

# 2020 Project Candidates: Buyer Side Mitigation Project Descriptions

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  - NYC Part A Test Exemption (#13)
  - BSM Renewables Exemption Study (#3)
- Next Steps

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# Overview

# Today's Presentation

- **At the request of stakeholders, the NYISO has prepared this presentation to provide insight into the Capacity Market Mitigation projects that are candidates for 2020 Project Prioritization**
  - We will be discussing the circumstances that gave rise to the need for each project and the proposed milestones
  - We will not be discussing design specifics or proposals

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# Buyer Side Mitigation Projects

# Competitive Entry Exemption Non-Qualifying Contract Rule Review (SOM)

- From SOM, 2018-2:

- “The Competitive Entry Exemption is designed to allow a developer to obtain an exemption from buyer-side mitigation if it agrees not to accept state subsidies or enter into contracts that could serve as a conduit for subsidies. Under the current rules, developers agree not to contract with certain prohibited entities, although the tariff specifies a list of exceptions to this rule. For example, developers are generally prohibited from contracting with transmission-owning utilities, but exceptions are made for interconnection agreements.

We recommend expanding the list of exceptions to include power supply agreements that can be determined to be open to new and old resources, competitive, and non-discriminatory. For example, if the utility runs an auction to buy power that is competitive and open to all suppliers, the NYISO could determine that the resulting power supply agreement will not serve as a conduit for subsidies to the seller. This change would allow generators and utilities to enter into competitive contracts to hedge risk while still fulfilling the objective of the buyer-side mitigation measures.”

\*\*All SOM recommendations are candidate projects

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# Competitive Entry Exemption Non-Qualifying Contract Rule Review (SOM)

- NYISO's project goal for 2020 would be Market Design Concept Proposed.
  - This project may be addressed through current 2019 projects.
  - The NYISO introduced a similar stakeholder design concept proposal at the May 9, 2019 ICAPWG.
  - The NYISO anticipates moving forward with the proposal as part of the 2019 Repowering and CEE for Additional CRIS Projects.
  - 2019 Q3 Market Design Concept Complete – currently on target

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# BSM Evaluation for Small Resources Outside of the Class Year (SOM)

- From SOM, 2018-4:
  - “The BSM measures are currently applied within the Class Year process, which was designed for conventional generators that take years to develop and bring into commercial operation. However, new projects do not need to go through the Class Year process to obtain injection rights if they are smaller than 2 MW. Moreover, battery storage projects and other short lead-time projects are capable of entering in just a few months, so we recommend the NYISO develop a set of procedures and requisite tariff changes for applying the BSM measures outside the Class Year process, perhaps on a quarterly cycle.”

\*\*All SOM recommendations are candidate projects

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# BSM Evaluation for Small Resources Outside of the Class Year (SOM)

- NYISO's project goal for 2020 would be Market Design Concept Proposed.
  - This project may be addressed through current 2019 projects.
  - The NYISO has presented draft proposals for a Class Year process redesign. This currently discussion may result in a process that would allow BSM evaluations outside of the Class Year.
    - The most recent presentation was at the May 3, 2019 TPAS/IPFSWG.

\*\*All SOM recommendations are candidate projects

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# Enhanced BSM Forecast Assumptions (SOM) & Enhanced BSM Mitigation Study Period

- From SOM 2013-2d
  - “The set of generators that is assumed to be in service for the purposes of the exemption test is important because the more capacity that is assumed to be in service, the lower the forecasted capacity revenues of the Examined Facility, thereby increasing the likelihood of mitigating the Facility even if it is economic. Likewise, the timing of new entry is also important, since the economic value of a project may improve after future retirements and transmission additions. We recommend the NYISO modify the BSM assumptions to allow the forecasted prices and project interconnection costs to be reasonably consistent with expectations.”

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# Enhanced BSM Forecast Assumptions (SOM) & Enhanced BSM Mitigation Study Period

- The NYISO has proposed the following projects to address this:
  - Enhanced BSM Forecast Assumptions
    - This project would consider the treatment of Existing Facilities at risk of retiring or mothballing.
    - NYISO's project goal for 2020 would be Market Design Concept Proposed.
  - Enhanced BSM Mitigation Study Period
    - This project would consider changes to the Starting Capability Period.
    - NYISO's project goal for 2020 would be Market Design Concept Proposed.
- NYISO's project goal for each project would be Market Design Concept Proposed.

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# NYC Part A Test Exemption (SOM)

- From SOM, 2018-3:
  - “The Part A test of BSM evaluations is designed to exempt a project whose capacity is needed to satisfy the local capacity planning requirement where the project would locate. Thus, a New York City generator would be exempt if it was needed to satisfy the LCR for New York City. However, a New York City generator would not be exempt if it was needed to satisfy the LCR for the G-J Locality. Given the large resource mix changes that are expected in the coming years, we recommend modifying the Part A test to test a New York City generator against the larger G-J Locality requirement in addition to the New York City requirement.”
- NYISO’s project goal for 2020 would be Market Design Concept Proposed.

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# BSM Renewables Exemption Study

Mandatory

- The NYISO proposed that it would periodically review and determine which renewable technologies should be an “Exempt Renewable Technology”.
  - The review is conducted every ICAP Demand Curve Reset Filing Year.
- This project would be required if FERC were to accept the NYISO’s compliance filing (April 13, 2016) to implement a “Renewables Exemption” under the BSM Rules.
- NYISO’s project goal for 2020 would be Study Complete.

# Questions?

# 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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