



CAR – Seasonal/Accreditation (CAR-SA) Key Design Direction

Proposed Seasonal Structure for CAR-SA

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CAR – Seasonal/Accreditation (CAR-SA) Key Design Direction

- As available, the ISO will share key directional design decisions related to CAR-SA with stakeholders
- Today's discussion focuses on the factors the ISO used to determine the proposed number of seasons and months comprising each season for a prompt, seasonal capacity market:
 - Alignment with physical availability of fuels
 - Fit with observed system risk
 - Economic efficiency
 - Simplicity and administrative efficiency
 - Alignment with neighboring control areas



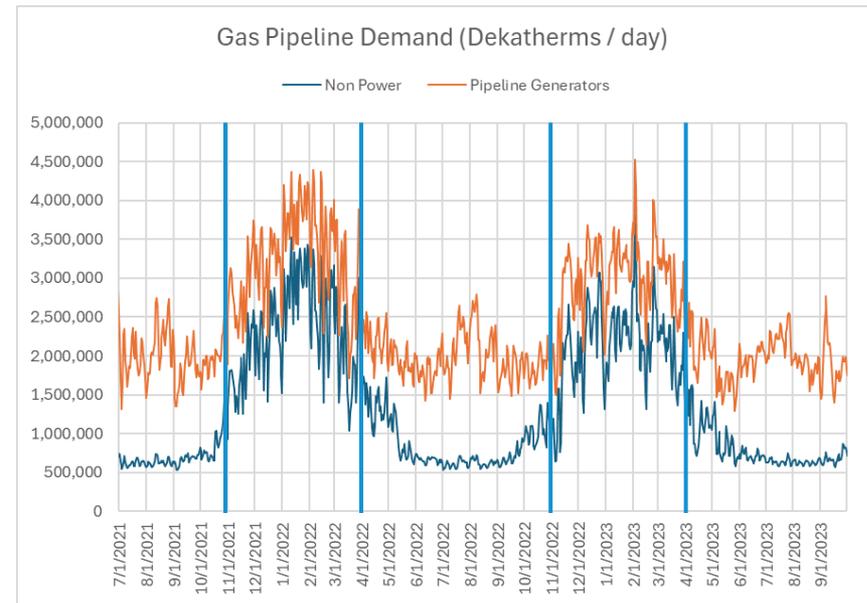
Proposed Seasonal Structure for CAR-SA

- Summer season: May 1 – October 31 (6 months)
- Winter season: November 1 – April 30 (6 months)
- All capacity resource types would follow the proposed seasons
- *Next:* Explain how the proposal balanced the factors discussed previously



Factor 1: Alignment with physical availability of fuels

- Seasonality in availability of natural gas is an important driver of the proposed seasonal structure, given the contribution of natural gas generation to the capacity resource mix and the importance of representing gas infrastructure limitations in cold weather conditions
- Firm gas pipeline demand competing with generating capacity resources for gas pipeline capacity rises in November and remains elevated for the proposed winter season. The proposed seasons therefore align with the seasonal differences in gas demand
- The ISO considered variation in seasonal performance of resources with other fuel types, but did not identify patterns with similar strength or impact.



Factor 2: Fit with observed system risk

- Modeling to date suggests that resource adequacy risks are concentrated during peak summer and winter conditions
- A larger number of seasons could result in seasons with very few or no Resource Adequacy Assessment Marginal Reliability Impact (RAA-MRI)* hours during the additional seasons, which could have adverse impacts on market outcomes during these non-peak seasons, including:
 - Over- or under-representation the reliability of certain resources
 - More volatile accreditation values

*Hours where the model shows potential loss of load



Factor 3: Economic efficiency

- ISO considered possible benefits of including more than two seasons such that reliability contributions would be calculated for more granular periods of time and reviewed whether this would produce more cost-effective outcomes for the region
- Because system risk is consistently driven by clear peaks in the summer and winter, ISO determined that two longer seasons with clear peaks would be more economically efficient for the region



Factor 4: Simplicity and administrative efficiency

- As previously discussed, the ISO proposes that qualification and clearing for each season will occur independently (see [October 2024 MC materials](#))
- Adding seasons means increasing the number of times any process supporting an auction needs to be run
- Potential examples:
 - Number of qualification submissions containing similar data
 - Number of priced supply offers submitted and, where applicable, corresponding cost reviews
 - Number of market-related deposits submitted and processed



