Report on
CURRENT MARKET INITIATIVES RELEVANT TO RELIABILITY
March 10, 2017

1) Locational Capacity Requirements (LCR): Review of Alternate Methodologies

The NYISO has initiated stakeholder discussion on evaluating improved methodologies for setting LCRs aimed at finding an economic least cost way of determining LCRs while preserving the NYSRC reliability criteria. . There are multiple possible approaches to determine the LCR requirement for a Capacity Zone after the IRM has been set under NYSRC's Policy 5. NYISO recognizes that some methodologies may require modifications to Policy 5, which must be approved by the NYSRC.

Implications to Reliability: Enhanced system reliability and resiliency through resource availability and improved planning processes, and improved market efficiency and transparency.

Update: NYISO continued discussions with stakeholders on alternative methods for determining Locational Minimum Installed Capacity Requirements (LCRs). This effort will look for ways to optimize LCRs based on minimizing capacity costs statewide while maintaining minimum Loss of Load Expectation criteria, and address any cost allocation rules to ensure that loads are paying their fair share of capacity costs. The NYISO is continuing analysis and discussions on the viability and stability of the process, and will discuss these with stakeholders and NYSRC's ICS committee.

2) Energy Storage Resource Integration

Since the announcement of the NYS PSC REV initiative, there has been a growing interest in wholesale market participation of storage resources. Currently the NYISO has several resource classifications that can accommodate participation of storage in the wholesale markets that include: (1) Energy Limited Resource (ELR); (2) Limited Energy Storage Resource (LESR); and, (3) Demand Side Ancillary Services Program (DSASP). New storage resource characteristics may facilitate additional opportunities to participate in the markets.

Implications to Reliability: Energy storage resources represent a new class of equipment looking to participate in the markets and reliability services. Understanding the characteristics of the equipment and their capabilities, relative to the expectations of the reliability services, is necessary to ensure compliance with reliability standards.

Update: The NYISO initiated discussions in the market issues working group to engage stakeholders in a review of resource characteristics, existing market rules that define the opportunities for storage resources to participate in the markets and an evaluation of revisions that may be necessary to accommodate new storage resources. On November 17, 2016 FERC issued a Notice of Proposed Rulemaking (NOPR) that would require each RTO and ISO to revise its tariff to establish a participation model for storage resources in wholesale markets and define distributed energy resource aggregators as a type of market participant that can participate in organize wholesale markets.

3) Capacity Exports from Localities

The NYISO MMU has raised concerns with the capacity market pricing outcomes if resources located in import constrained localities sell their capacity to external control areas. Currently, Roseton has been awarded a forward capacity market obligation for the 2018/2019 period. ISO-NE has implemented changes that would accelerate opportunities for participation and would allow resources to participate in the 2017/2018 auctions.

Implications to Reliability: The NYISO does not expect negative impacts to reliability.

Update: Stakeholders approved an approach for reflecting Capacity Exports from Localities in the 2017/2018 Capacity Markets, encouraging ongoing analysis and development of markets rules for enhancing the modeling treatment for future years. NYISO has implemented the approved methodology to recognize that an exporting generator continues to operate within its Locality. NYISO is continuing stakeholder discussions on a probabilistic method for setting the locality exchange factor. The NYISO will file with FERC in June 2017 either revised rules or a report on progress made to date.

4) Distributed Energy Resources

To ensure NYISO markets are capable of integrating Distributed Energy Resources (DERs) in greater numbers and to provide clarity as to how they can realize value for their services, NYISO staff has engaged Market Participants in the development of a DER Roadmap. The roadmap seeks to build a 3-5 year plan for market enhancements that better integrate DERs into NYISO's markets. Using the Roadmap, the NYISO's vision is to develop a series of market enhancements to more fully integrate and optimize DERs. Opening New York's wholesale markets to DER will support the NYISO goals to improve market animation, increase system wide efficiency and improve system reliability and resiliency. The NYISO has released its Distributed Energy Resource Roadmap.

Implications to Reliability: Enhanced system reliability and resiliency through distributed resource availability and active management of load consumption based upon market conditions.

Update: Stakeholder discussions have commenced with an initial focus on aggregations and pilot projects. As specific programs are developed, NYISO will return to NYSRC to provide relevant updates.