

External Capacity Performance & Obligations: Deliverability & Eligibility

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Agenda

- Previous Deliverability Discussions
- Project Background
- HQ Deliverability
- Review of IESO and ISO-NE Draft ICAP Manual changes for September BIC Vote
- Next steps
- Appendix
 - Additional project background, requirement clarification guidelines

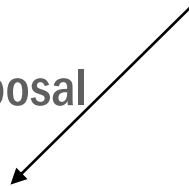
Previous Deliverability Discussions

Date	Meeting	Discussion points
03-25-19	ICAPWG/MIWG	Discussed initial framework and took feedback
05-06-19	ICAPWG/MIWG	Discussed IESO and PJM deliverability and took feedback
05-22-19	ICAPWG/MIWG	Discussed ISO-NE deliverability and took feedback
06-27-19	ICAPWG/MIWG	Discussed ISO-NE deliverability and external SRE penalty manual changes
07-15-19	ICAPWG/MIWG	Discussed draft ICAP Manual changes for IESO and ISO-NE deliverability

Project Background

■ External Capacity Performance & Obligations

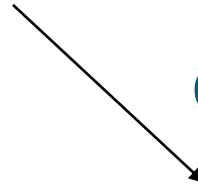
Completed proposal



External SRE Penalty Proposal

- BIC vote, April 2019
- MC vote, May 2019
- FERC approved, June 2019
- Effective 8/12/19

Current effort



External Capacity
Deliverability & Eligibility

Hydro Quebec Capacity Deliverability

- **Following several conversations with HQ, the NYISO does not believe that manual changes are necessary with regard to deliverability requirements for HQ capacity suppliers**
 - HQ TransÉnergie planning criteria meets N-1-1 deliverability on its bulk transmission system and N-1 deliverability on its regional transmission systems to the NY delivery points
 - The NYISO and HQ are in the process of establishing a joint operating procedure that will outline operating and curtailment procedures for capacity-backed transactions

Review of IESO and ISO-NE Draft ICAP Manual changes for September BIC Vote

- Revisions pertain to external capacity deliverability, particularly for resources from IESO and ISO-NE
 - Edits to section 4.9.1 include updates to the obligations of External Installed Capacity Suppliers
 - Edits to section 4.9.3 encompass the addition of the IESO and ISO-NE deliverability requirements
 - Since we restructured the section, the existing PJM-AC requirements appear as a redline, but there are no proposed substantive changes to the PJM-AC section

Next Steps

- September BIC vote on IESO and ISO-NE deliverability ICAP Manual changes

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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Appendix

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

Requirement Clarification Guidelines

- The following are guiding principles, which generally characterize the NYISO's goal to clarify, where possible, the documented requirements for capacity market eligibility
 - External Installed Capacity Suppliers must be qualified to provide capacity in their home Control Area, where applicable
 - This requirement elevates the level of assurance that our neighbors will designate transactions as “capacity-backed” and will assign the associated curtailment priority
 - The NYISO will propose to document this requirement in the NYISO's ICAP Manual, as appropriate, on a proxy-by-proxy basis
 - The NYISO will propose updates to its Installed Capacity Manual as necessary to reflect evolving capacity eligibility requirements in neighboring Control Areas that may or may not be prudent to include in the NYISO requirements

Requirement Clarification Guidelines (con't)

- Suppliers must be able to flow energy from the generator 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, deliverability requirements will need to be tailored for each neighbor in order to achieve results that are as comparable as possible