Factor 5: Alignment with neighboring capacity markets

- The ISO looked at the seasonal structure utilized in the NYISO's capacity market
 - Summer season: May 1 – October 31 (6 months)
 - Winter season: November 1 – April 30 (6 months)
- Alignment with NYISO facilitates efficient participation across neighboring regions with capacity markets
 - Stakeholders expressed interest in alignment of seasons between ISO-NE and NYISO during MC discussions about CAR scope



Conclusion and Next Steps

- The ISO balanced several factors in developing its proposed seasonal auction structure:
 - Summer season: May 1 – October 31
 - Winter season: November 1 – April 30
- Additional detail on the seasonal auction structure will follow as the ISO continues to work through its design
- If you have feedback with respect to this proposed design direction, please submit it to James Woods (jwoods@iso-ne.com), the MC Secretary, by April 28, 2025
- At the April MC meeting, the ISO plans to provide further information regarding a question about the impact of ambient temperature changes

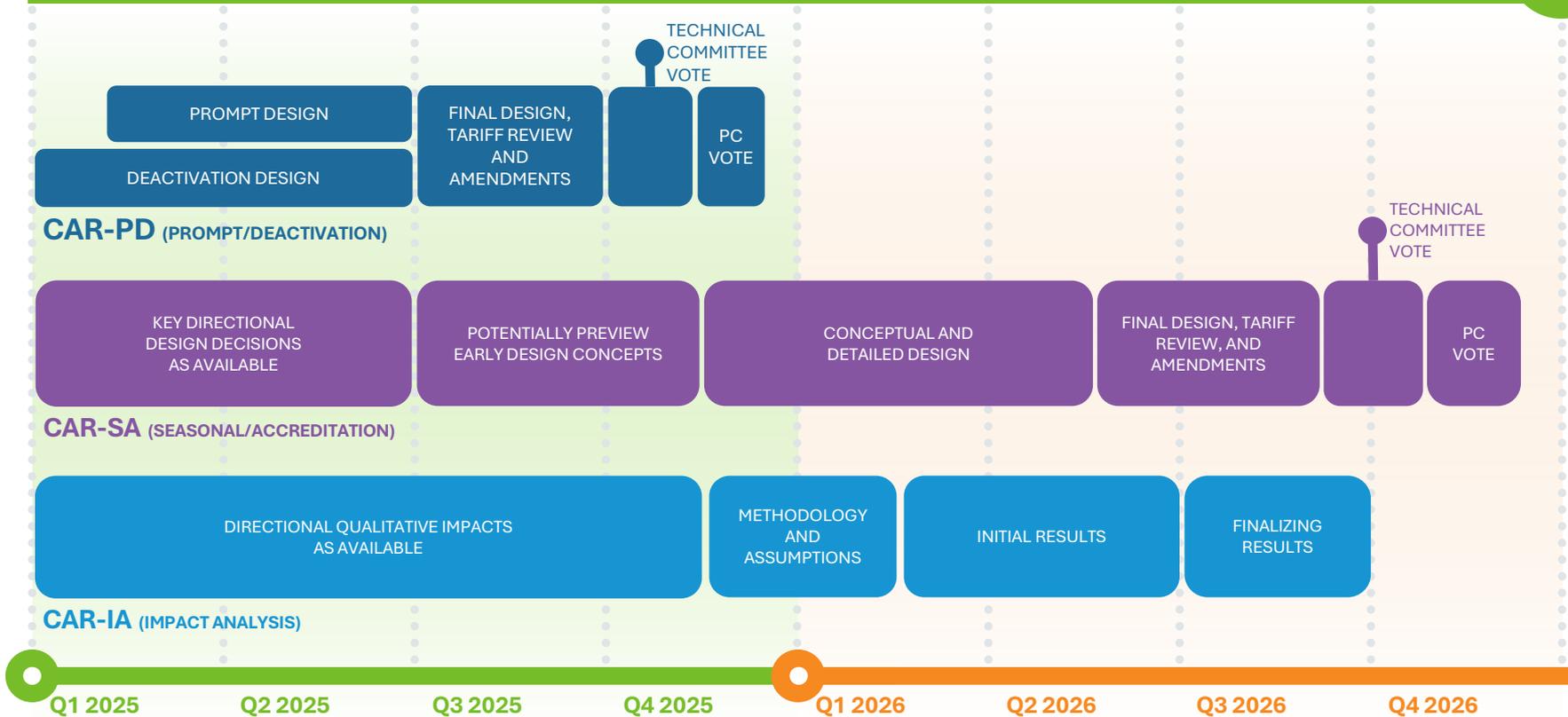
Questions

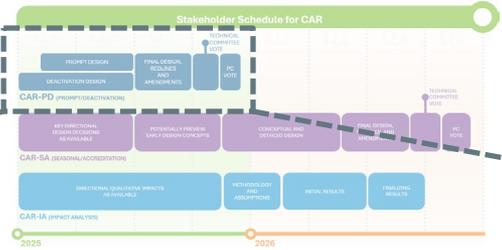


STAKEHOLDER SCHEDULE

