the proposed results of the 2025-2029 DCR must be filed with FERC

Tariff Revisions

Tariff Revisions

■ MST Section 5.14.1.2.2.2

- Replaces references of “hour t ” to “time interval t ”
 - Time interval for Day-Ahead is one-hour increments (no change from the current tariff requirements)
 - Time interval for real-time is determined as part of the DCR as either one-hour increments or nominal 5-minute increments for each of the technology options being evaluated
- Establishes a requirement to determine as part of each DCR whether the evaluation of net real-time Energy revenues for a technology option will use one-hour increments or RTD interval increments
 - The time interval determinations will be based on the operating capabilities of each technology option being evaluated
 - The real-time interval selected for each technology option remains fixed for the duration of each reset

Tariff Revisions (cont.)

■ MST Section 5.14.1.2.2.2 (cont.)

- Clarifies the applicable prices to be used for each time increment
 - Day-Ahead continues use of Day-Ahead zonal LBMPs (no change from the current tariff requirements)
 - One-hour increments in real-time continues to use time-weighted/integrated zonal RTD LBMPs (no change from the current tariff requirements)
 - Nominal 5-minute increments in real-time use zonal RTD LBMPs

Tariff Revisions (cont.)

■ MST Section 5.14.1.2.2.2 (cont.)

- Clarifying revisions to the existing adder for net Ancillary Services revenues that are not determined by the net EAS model
 - Clarifies that any Ancillary Services revenues addressed by such adder are based on services a peaking plant is eligible to receive compensation for
 - Clarifies that the adder does not have to be specified as a fixed dollar value, but can instead be defined as a methodology for determining such revenue (e.g., quantity of service eligible to provide, multiplied by compensation rate/value for such service)

Next Steps

Next Steps

- **If approved by stakeholders, seek approval from NYISO Board of Directors**
- **If approved by NYISO Board of Directors, file proposal with FERC in May 2024**

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