

Champlain Hudson Power Express (CHPE): Installed Capacity Market Integration Considerations

Updated Proposal

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Installed Capacity Subcommittee

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Agenda

- Review the NYISO's proposal presented at the 7/10/2025 Installed Capacity Subcommittee (ICS) meeting
- Discuss proposed changes based on stakeholder feedback
- Next Steps

Previous ICS Presentation

Date	Link to Material
July 10, 2025	https://www.nysrc.org/wp-content/uploads/2025/07/CHPE-ICAP-Market-Integration.pdf

Summary of NYISO Proposal Presented at the 7/10/2025 ICS Meeting

Initial Proposal Overview

- **NYISO proposed to modify the current notice of intent to commence ICAP market participation requirements for certain new capacity supply resources (referred to herein as a “triggering resource”)**
 - Current notice requirements are set forth in Section 4.2.5 of the ICAP Manual
 - Notice requirements for resources that are not a triggering resource remain unchanged
- **The NYISO proposed that a capacity supply resource would constitute a triggering resource if:**
 1. a new capacity supply resource’s (including new Unforced Capacity Deliverability Rights (UDRs)) entry would change the contingencies evaluated in assessing the transfer capability into a Locality for purposes of establishing the transmission security limit (TSL) floor value for such Locality; and
 2. such resource has been included as a capacity supply resource and assumed to supply capacity in the New York State Reliability Council (NYSRC) NYCA Installed Reserve Margin (IRM) study for the Capability Year during which such resource first seeks to commence ICAP market participation
- **Proposed enhancements to the current notice requirements for triggering resources:**
 - Must achieve “Commercial Operation” prior to submission of a notice of intent to commence ICAP market participation
 - NYISO Open Access Transmission Tariff (OATT) Sections 30.1 and 40.1 define “Commercial Operation” to mean that a facility has commenced generating or transmitting electricity for sale, excluding electricity generated or transmitted during Trial Operation (i.e., on-site test operations and commissioning)
 - Advance notice requirements remain unchanged (i.e., notice must be provided on or before 5 P.M. on the first business day of the month that is two months before the delivery month in which the triggering resource wishes to qualify, provided that the triggering resource has achieved Commercial Operation)
 - For example, to qualify to participate in the ICAP market spot auction conducted in April for the May delivery month, a triggering resource must achieve Commercial Operation and provide notice no later than 5 P.M. on the first business day of March

Initial Proposal Overview (cont.)

- For a Capability Year that includes a triggering resource, the NYISO proposes to develop two sets of ICAP market parameters to help improve potential alignment of ICAP market parameter assumptions and actual market conditions; however, achieving “perfect” market alignment may not be feasible
- **The two sets of market parameters would be based on the following cases:**
 - IRM study results case that assumes the triggering resource is in service and participating in the ICAP market
 - An alternative case that revises only the status assumption of the triggering resource to assume that such resource is not in service and not participating in the ICAP market
- **The NYISO proposes that the following ICAP market parameters would be developed for each case:**
 - TSL floor values and Locational Minimum Installed Capacity Requirements (LCRs)
 - Capacity Accreditation Factors (CAFs) and associated unit specific derating factors
 - System translation factors, Unforced Capacity (UCAP) demand curve parameters, and Load Serving Entity (LSE) minimum capacity requirements
- **The NYISO recommends that a single case be used to develop the following market parameters:**
 - Import right limits
 - Peak Load Windows
- **The NYISO proposes that both sets of ICAP market parameters be developed consistent with the timing of current practices**
- **Absent a triggering resource, the NYISO shall continue using one set of ICAP market parameters consistent with the current procedures**

Proposed Changes to the Prior Proposal

Proposed Changes to Prior Proposal: Triggering Resource Criteria

- Certain stakeholders requested that the NYISO consider revising the triggering resource criteria to include a potential new capacity supply resource not modeled in the NYSRC-approved final base case
- The NYISO proposes revised criteria assessing (1) the potential impact on TSL floor values (unchanged from the initial proposal) and (2) the status of potential new capacity supply resources as of the NYSRC's approval of the IRM for the applicable Capability Year (new)
- Revised conditions for identifying a triggering resource:
 1. a new capacity supply resource (including new UDRs) whose entry would change the contingencies evaluated in assessing the transfer capability into a Locality for purposes of establishing the TSL floor value for such Locality; and
 2. as of the date the NYSRC approves the IRM for the applicable Capability Year, the new capacity supply resource:
 - (a) has obtained Capacity Resource Interconnection Service (CRIS), or (b) has its CRIS request under evaluation in an active Phase 2 Study of the Cluster Study Process
- Proposed change is intended to facilitate expansion of the proposal to include development and potential use of multiple sets ICAP market parameters for a triggering resource not modeled in the IRM study final base case that subsequently commences ICAP market participation during the applicable Capability Year

Proposed Changes to Prior Proposal: Notice Requirements

- **Certain stakeholders asked the NYISO to reconsider (1) the proposed “milestone requirement” for submitting a notice of intent to participate in the ICAP market and (2) the advance notice requirements for such notice**
- **With respect to the milestone, rather than requiring a triggering resource to achieve Commercial Operation, the NYISO proposes to require a triggering resource to complete Trial Operation to be eligible to submit the required notice**
 - Trial Operation is effectively the final phase of the testing/commissioning prior to declaring Commercial Operation
 - Consistent with the prior proposal, the updated “milestone requirement” is intended to provide greater certainty as to when the triggering resource will begin offering capacity in the ICAP market, improve potential alignment of ICAP market parameter assumptions and actual market conditions, and improve predictability and transparency of expected market outcomes

Proposed Changes to Prior Proposal: Notice Requirements (cont.)

