NYSDPS RA Tech Conference

Friday, July 10, 2020

The NYSDPS and Brattle Group hosted a two-hour Technical Conference webinar on Friday, July 10, 2020 from 10 am to noon. The purpose of the webinar was to review the updated Brattle Report entitled Quantitative Analysis of Resource Adequacy Structures. The report is available at http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=19-e-0530&submit=Search. Kathleen Spees, for the Battle Group, provided the presentation. Over two hundred people participated in the Technical Conference.

It was stated initially in the presentation that any RA Structure considered must meet the 1 day in 10-years LOLE criteria. This was reinforced by both NYSDPS staff and the Brattle Group. One question was raised during the webinar about the reliability standard, and it was answered directly by NYSDPS staff.

The remainder of the presentation was spent outlining each structure, and estimated consumer cost impacts.

The following RA Structures were discussed:

- ***ICAP Market Status Quo*** – current ICAP market with current rules.
- ***ICAP Market with Expanded BSM*** – Same as above with expanded BSM including full NYCA system like recent order in PJM market.
- ***Centralized Market for Resource Adequacy Credits (RACs) without BSM*** – State determines rule setting. No BSM. Market applied by NYSPSC. PSC determines if any uneconomic capacity needs to be addressed
- ***LSE Contracting for RACs*** – no centralized market, complete bi-lateral design to meet 1 in 10 reliability standards.
- ***Co-optimized Capacity and Clean Energy Procurement***. State entity would procure RACs and RECs for LSEs in a joint, co-optimized auction.

The overwhelming majority of the webinar was spent on capacity and energy market related material and questions. The summary of conclusions was:

- By 2030 relative to a No -BSM scenario, estimated customer costs increase by:
  – $0.4-0.9 billion/year under Status Quo BSM (~12%-20% of statewide capacity costs or ~24%-34% of Zones G-J capacity costs), range depending on load growth and exemptions
  – $1.3-2.8 billion/year under Expanded BSM (~35%-63% of statewide capacity costs), range depending on load growth and nuclear resource retention
- This reflects costs of over -procuring capacity because mitigated policy resources would not be accounted for in the capacity market, including:
  – Contract costs increase for policy resources, since they are denied capacity payments
  – Capacity market clearing prices rise
- These estimates account for moderating long -term factors:
  – Long-term supply elasticity mitigates capacity price impacts, so it is smaller than the “double-payment” quantity effect (showing up as higher contract costs)
  – Lower resource UCAP values at higher penetration of mitigated renewable resources limit the impact of BSM

– Offsetting E&AS impacts, but these are relatively small
– Policy resource exemptions can somewhat mitigate costs

Many questions were asked during the presentation about other aspects of the energy, ancillary, and capacity markets. This included several questions about carbon pricing.

Next steps were to receive additional questions about the specific presentation and report via an established website. The NYSDPS did not outline next specific process steps within the proceeding during the webinar.