

NYISO Markets

Past Progress & Future Challenges

Stephen G. Whitley

President & Chief Executive Officer

New York Independent System Operator

Evolving Regional Capacity Markets Panel

New England Electricity Restructuring Roundtable

Boston, MA

September 21, 2012

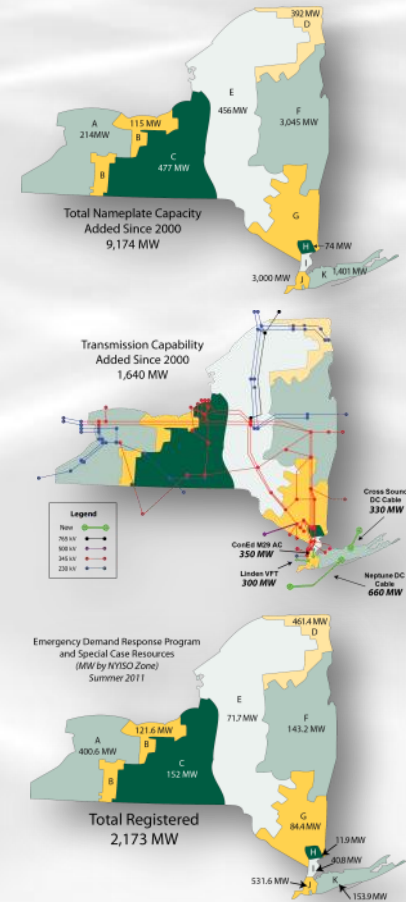
Topics

- ◆ **Market Outcomes since 2000**
- ◆ **Emerging Reliability Needs**
- ◆ **Capacity Market Study**

