CONFIDENTIAL DRAFT

Via E-Mail to *DEckels@nyiso.com*

To: Debbie Eckels

From: Leonard Ashley, Independent Power Producers of New York, Inc. ("IPPNY")

Date: July 20, 2021

Re: **Comments on Transmission Security Assessments ("TSAs") and 2022 Transmission Security Limit ("TSL") Floor Determination Process**

IPPNY[1] submits the following comments on the NYISO's: (i) near-term actions for the 2022-2023 Locational Capacity Requirement ("LCR") process and the associated 2022-2023 TSL Floor determination process; and (ii) its longer term proposal to evaluate the Transmission Security analysis performed by the Planning Department to align its TSL approach as part of its LCR process. The NYISO presented this plan to the June 30, 2021 ICAPWG meeting. Since last fall, IPPNY and its members have expressed concerns with the NYISO that TSAs performed by the Planning Department in its Reliability Needs Assessments differ in key ways with the calculation of the TSL that is applied in determining the LCRs. It is critical that this issue be addressed so that the markets can provide accurate and efficient price signals that are consistent with the system's reliability needs. IPPNY appreciates that the NYISO has identified an opportunity to more effectively align its processes in the near-term that can be incorporated for the 2022-2023 LCR determinations as well as its general recognition that the current lack of alignment between the Planning and Market practices should be reviewed to determine if it can be addressed more comprehensively in future LCR processes.

First, IPPNY strongly supports the NYISO's near-term action proposal to recast the representation of the 901/903 PAR-controlled ConEd-LIPA lines when calculating the TSL floor for Long Island to be consistent with actions that would likely be taken operationally and to report on this development at an August ICAP meeting. It is very important that this issue be resolved by the NYISO's August deadline to provide market participants with important transparency and certainty confirming this representation will be incorporated into the TSL Floor that is applied to the NYISO's LCR Determination Process in December. IPPNY thus urges the NYISO to adhere to its proposed timeline to ensure market certainty for the 2022-2023 LCRs. There are five joint ICAPWG meetings scheduled in August (in addition to those for the BSM/CA effort underway). The NYISO should confirm resolution of this issue at the earliest of these meetings possible. If not yet fully completed by the first of these meetings, the NYISO should, at a minimum, provide an update to market participants on the status of its work at the August 3rd ICAPWG meeting and identify which of the remaining August ICAPWG meetings it will present the resolution of this issue.

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[1] IPPNY is a trade association representing companies involved in the development of electric generating facilities including renewable resources, the generation, sale, and marketing of electric power, and the development of natural gas and energy storage facilities in the State of New York. IPPNY member companies produce a majority of New York's electricity, utilizing almost every generation technology available today, such as wind, solar, natural gas, oil, hydro, biomass, energy storage and nuclear.

Second, IPPNY supports the NYISO's proposal to conduct an assessment of how to better align the reliability-based Transmission Security analysis performed by the Planning Department and the representation of Transmission Security needs in the NYISO ICAP market. In general, IPPNY agrees with the underlying objectives of the TSL mechanism (*i.e.*, market signals should not be sent that understate the Transmission Security based locational need for capacity). IPPNY supports this proposed assessment and strongly encourages the NYISO to identify and implement proposed modifications as soon as possible to strengthen its TSA practices and properly align its Planning and Market practices with Operational needs. It would not serve the goals of the NYISO or the market to send market signals that would result in the markets being overridden by out-of-market solutions because they understated the need for capacity to meet a Transmission Security Need. However, correspondingly, it is equally important the TSL representation in the markets also must not overstate the Transmission Security needs because that can result in reducing the capacity signals in other areas as seen this year where utilizing the TSL for Long Island reduced the capacity market signal in NYC and the LHV. IPPNY supports additional longer-term considerations for enhancing the TSL process. A schedule should be set to do so to allow the new structure to be in place for the 2023-2024 LCRs. IPPNY looks forward to working with the NYISO on this important matter.

Finally, IPPNY supports the efforts already undertaken by the NYISO to improve the LCR setting process. The newly revised Locational Minimum Installed Capacity Requirements Determination Process is a positive first step to resolving potential inconsistencies between the setting of the IRM and LCRs that was highlighted during last year's LCR setting process when revisions to the Rest of State assumptions drove a change in the NYC and LHV LCRs. Importantly, the NYISO's updated LCR methodology protocol confirms that the NYISO will set the LCRs using the same assumptions as the final IRM analysis. Importantly, this means both efforts will be completed using the same load forecast. In addition, as the NYISO completes the LCR setting stage, if the NYISO identifies that a material capability change has occurred after the IRM was set, it will confer with the NYSRC and only incorporate such change in the LCR calculation *if* the NYSRC also incorporates it into a recalculated IRM. IPPNY strongly supports this update to the LCR methodology protocol and encourages the NYISO to reaffirm it will utilize this approach for the 2022-2023 LCR determination in its presentation at the August ICAPWG meeting. Incorporating all the steps that will be taken for the 2022-2023 LCR determination in one presentation will ensure market participants can most effectively track the structure to be utilized.