

# 2021-2025 ICAP Demand Curve Reset: Proposed Process Changes

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# Agenda

- Background
- Updated Tariff Revisions for the Proposed Changes to the Calculation of the Composite Escalation Factor for Gross Cost of New Entry (Gross CONE)
- Proposed Process for Further Collar Mechanism Discussions
- Next Steps

# Background

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- **At the August 23, 2019 ICAPWG/MIWG/PRLWG meeting, stakeholders requested that identifying any proposed tariff changes occur early during the current ICAP Demand Curve reset (DCR) process**
  - At the September 5, 2019 TPAS/ICAPWG meeting, the NYISO solicited written feedback and comments from stakeholders pertaining to potential proposed tariff revisions related to the ICAP Demand Curves and DCR
    - Written feedback was requested by September 19, 2019
    - The New York Transmission Owners (NYTOs) submitted comments and proposed changes for further consideration

# Background

- **The NYTOs submitted the following proposals:**
  - Address three specific, technical aspects of the methodology for escalating Gross CONE and net Energy and Ancillary Services (Net EAS) revenue values
    - The NYISO discussed the Gross CONE portion of the NYTO's concerns, along with a modified proposal and proposed tariff revisions to incorporate the modified proposal, at the December 5, 2019 ICAPWG/MIWG/PRLWG meeting
      - The NYISO's proposal remains unchanged
      - Based on stakeholder feedback, the NYISO is proposing incremental revisions to the tariff changes presented at the December 5, 2019 meeting
    - As a reminder, proposed adjustments to the Net EAS revenue escalation methodology will be discussed as part of the ongoing DCR
      - Potential changes to the current methodology that would apply for the next reset period do not require a tariff change
  - Extend the collar mechanism to apply to future annual updates
    - Today, the NYISO outlines a proposed process for continuing discussions regarding the NYTOs' proposal to extend the collar mechanism

# Previous Presentations & Milestones

Date	Topic	Links to materials
09-05-19	Notice of Comment Solicitation	<a href="#">Link to Presentation</a>
09-19-19	Deadline for Written Feedback	<a href="#">Link to NYTO's Proposed Tariff Changes Affecting ICAP Demand Curves</a> <a href="#">Link to IPPNY's Comments on TOs Proposed DCR Related Tariff Changes</a>
10-28-19	Initial Discussion of the NYTO's Proposed Tariff Changes	<a href="#">Link to Presentation</a>
12-05-19	Updated Gross CONE Proposal & Proposed Tariff Revisions	<a href="#">Link to Presentation</a> <a href="#">Link to Proposed Tariff Changes</a>

# Updated Tariff Revisions to Account for the Proposal for Modifying the Calculation of the Gross CONE Composite Escalation Factor

# Modified Proposal for Gross CONE Escalation Factor

- **At the December 5, 2019 ICAPWG/MIWG/PRLWG meeting, the NYISO discussed its modified proposal in response to the NYTOs' comments relating to the calculation methodology for the Gross CONE composite escalation factor**
  - The NYISO's proposal is to calculate the growth rate for all indices, as of October 1, as the percentage change between the values that correspond to the applicable annual update year and the values that correspond to the first year covered by the reset period ("baseline period")
    - The proposal is unchanged from what was presented on December 5, 2019 (see example on the next slide)
  - Based on stakeholder feedback at the December 5, 2019 meeting, the NYISO has updated the proposed tariff revisions to simplify the identification of the baseline period
    - Updated tariff revisions are posted with today's meeting material; incremental changes are highlighted within the posted document
    - Incremental revisions are limited to MST Section 5.14.1.2.2.1



# Gross CONE Escalation

Modified Data  
Unused Data

Escalation factor is the change from the DCR year to the applicable reset or annual update year

Period	Cal. Year	CY	Construction	Materials	Turbine	GDP	Formula
Reset Yr	2016	2017-2018	97,529	228	232	111.2	A
AU1	2017	2018-2019	102,788	233	224	113.0	B
AU1	2017	2018-2019	5.39%	2.41%	-3.49%	1.60%	$=(B/A)-1$
	Weight		28%	37%	20%	15%	
	AU1	Esc %	1.92%				

This period remains locked as the “baseline period” for measuring changes

Period	Cal. Year	CY	Construction	Materials	Turbine	GDP	Formula
Reset Yr	2016	2017-2018	97,529	228	232	105.8	C
AU1	2017	2018-2019	102,788	233	224	107.6	D
AU2	2018	2019-2020	101,108	244	219	110.3	E
AU2	2018	2019-2020	3.67%	6.92%	-5.58%	4.24%	$=(E/C)-1$
	Weight		28%	37%	20%	15%	
	AU2	Esc %	3.06%				

Use best available data to calculate escalation factor

Period	Cal. Year	CY	Construction	Materials	Turbine	GDP	Formula
Reset Yr	2016	2017-2018	97,529	228	232	105.7	F
AU1	2017	2018-2019	102,788	233	224	107.4	G
AU2	2018	2019-2020	101,108	244	219	110.3	H
AU3	2019	2020-2021	105,039	252	231	112.2	I
AU3	2019	2020-2021	7.70%	10.39%	-0.32%	6.18%	$=(I/F)-1$
	Weight		28%	37%	20%	15%	
	AU3	Esc %	6.82%				

Not used in the calculation



# Proposed Process to Further Discuss the NYTOs' Collar Mechanism Proposal

# Proposed Process for Further Collar Mechanism Discussions

- The NYISO proposes to bifurcate discussions of the Gross CONE composite escalation factor from the NYTOs' proposal to extend the collar mechanism
- The NYISO plans to seek stakeholder approval of the proposed changes to the Gross CONE composite escalation factor at the January 2020 BIC and MC meetings
  - If approved by stakeholders, the NYISO would plan to seek approval from the NYISO Board of Directors (Board) in February 2020
  - If approved by the Board, the NYISO would seek to submit a filing to FERC in February 2020 or early-March 2020
- **If stakeholders supporting the collar mechanism extension desire to bring that matter to a vote, the NYISO recommends that such stakeholders present a proposal for a “conceptual vote” at either the January 2020 or February 2020 BIC meeting**
  - If a conceptual vote is approved by stakeholders, the NYISO will coordinate with stakeholders to further develop the details of an extended collar mechanism and associated tariff revisions at the ICAPWG prior to seeking stakeholder approval of a proposal at a subsequent MC meeting
  - The NYISO would seek to target either the February 2020 or March 2020 MC meeting for any subsequent vote on a proposal to extend the collar mechanism

# Next Steps

# Next Steps

- The NYISO intends to seek stakeholder approval of proposed Gross CONE process enhancements at the BIC and MC in January 2020
- In addition to feedback provided at today's meeting, please feel free to submit any additional feedback to [rpatterson@nyiso.com](mailto:rpatterson@nyiso.com)

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- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system

