

Capacity Market Structure Review

Project Kickoff

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Agenda

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- **Background**
- **Project Objectives**
- **2025 Project Timeline**
- **Next Steps**

Today's Objective

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- Today's objective is to provide an introductory overview of the Capacity Market Structure Review project, including its purpose, goals, and high-level timeline.
- Discussion of specific research areas related to this project will be reserved for future ICAPWG meetings.

Background

Background

- **The purpose of the NYISO Installed Capacity (ICAP) market is to maintain reliability of the bulk power system by procuring sufficient resource capability to meet expected maximum energy needs plus an Installed Reserve Margin.**
- **In 2024, the NYISO and its stakeholders identified the need to review the ICAP market structure to determine whether it continues to efficiently and effectively provide for resource adequacy.**
 - The 2025 milestone for the Capacity Market Structure Review project is Issue Discovery.

Project Objectives

Project Objectives

- **The NYISO's objectives for the Capacity Market Structure Review project are to**
 - Identify market structures that will help facilitate New York's evolving grid consistent with policy goals and achieve the following objectives:
 - accurately values resources according to their contribution to maintaining bulk system reliability;
 - delivers transparent and predictable market outcomes;
 - operates cohesively with the Energy and Ancillary Services markets to meet the reliability requirements of the evolving grid;
 - provides appropriate, nondiscriminatory, price signals to existing and new resources;
 - functions without unnecessary administrative complexity; and
 - provides an economically efficient, durable and stable market structure to facilitate investment.
 - Explore potential alternatives to the existing structure.
 - Determine if the existing structure or alternatives explored better meet the defined objectives.

2025 Project Timeline

Project Timeline

■ Q1 – Identify key areas for potential structural improvement

- The NYISO will facilitate meetings with market sectors and the Market Monitoring Unit (MMU) and will use ICAPWG meetings to gather stakeholder feedback.
 - These discussions are expected to cover areas for potential enhancement of the existing ICAP market structure and the concepts to consider in a revised ICAP market framework.
- The NYISO will present at future ICAPWG meetings (i) a summary of the feedback received and (ii) the NYISO's initial proposed prioritized list of key areas for potential enhancement of the ICAP market structure.
 - This list is intended to inform the 2025 project prioritization process for selecting projects beginning in 2026.

■ Q2 – Initial recommendations

- If necessary, the NYISO will further refine the initial proposed prioritized list of key areas for potential enhancement of the ICAP market structure.
- The NYISO will collaborate with stakeholders and the MMU to identify potential high-level solutions for the key areas for potential enhancement identified in Q1 and Q2.

■ Q3 – Refine proposals

- The NYISO will further analyze and refine the initial recommendations set forth in Q2.

■ Q4 – Final Report

- The NYISO will deliver a final report to stakeholders outlining an assessment of the current ICAP market and provide recommendations for alternative approaches when the NYISO and stakeholders identify ICAP market components that would benefit from improvement.

Next Steps

Next Steps

- The NYISO will meet with market sectors and the MMU to gather initial feedback on key areas for potential ICAP market structural improvements.
- The NYISO will return to the ICAPWG in February to review a summary of the stakeholder feedback received.
- For any questions or comments please email blong@nyiso.com or mmohrman@nyiso.com

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