NYISO Market Update Webinar
Q&A

Compiled: July 2, 2024

The following are answers to the questions our presenters received from participants during the NYISO Market Update webinar on June 26, 2024.

Energy supply & pricing

Why are power prices high when natural gas is low?

New York Mercantile Exchange (NYMEX) settlements over the last few months have fallen to lows when compared to forward pricing. Similarly, power index settlements have been very relaxed year-to-date due to the lack of extreme weather. Bullish market fundamentals however are influencing pricing for future terms:

- In-state plant retirements
- Increased reliance on intermittent resources
- Canadian nuclear plants retirements/refurbishments
- Building electrification/EV charging
- Data center expansion to support AI growth

As a result, both power and gas markets however have shifted into a strengthened contango pattern, whereby pricing for forward years is trading at a premium compared to near-term pricing.

How much volatility does offshore wind contribute to the power market?

As of now, wind power has very little impact on the New York power market. Overall, wind makes up a small portion of the generation stack when compared to other sources. As time goes on, and based on where the forward outlooks are for capacity, there's a growing concern surrounding the increased reliance on intermittent resources across the state.

Where is the New York capacity market going and how might the new FERC regulations affect it?

Numerous factors impact New York's capacity market and price outcomes, including:

- Changes in the generation resource mix
- Changes in the amount of generation
- Increasing or changing load forecasts
- Revisions to market rules

Some examples of these include:

- In 2025, several gas and oil units will retire, though these reductions are anticipated to be offset in part by increases in renewable resources and SCR (demand response).
- Peak demand is anticipated to grow in the state by approximately 0.8% in the summer and a robust 3.2% in winter, as noted in NYISO's 2024 Gold Book.

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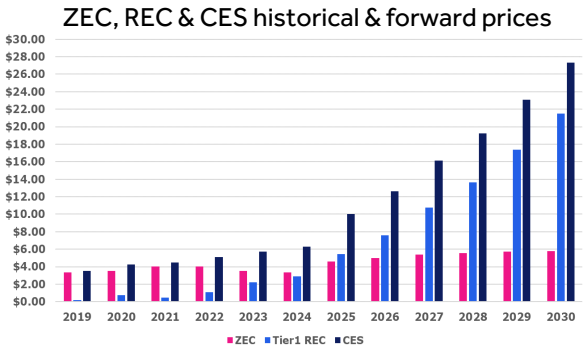
New York capacity market (con't)

- NYISO continues to evolve its approach to capacity accreditation (i.e., how many MW a particular unit may reliably sell as capacity). For example, they recently submitted tariff changes to implement a process by which dual fuel resources can demonstrate their capabilities for more robust accreditation values. The implementation timeline for such changes however remains an open question.

Interested in learning more about the power trends in NYISO? Check out the NYISO Power Trends fact sheet.

How are the forecasts for CES being calculated? Are they are really trading at $27/MWh right now for 2030?

Forecasts are calculated based on the current New York Clean Energy Standard (CES) costs, as required by the state, that have actualized. Forward curves are aggressive due to the nature of the future of the NYISO regulatory environment: there is a strong push for increased reliance on renewable resources and sustainability.



Load management

What if I enroll in demand response but cannot perform when an event is called?

We work closely with our demand response customers to prepare their buildings or facilities for an event so they're ready to act if one is called. Post event, we circle back with each customer to talk about their performance and any changes that may be needed if another event is called. Ultimately, we do not penalize our customers for non-performance.

Can I participate in more than one NYISO demand response program in a season??

Yes. You can participate in all three programs concurrently if they are available behind your utility. Those programs and their details include:

Special Case Resource (SCR)	Commercial System Relief Program (CSRP)	Distributed Load Relief (DLRP)
Annual program with flexible commitments **Summer:** May – October **Winter:** November - April	Season program **Summer only:** May – September	Season program **Summer only:** May – September
Program Hours	Program Hours	Program Hours
24/7 Monday through Sunday, excluding holidays	11 am – 11 pm, Monday through Friday, excluding holidays	6 am – 12 am, Monday through Friday
Event Parameters	Event Parameters	Event Parameters
Trigger: ACL (Average Coincidental Load); Static **Limits:** Unlimited **Notice:** Day-ahead standby by 3 pm or 24 hours; 2-hour day of confirmation **Duration:** Unlimited	**Trigger:** Specific percentage of forecasted summer system-wide peak load met; 92%: National Grid, NYSEG, ORU, ConEd, PSEG LI **Limits:** Unlimited **Notice:** 21-hour day ahead; 2-hour day-of notice **Duration:** Four hours	**Trigger:** Contingency event, such as a change in voltage or system issue **Limits:** Unlimited **Notice:** 2-hours for contingency events; less than 2-hours for immediate events **Duration:** Four hours
Test Requirements	Test Requirements	Test Requirements
(1) 1-hour test in each season **Summer:** between Aug 15 – Sep 7 **Winter:** between Feb 15 – Mar 7	At least (1) 1-hour test per year	At least (1) 2-hour test per year for ConEd