

192 FERC ¶ 61,021
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

July 2, 2025

In Reply Refer To:
New York Independent System Operator, Inc.
Docket No. ER25-1998-000

New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Attention: James H. Sweeney

Dear Mr. Sweeney:

1. On April 18, 2025, New York Independent System Operator, Inc. (NYISO) filed revisions to its Market Administration and Control Area Services Tariff (Tariff), pursuant to section 205 of the Federal Power Act (FPA)¹ and section 35.13 of the Commission's regulations,² to implement additional operating reserve procurement requirements throughout the New York Control Area (NYCA) that will account for anticipated forecast uncertainties in both its day-ahead and real-time markets (Uncertainty Reserve Requirements).³ NYISO requests a waiver of Commission regulations to allow it to make a filing more than 120 days prior to the date on which the proposed Tariff revisions become operational and requests a placeholder effective date to allow it time to develop software changes to implement the proposed Tariff revisions. As discussed below, we accept NYISO's proposed Tariff revisions and direct NYISO to submit an informational filing notifying the Commission of the actual effective date no less than 14 days prior to the date the proposed Tariff revisions are to be implemented.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 35.13 (2024).

³ NYISO, NYISO Tariffs, NYISO MST, 2.21 MST Definitions - U (8.0.0); NYISO MST, 15.4 MST Rate Schedule 4 - Payments for Supplying Operating (37.0.0).

2. NYISO states that the risk of significant deviations between the conditions anticipated in the day-ahead market and the conditions that materialize in real-time is likely to increase as demand grows and more intermittent resources enter service, leading to challenging operating conditions.⁴ NYISO states that increasing load and intermittent resources are both heavily dependent on weather conditions and can drive larger forecast errors between the day-ahead market and real-time.

3. NYISO proposes to introduce additional reserve requirements, named Uncertainty Reserve Requirements, as a component of its existing reserves structure to address the uncertainty associated with net load and intermittent resources.⁵ NYISO states that Uncertainty Reserve Requirements will be procured in both the day-ahead and real-time markets based on the historical measured forecast errors associated with each market and will formulaically determine a quantity of additional reserves needed to manage the uncertainty observed on the electric grid. NYISO explains that Uncertainty Reserve Requirements will be calculated prior to each operating day using: (1) historical measured forecast errors and (2) forecasts of load and wind and solar energy forecasts for the applicable operating day.⁶ NYISO proposes that Uncertainty Reserve Requirements in the day-ahead market will only be included in the calculation of the 30-minute reserve requirement for each applicable reserve location.⁷ NYISO also explains that in the real-time market, Uncertainty Reserve Requirements will be included in the calculation of 10-minute reserve and 30-minute reserve requirements.⁸

⁴ Filing, Transmittal Letter at 4.

⁵ *Id.* at 6.

⁶ *Id.* at 6-7. NYISO avers that NYISO's Market Monitoring Unit, Potomac Economics, has authorized NYISO to indicate that it supports the proposed method for developing Uncertainty Reserve Requirements based on the expected distribution of wind, solar, and load forecast errors.

⁷ *Id.* at 7.

⁸ NYISO states that the proposed Uncertainty Reserve Requirement is limited to the 30-minute reserve product in the day-ahead market because forecast uncertainty will not materialize for a number of hours and thus a 30-minute response time is sufficient to respond to such needs. NYISO states that, in the real-time market, forecast uncertainty can materialize in less than 30 minutes or on a longer horizon, thus both 10-minute reserves (i.e., for uncertainties in forward horizons of less than 30 minutes) and 30-minute reserves (i.e., for uncertainties with longer lead times) are necessary to manage uncertainty. *Id.*

