

Consumer Impact Analysis: Methodology for External Capacity Performance & Obligations

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Background

- The Analysis Group (AG) in its October 2017 report made several recommendations about external resource performance, particularly during critical operating conditions
- In particular, the AG Report suggested that the better alignment of external resource performance with internal resource performance merited further evaluation
- The AG Report also pointed out that the deliverability of external capacity to the NYCA border has not been tested during periods when the New York's neighbors are facing critical operating conditions
- The NYISO proposed looking at two aspects of external capacity performance and obligations:
 - External SRE Penalty (Proposal Completed and Approved by Stakeholders)
 - External Capacity Deliverability and Eligibility (On Going Effort)

Project Objectives

- Ensure that external capacity resources are providing reliability value that is comparable to that provided by internal capacity resources
- Enhance the deliverability of energy needed for reliability from external capacity resources, corresponding to the capacity these external resources sold into the NYISO markets
- Minimize the impact of proposed changes to software systems, operations and market rules to facilitate faster implementation of project objectives

NYISO's Proposal

- **SRE Penalty Proposal**
 - To the extent an external capacity resource fails to meet any or all the external capacity call requirements, it shall be subject to a penalty*
- **The NYISO is in the process of developing a proposal with its stakeholders to address the Deliverability and Eligibility segment of this project**
 - Attempt to understand any obstacles that prevent external capacity resources from delivering capacity-backed energy to the NYCA border
 - Strive for comparability between internal and external capacity resources with regards to assurance of energy deliverability
 - The guiding principles that summarize the requirements for capacity market eligibility were presented to a Joint Installed Capacity and Market Issues Working Group meeting on May 6, 2019

* The External Capacity Call Requirements and the Penalty Formula were fully described in an April 17, 2019 Presentation to the Business Issues Committee

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Consumer Impact Analysis (IA) Evaluation Areas

- Present the potential impact on all four evaluation areas

RELIABILITY

COST IMPACT/
MARKET EFFICIENCIES

ENVIRONMENT/
NEW TECHNOLOGY

TRANSPARENCY

Cost Impacts

- The NYISO expects that it may lose some external capacity resources as a result of implementing its proposal to better align external resource performance with internal resource performance
- Compute both the short and long term capacity cost impacts of losing some external capacity resources
- It is expected that there will not be a significant impact on energy prices due to the anticipated level of capacity lost from external capacity resources

Capacity Market Impact

■ Assumptions:

- Study the short and long term impact of losing 100MW, 200MW and 300MW of capacity from external resources
- Assume that most of the loss of capacity will be in ROS
- Zones J, K and GHI are not expected to lose capacity because of the relatively higher price in those zones
- The IRM/LCR values from the as found system will be used

Short Term Cost Impact Methodology

- Use the 2019 as found system as a base case, for both the short and long term consumer impact analysis
 - 2019 as found system, with capacity reductions of 100MW, 200MW and 300MW
- The short term analysis will assume no additional changes to generation

Long Term Cost Impact Methodology

- **Use the 2019 as found system as the base case**
 - The same 100MW to 300MW reduction in capacity as assumed in the short term analysis
 - Use the 2019 Demand Curve Values
- **For the supply level, use the historic excess defined as a percentage of excess above the requirements observed over the last three Capability Years in each of the different Localities**

Other Impacts

- Evaluate other Impacts:
 - Reliability Impacts
 - Environmental Impacts
 - Impact on Transparency

Feedback?

- Email additional feedback to:
- deckels@nyiso.com

Questions?

We are here to help. Let us know if we can add anything.

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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