

External Capacity Performance & Obligations: Deliverability & Eligibility

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Agenda

- Project background
- Project Objectives
- General Requirement Clarification Guidelines
- IESO Deliverability
- PJM Deliverability
- ISONE & HQ Deliverability
- Next steps

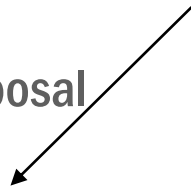
Previous Discussions

Date	Meeting	Discussion points
03-25-19	ICAPWG/MIWG	Discussed initial framework and took feedback

Project Background

■ External Capacity Performance & Obligations

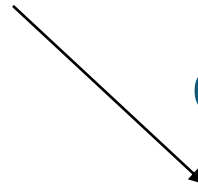
Completed proposal



External SRE Penalty Proposal

- BIC vote, April 2019
- MC vote pending, Targeting May 2019

Current effort



External Capacity
Deliverability & Eligibility

Project Background (con't)

- **2017 AG Report: Capacity Resource Performance in the NYISO Markets**
 - The Report suggests various measures that the NYISO could evaluate further that might better align internal and external capacity resource performance
 - Today the NYISO is continuing discussions about external deliverability demonstration requirements as they relate to NY capacity market eligibility

Project Background (con't)

- **In the 2017 Report, AG highlights that the deliverability of external capacity to the NYCA border has not been tested during periods when neighbors are in critical operating conditions**
 - The current language in the Market Services Tariff requiring external capacity resources to demonstrate delivery is as follows:
 - MST 5.12.2.1: “External Generators, External System Resources, and Control Area System Resources qualify as Installed Capacity Suppliers if they demonstrate to the satisfaction of the NYISO that the Installed Capacity Equivalent of their Unforced Capacity is deliverable to the NYCA or, in the case of an entity using a UDR to meet a Locational Minimum Installed Capacity Requirement, to the NYCA interface associated with that UDR transmission facility and will not be recalled or curtailed by an External Control Area to satisfy its own Control Area Loads, or, in the case of Control Area System Resources, if they demonstrate that the External Control Area will afford the NYCA Load the same curtailment priority that they afford their own Control Area Native Load Customers.”

Project Objectives

- **The objective of the Deliverability & Eligibility segment of this project is to gain a better understanding of any obstacles that prevent external resources from delivering capacity-backed energy to the NYCA border**
 - Specifically, this project seeks to understand:
 - Obstacles to fulfilling NYISO capacity deliverability obligations
 - What external control area rules or products exist that could moderate the obstacles to delivery
 - If revisions are necessary to the Tariff and/or ICAP Manual to enhance documentation requirements for External Capacity Suppliers in each neighboring Control Area to demonstrate deliverability
 - The NYISO strives towards comparability between internal and external capacity suppliers with regard to assurance of energy delivery

General Requirement Clarification Guidelines

- The following items are guiding principles, which generally summarize the NYISO's goal to clarify, where possible, the documented requirements for capacity market eligibility
 - External capacity suppliers must be qualified to provide capacity in their home control area, where applicable
 - External capacity suppliers must be able to flow capacity from the generator that sold capacity to the NY border
 - Comparability between external and internal capacity deliverability
- The NYISO expects that given the different structures in each of our neighboring markets, these requirements will need to be tailored for each neighbor in order to achieve results that are as comparable as possible

IESO Deliverability

- **IESO currently has a procedure for evaluating whether IESO resources who wish to offer capacity into the NYISO markets are deliverable to the NY border**
 - This process is described in section 5 of Part 13.1 of its Market Manual 13: Capacity Exports*
 - IESO submits a letter to the NYISO in advance of each NYISO capability period to indicate which resources successfully passed IESO's evaluation, and are thus deemed eligible to sell capacity in the upcoming NYISO auctions
 - The NYISO plans to better document this process in the ICAP Manual

*<http://www.ieso.ca/en/Sector-Participants/Market-Operations/Market-Rules-And-Manuals-Library>

PJM Deliverability

- **The current deliverability requirement for capacity across the PJM-AC interface is documented in section 4.9.3 of the ICAP Manual**
 - This requirement consists of the obligation for resources that sell capacity from PJM to NY to obtain and provide documentation of firm transmission service
 - The NYISO intends to expand this language to include PJM UDRs
 - External Installed Capacity associated with UDRs will be required to demonstrate firm transmission service both for the annual election and monthly sales

ISONE & HQ Deliverability

- The NYISO will return to a future working group to discuss ideas for clarifying the deliverability obligations for capacity resources in ISONE and Hydro-Quebec

Next Steps

- Return to future working groups to continue discussion
- Questions? Email acarney@nyiso.com

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system



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