4. NYISO's proposed Tariff revisions consist of two primary components: (1) a formulaic process to define an Uncertainty Reserve Requirement, which will be added to the existing Operating Reserve requirements and procured through NYISO's existing energy and ancillary services co-optimization within the day-ahead market and real-time market; and (2) revisions to the existing Operating Reserve Demand Curves to introduce a pricing step associated with Operating Reserves procured to satisfy an Uncertainty Reserve Requirement.⁹ NYISO states that, in each market, the Uncertainty Reserve Requirements are set to achieve a 95% probability that the quantity of Uncertainty Reserves would be sufficient to offset the net effect of uncertainty associated with load forecasts and wind and solar energy forecasts.¹⁰ When Operating Reserves are priced pursuant to the applicable Operating Reserve Demand Curve, NYISO proposes to price the quantity of Operating Reserves meeting an Uncertainty Reserve Requirement based on shortage pricing values in all reserve regions, which were chosen to be lower than existing price steps in order to value the Uncertainty Reserves at a lower priority than Operating Reserves procured to satisfy other reliability requirements that NYISO is required to procure. Specifically, NYISO proposes to include the following shortage price values for Uncertainty Reserves in Services Tariff Section 15.4.7: NYCA 30-minute reserves = \$20/MWh, East 30-minute reserves = \$40/MWh, SENY 30-minute reserves = \$40/MWh, NYC 30-minute reserves = \$20/MWh, Long Island 30-minute reserves = \$20/MWh, NYCA 10-minute total reserves = \$40/MWh, East 10-minute total reserves = \$40/MWh, NYC 10-minute total reserves = \$20/MWh, and Long Island 10-minute total reserves = \$20/MWh.¹¹

5. NYISO requests a flexible effective date for the proposed Tariff revisions.¹² NYISO states that the expected effective date of the proposed Tariff revisions may be as early as June 1, 2026, which is more than 120 days after filing. Accordingly, NYISO requests waiver of the Commission's notice requirements. NYISO asserts that good cause exists to grant the waiver request because NYISO needs adequate time to finish, test, and deploy the software changes necessary to implement the proposed Tariff revisions, and submitting the proposed Tariff revisions now will provide more certainty of the upcoming market rule changes for NYISO and its stakeholders. NYISO proposes to submit a notice at least two weeks prior to the proposed effective date that will specify the date on which the revisions will take effect. NYISO states that no market participant

⁹ *Id.* at 8.

¹⁰ *Id.* at 9.

¹¹ *Id.* at 10.

¹² *Id.* at 11.

will be prejudiced by this request because NYISO has informed stakeholders of the anticipated implementation timeframe for this proposal.

6. Notice of NYISO's filing was published in the *Federal Register*, 90 Fed. Reg. 17250 (Apr. 24, 2025), with interventions and protests due on or before May 9, 2025. Timely motions to intervene were filed by: Calpine Corporation; New York Transmission Owners;¹³ and Shell Energy North America (US), L.P.

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

8. We find NYISO's proposed Tariff revisions to implement Uncertainty Reserve Requirements to be just and reasonable and not unduly discriminatory or preferential, and we therefore accept them. We find that NYISO's proposed Uncertainty Reserve Requirements will help address NYISO's increasing operational challenges due to the uncertainty associated with load and intermittent resources by procuring additional reserves.¹⁴ As NYISO explains, the additional Uncertainty Reserves will help NYISO ensure that it can maintain system balance without relying on out-of-market actions to address forecast errors associated with load and intermittent resources.

9. We grant NYISO's request for waiver of the Commission's 120-day notice requirement¹⁵ for good cause shown and accept the proposed Tariff revisions, subject to NYISO making an informational filing notifying the Commission of the actual effective

¹³ For the purposes of this filing, New York Transmission Owners are: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; Orange and Rockland Utilities, Inc.; New York Power Authority; Niagara Mohawk; New York State Electric and Gas Corporation; Rochester Gas and Electric Corporation; and Long Island Power Authority.

¹⁴ Filing, Transmittal Letter at 6-7.

¹⁵ 18 C.F.R. § 35.3(a)(1).

date no less than 14 days prior to the date the proposed Tariff revisions are to be implemented.¹⁶

By direction of the Commission.

Debbie-Anne A. Reese,
Secretary.

¹⁶ NYISO should use the following eTariff Type of Filing Code: 150 Data Response/ Supplement the Record.