



LONDON  
ECONOMICS

## LEI Semi-Annual Regional Market Update and 10-year Energy and Capacity Price Forecast

New York

*January 2025 Release*

717 Atlantic Avenue, Suite 1A  
Boston, Massachusetts 02111  
Tel: (617) 933-7200  
Fax: (617) 933-7201

390 Bay Street, Suite 1702  
Toronto, Ontario M5H 2Y2  
Tel: (416) 643-6610  
Fax: (416) 643-6611

[www.londoneconomicspress.com](http://www.londoneconomicspress.com)

### Description of Report

*London Economics International LLC (LEI) provides semi-annual regional market updates and 10-year energy price forecasts for major markets in North America and around the world. In addition to providing price projections, the reports highlight major developments in each of the regions as well as the underlying structural dynamics. LEI also provides more detailed regional market price forecasts tailored to a client's individual needs, including longer time horizons and forecasting of plant-specific revenues or the impact of structural or market design changes.*

### Disclaimer

*The contents of this report do not constitute investment advice. The provision of analysis by LEI does not obviate the need for an investor to make further appropriate inquiries as to the accuracy of the information included therein, and to undertake his/her own analysis and due diligence. This report is not intended to be a complete and exhaustive analysis of all the factors impacting the regional market. LEI, its officers, employees, and affiliates make no representations, warranties, or recommendations.*

# Table of contents

TABLE OF CONTENTS .....	2
LIST OF FIGURES .....	3
<b>1 MARKET OVERVIEW AND RECENT DEVELOPMENTS .....</b>	<b>4</b>
1.1 MARKET OVERVIEW .....	4
1.2 NYCA TRANSMISSION SYSTEM .....	6
1.3 NEW YORK POLICY MANDATES .....	7
1.3.1 <i>Climate Leadership and Community Protection Act</i> .....	9
1.3.2 <i>Clean Energy Standard</i> .....	9
1.3.3 <i>Peaker Rule: Ozone Season NOx Emission Limits</i> .....	11
1.3.4 <i>NYS Accelerated Renewable Energy Growth and Community Benefit Act</i> .....	11
1.3.5 <i>New York City Residual Oil Elimination</i> .....	12
1.3.6 <i>Climate Mobilization Act: New York City Local Law 97</i> .....	12
1.3.7 <i>New York City and Statewide Gas Ban</i> .....	13
1.3.8 <i>Renewable Action Through Project Interconnection and Deployment (“RAPID”) Act</i> .....	14
1.4 RECENT DEVELOPMENTS .....	15
1.4.1 <i>Large-scale renewables procurements</i> .....	16
1.4.2 <i>Offshore wind procurements</i> .....	16
1.4.3 <i>Offshore wind project cancellations</i> .....	16
1.4.4 <i>New York outlines climate priorities with cap-and-invest program</i> .....	17
1.4.5 <i>New procurement schedule to reach 6 GW energy storage by 2030</i> .....	18
1.4.6 <i>Enhanced public-owned renewable portfolio</i> .....	19
1.4.7 <i>Peaker extensions to alleviate NYC transmission security margin</i> .....	19
<b>2 MODELING ASSUMPTIONS .....</b>	<b>20</b>
2.1 MARKET TOPOLOGY .....	20
2.2 FUEL PRICE PROJECTIONS .....	21
2.2.1 <i>Natural gas</i> .....	22
2.2.2 <i>Oil</i> .....	23
2.3 CARBON EMISSION COSTS .....	23
2.4 COST OF NEW ENTRY .....	24
2.5 IMPORT AND EXPORT FLOWS .....	25
2.6 SUPPLY .....	27
2.6.1 <i>Renewable generation</i> .....	27
2.6.2 <i>Storage resources</i> .....	28
2.6.3 <i>Hydrology</i> .....	28
2.6.4 <i>New entry</i> .....	29
2.6.5 <i>Retirements</i> .....	30
2.7 DEMAND .....	31
2.7.1 <i>Supply demand balance</i> .....	33
2.8 CAPACITY MARKET DEMAND CURVE .....	35
2.9 TRANSMISSION SYSTEM .....	37
<b>3 10-YEAR PRICE FORECAST .....</b>	<b>40</b>
3.1 ENERGY MARKET PRICES .....	40
3.2 IMPLIED MARKET HEAT RATES .....	41
3.3 CAPACITY MARKET PRICES .....	41
<b>4 APPENDIX A: OVERVIEW OF FORECASTING METHODOLOGY .....</b>	<b>44</b>
<b>5 APPENDIX B: INTRODUCTION TO LEI AND ITS WORK IN NYISO .....</b>	<b>45</b>