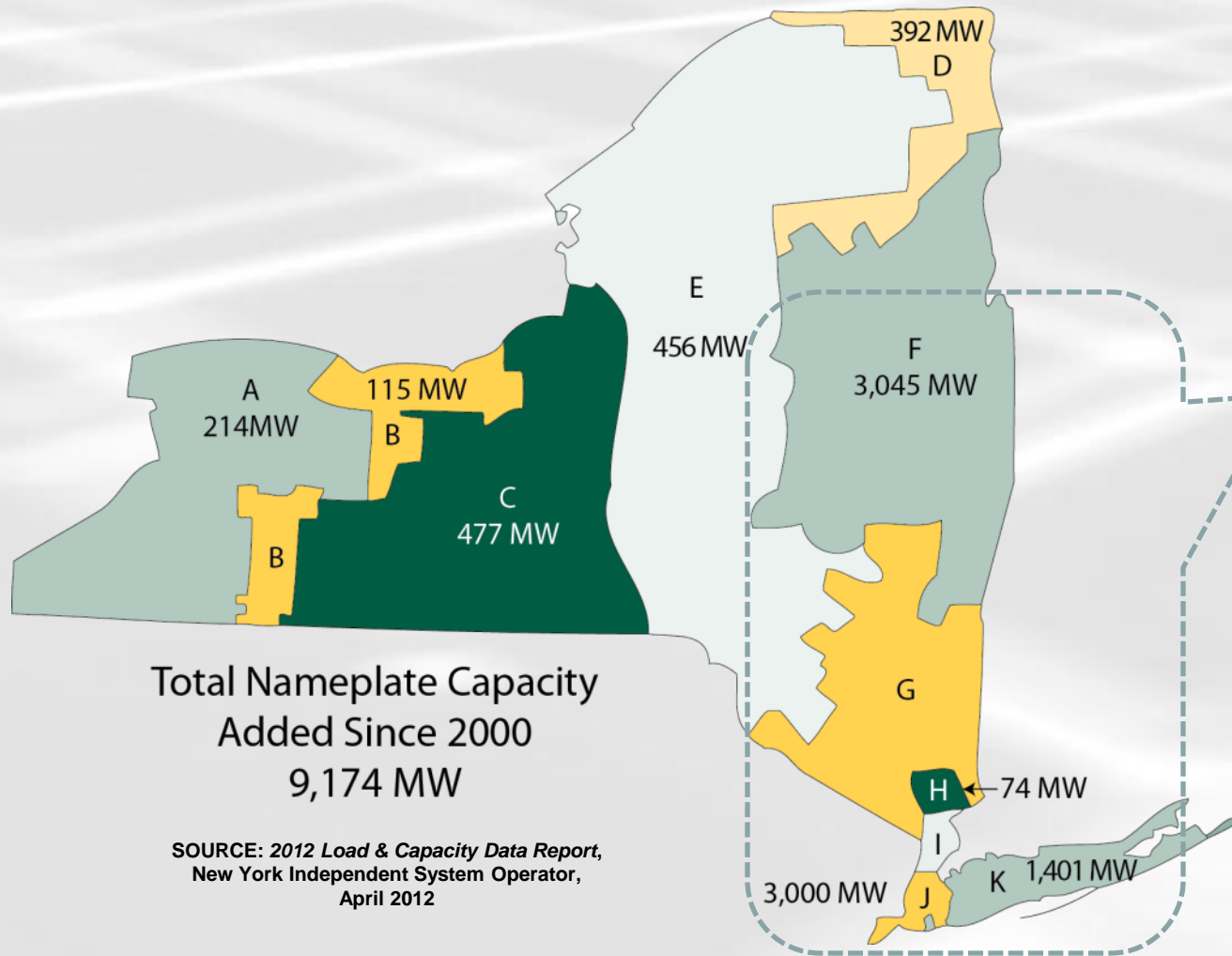
Market Outcomes

Since 2000, New York State has added:

- **9,000+ MW of new generation**
- **1,600+ MW of new transmission**
- **~ 2,000 MW of demand response**



New Generation



80% of new generation sited in New York City, Long Island & Hudson Valley

Total Nameplate Capacity Added Since 2000
9,174 MW

SOURCE: 2012 Load & Capacity Data Report,
New York Independent System Operator,
April 2012

Emerging Reliability Needs

- Two years ago, the *2010 Reliability Needs Assessment* (RNA) found no reliability needs over the ten-year study horizon
- Today, the *2012 RNA* finds reliability needs related to resource adequacy by 2020, as a result of:
 - *Lower generating capacity (~1,000 MW decline)*
 - *Slightly higher baseline load forecast for 2020 (200 MW increase)*
 - *Slightly lower projections of demand response resources for 2020 (~ 100 MW decline)*

Additions/Retirements

- Included in the *2012 RNA* base case:
 - *New generating units and uprates totaling 818 MW*
 - *Retirements and notices of intent to retire/mothball existing facilities totaling 1,792 MW*

Capacity Market Study

- Evaluate Current Capacity Market Design Features
- Examine Portability of Capacity
- Evaluate a Forward Capacity Market in NY

Evaluation of the New York ISO Capacity Market:
Summary of Draft Report

Prepared by
Scott M. Harvey, William W. Hogan, and Susan L. Pope
New York ISO ICAP Working Group
Albany, NY September 11, 2012



Review of Features

- **Methodology for Anchoring Demand Curves**
- **Adjustment for Net Energy Revenues**
- **Buyer-Side Market Power Mitigation**
- **Demand Curve Slope**
- **Methodology for Creating New Zones**

Capacity Portability

- **Study Findings:**

- *“The New York ISO’s monthly current year capacity market auction design allows capacity suppliers to shift capacity between New York and PJM and between ISO New England and New York despite the differing capability year definitions.”*
- *“While differences in capacity year definitions do not impede shifting capacity ... the difference between the forward capacity procurement in PJM and New England and current year procurement in New York can delay adjustments to unexpected conditions.”*

Forward Capacity Market

Study findings:

“There are no compelling benefits to implementing a forward capacity market at this time.”

- ***Implementation would take too long to address near-term uncertainties related retirements***
- ***Could lead to divergence between the resources clearing in the forward process and those available to maintain reliability***
- ***Has potential to increase cost of power out of a proportion to the increase in reliability***

What's Next?

- **Addressing Reliability Needs**
 - *Solicit market solutions for Comprehensive Reliability Plan*
- **Evolving Capacity Market Design**
 - *Review study finding with stakeholders*
 - *Proceed with enhancements*



NEW YORK INDEPENDENT SYSTEM OPERATOR

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.

www.nyiso.com

© 2000-2012 New York Independent System Operator, Inc. All Rights Reserved.