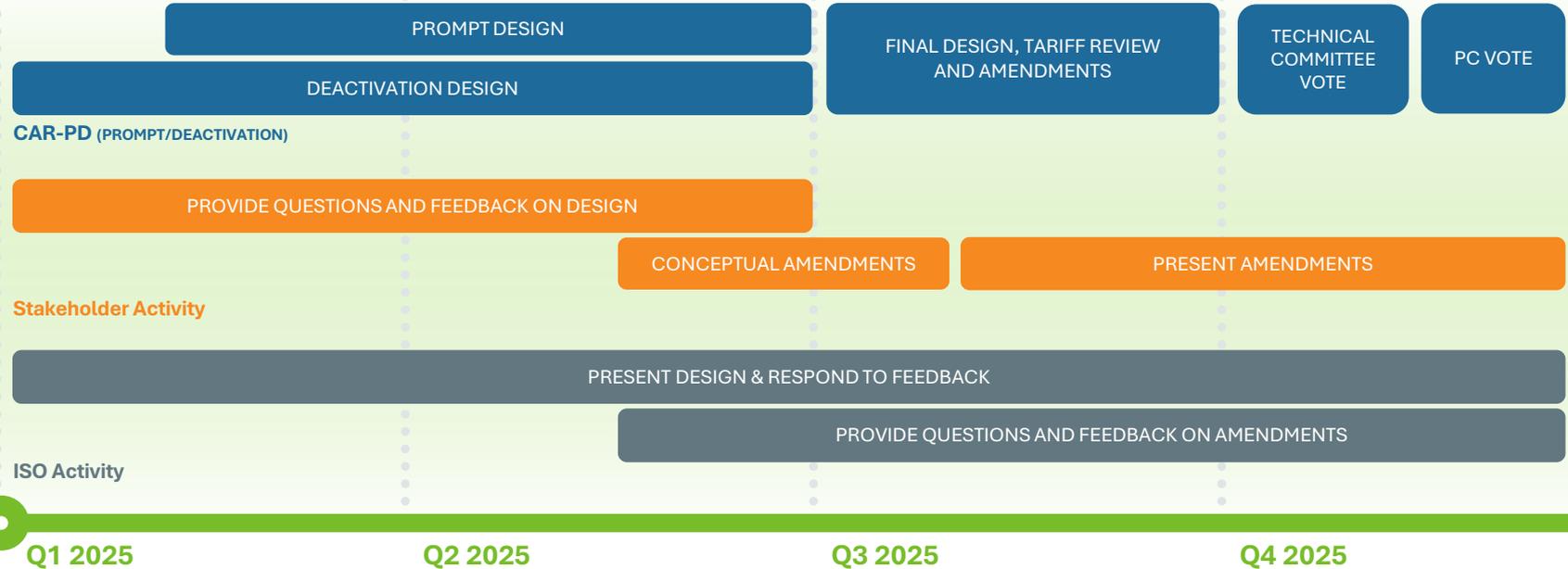


Stakeholder Schedule for CAR





Stakeholder Schedule for CAR



CAR-Prompt Topic Schedule

The list below provides a preliminary projection of when committee discussions will begin on the following CAR-Prompt topics:

| Prompt Topic | Projected Start of Committee Discussions |
|---|--|
| Price Formation and Offer Formation | March 2025 |
| Non-Commercial Participation | March 2025 |
| Auction Design and Structure | March 2025 |
| Activity Schedule | March 2025 |
| Resource Qualification Criteria and Process | April 2025 |
| Capacity Interconnection Service | April 2025 |
| Market Power and Mitigation | April 2025 |
| RAA/ ICR Process | April 2025 |

CAR-Deactivation Topic Schedule

The list below provides a projection of when committee discussions will begin on topics related to the deactivation framework:

| Deactivation Topic | Projected Start of Committee Discussions |
|--|--|
| Introduction and notification timeframe | January 2025 |
| Additional design details on notifications and information release | February 2025 |
| Reliability reviews | March 2025 |
| Market power evaluation framework | March 2025 |
| Market power evaluations follow-up | April 2025 |