## List of figures

FIGURE 1. INSTALLED CAPACITY AND GENERATION BY TECHNOLOGY TYPE .....	5
FIGURE 2. INSTALLED CAPACITY AND GENERATION BY OWNER.....	6
FIGURE 3. NYCA TRANSMISSION INTERFACES .....	6
FIGURE 4. SUMMARY OF NEW YORK’S POLICY MANDATES.....	8
FIGURE 5. SUMMARY OF RECENT DEVELOPMENTS AND MARKET IMPACT .....	15
FIGURE 6. NEW ENERGY STORAGE PROGRAM PROCUREMENT SCHEDULE .....	18
FIGURE 7. AGGREGATED NYISO ZONES.....	20
FIGURE 8. NYISO CAPACITY ZONES.....	21
FIGURE 9. FOSSIL FUEL PRICE PROJECTIONS (NOMINAL \$/MMBTU AND \$/BBL) .....	22
FIGURE 10. CARBON ALLOWANCE PRICES (NOMINAL \$/TON).....	24
FIGURE 11. GROSS COST OF NEW ENTRY (CONE) FOR A SIMPLE CYCLE GT AND A BATTERY ENERGY STORAGE SYSTEM IN DIFFERENT ZONES OF NEW YORK .....	24
FIGURE 12. EXTERNAL TRANSFER LIMITS.....	26
FIGURE 13. MODELED ANNUAL IMPORTS AND EXPORTS (GWH) .....	26
FIGURE 14. ADDITIONAL RENEWABLE GENERATION AND INSTALLED CAPACITY PORTFOLIO BY 2033 .....	28
FIGURE 15. AVERAGE MONTHLY HYDROELECTRIC ENERGY GENERATION FOR ENTIRE CONVENTIONAL HYDROELECTRIC FLEET IN NEW YORK UNDER TYPICAL CONDITIONS (GWH/MONTH).....	29
FIGURE 16. NEW GENERATION ENTRY OVER MODELING HORIZON (NAMEPLATE CAPACITY, MW) .....	30
FIGURE 17. GENERATION RETIREMENT OVER MODELING HORIZON (NAMEPLATE CAPACITY, MW).....	31
FIGURE 18. FORECAST NET ENERGY AND PEAK DEMAND IN NEW YORK .....	32
FIGURE 19. IMPACT OF BTM SOLAR GENERATION ON NET LOAD .....	33
FIGURE 20. PROJECTED STATEWIDE DEMAND-SUPPLY BALANCE FOR LEI’S BASE CASE.....	34
FIGURE 21. INDICATIVE INTERNAL SUPPLY CURVE OF NEW YORK RESOURCES FOR 2030 .....	35
FIGURE 22. CAPACITY MARKET LOCALITY PARAMETERS (2024-2025).....	36
FIGURE 23. 2024-2025 ICAP SPOT AUCTION DEMAND CURVES .....	36
FIGURE 24. FORECAST ENERGY MARKET PRICES IN NYISO (NOMINAL \$/MWH).....	40
FIGURE 25. FORECAST IMPLIED MARKET HEAT RATES (BTU/KWH) .....	41
FIGURE 26. FORECAST ANNUAL AVERAGE CAPACITY MARKET PRICES IN UCAP TERMS (NOMINAL \$/KW-MONTH) .....	43
FIGURE 27. POOLMOD’S TWO-STAGE PROCESS.....	44