- With respect to advance notice, the NYISO proposes to reduce the advance notice requirements for a triggering resource to commence ICAP market participation in delivery months other than the first delivery month of a Capability Period (i.e., May or November)
- For delivery months other than May or November, a triggering resource must complete Trial Operation and submit the required notice by the 10th day of the month that is two months prior to the applicable delivery month in which the resource seeks to commence ICAP market participation
 - For example, to commence ICAP market participation for the August delivery month, a triggering resource would need to complete Trial Operation and submit the required notice on or before June 10
- Due to the timing and requirements of season setup activities, the NYISO does not propose any change to the current advance notice requirements to commence ICAP market participation for May or November (i.e., notice required by the first business day of the month that is two months prior to the applicable delivery month in which the resource seeks to commence ICAP market participation)
 - For example, to commence ICAP market participation for the May delivery month, a triggering resource would need to complete Trial Operation and submit the required notice on or before the first business day of March

Proposed Changes to Prior Proposal: ICAP Market Parameters

- Certain stakeholders asked the NYISO to consider using only one set of ICAP market parameters if the triggering resource does not commence ICAP market participation during the peak summer months
- The NYISO proposes to revise the ICAP market parameters only if the triggering resource commences ICAP market participation prior to November (i.e., the first delivery month of the Winter Capability Period)
- If the triggering resource does not commence ICAP market participation during the Summer Capability Period, the NYISO proposes to retain the ICAP market parameters used during the Summer Capability Period for the balance of the Capability Year
 - This NYISO does not propose to restrict the triggering resource's ability to commence ICAP market participation if the notice and timing requirements described in the prior slides are met
- Certain stakeholders asked the NYISO to consider the development and potential use of two sets of ICAP market parameters for a new capacity supply resource not included in the NYSRC-approved final base case for the IRM study
- As previously discussed, the NYISO proposes to revise the criteria for identifying triggering resources to facilitate expansion of the proposal to include the potential for a triggering resource not included in the IRM study final base case to subsequently commence ICAP market participation during the applicable Capability Year

Proposed Changes to Prior Proposal: ICAP Market Parameters (cont.)

- **As part of its initial proposal, the NYISO proposed that import right limits and Peak Load Windows continue to be established using only a single case for each Capability Year**
 - Update: The NYISO proposes to use the case based on NYSRC-approved IRM study results to determine import right limits and Peak Load Windows
- **For a Capability Year that includes a triggering resource, the NYISO proposes to develop two sets of ICAP market parameters to help improve potential alignment of ICAP market parameter assumptions and actual market conditions; however, achieving “perfect” alignment may not be feasible**
- **The two sets of market parameters would be based on the following cases:**
 - Final IRM study results case
 - An alternative case that revises only the status assumption of the triggering resource to reflect the opposite assumption of the final IRM study case
- **The NYISO proposes that both sets of ICAP market parameters be developed consistent with the timing of current practices**

Proposed Changes to Prior Proposal: ICAP Market Parameters (cont.)

- **The NYISO proposes that prior to the Summer Capability Period strip auction, it will provide notice to the market of the ICAP market parameters that will apply starting with the May delivery month**
 - If the triggering resource is anticipated to commence ICAP market participation for the May delivery month, ICAP market parameters reflecting such participation will be used and maintained for the full Capability Year
 - If the triggering resource is not anticipated to commence ICAP market participation for the May delivery month, but subsequently is anticipated to commence ICAP market participation during the Summer Capability Period (i.e., prior to the November delivery month), the NYISO proposes that within five business days after the receipt of the triggering resource's required notice, it will provide notice to the market of the timing to implement revised ICAP market parameters
 - The NYISO would implement revised ICAP market parameters for the same delivery month indicated in the triggering resource's notice
- **If the triggering resource is not anticipated to commence ICAP market participation during the Summer Capability Period (i.e., prior to the November delivery month), the NYISO proposes that prior to the Winter Capability Period strip auction, it will provide notice to the market that ICAP market parameters assuming the triggering resource is not participating will be retained for the remainder of the Capability Year**
 - Based on the proposed notice requirements, if the triggering resource has not completed Trial Operation and submitted the required notice by August 10 to commence participation for the October delivery month, ICAP market parameters used for the Summer Capability Period (i.e., assuming the triggering resource is not participating) would be retained for the Winter Capability Period
 - Does not impact the triggering resource's ability to commence ICAP market participation subject to the proposed notice requirements

Next Steps

Next Steps

- **August/September 2025: Finalize proposal and associated tariff revisions in the NYISO stakeholder process**
- **September 2025: Seek approval of proposal in the NYISO stakeholder process**
- **Continue to collaborate with NYSRC on the assumptions for the 2026-2027 IRM study**

Questions?

Our Mission and Vision



Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation

