

Long Island Reserve Constraint Pricing

Market Design Concept Proposal

Andres Flores

Market Design Specialist

Energy Market Design

MIWG

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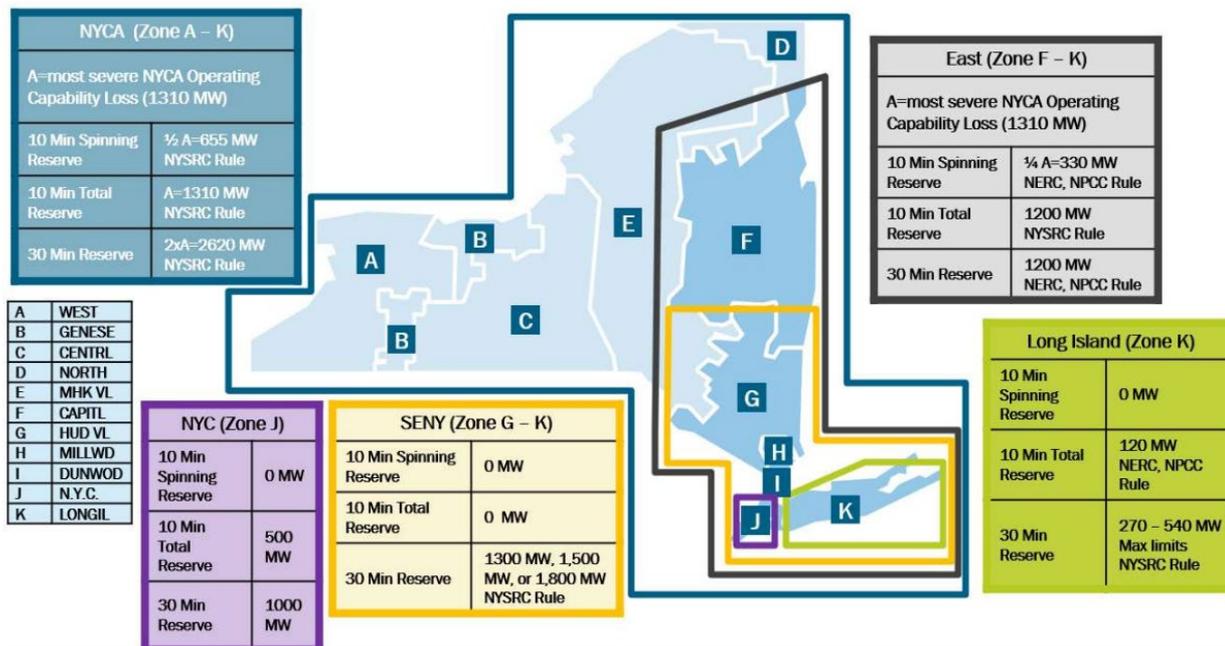
Agenda

- **Background**
- **Market Design Concept Proposal**
- **Questions**

Background

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- Long Island Reserve Providers are currently paid based on the clearing prices for the larger Southeastern New York (SENY) reserve region* (Load Zones G-K)



* Under EDRP/SCR activation involving a scarcity reserve region that includes zone K and at least one other zone, the zone K reserve clearing price is set equal to the sum of the SENY reserve clearing price for the relevant product and the scarcity TCG shadow prices associated with the relevant product.

Background (continued)

- Potomac's 2019 State of the Market Report made recommendation 2019-1: Set day-ahead and real-time reserve clearing prices considering reserve constraints for Long Island.
- At the February 7th MIWG, the NYISO brought two alternatives to stakeholders for the Long Island Reserve Constraint project:
 1. Deploy Long Island reserve constraint pricing in 2025
 2. Deploy Long Island reserve constraint pricing in 2026, addressed by Dynamic Reserves

Background (continued)

- Stakeholder's supported that the Long Island Constraint Pricing was addressed by Dynamic Reserves in 2026, given that the same set of NYISO resources would be used for Dynamic Reserves and Long Island Constraint Pricing.

Market Design Concept Proposal

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- **Long Island Reserve Constraint Prices will be based on the supply and demand balance for Long Island and will be addressed by Dynamic Reserves under a nodal reserve pricing design in 2026.**

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- **The changes would address Potomac Economics' State of the Market Report recommendation 2019-1.**
 - This recommendation reflects that reserve providers on Long Island are not paid reserve clearing prices corresponding to reserve requirements on Long Island
 - Reserve providers on Long Island are paid the SENY clearing prices
- **To meet statewide renewable energy targets, large developments of offshore wind projects are anticipated in the Long Island Zone**
 - The Dynamic Reserves formulation would procure enough reserves within Long Island as well as sufficient transmission capability to secure Long Island
 - As a result, NYISO's wholesale markets will establish reserve prices for Long Island that properly reflect the value and associated cost of reserves being procured on Long Island. This modeling enhancement would reflect the value of reserve capability on Long Island.

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