

195 FERC ¶ 61,250  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;  
David Rosner, Lindsay S. See,  
Judy W. Chang, and David LaCerte.

New York Independent System Operator, Inc.

Docket Nos. ER26-1431-000  
ER26-1431-001

ORDER ACCEPTING TARIFF REVISIONS

(Issued June 26, 2026)

1. On February 18, 2026, as amended on April 28, 2026, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and part 35 of the Commission's regulations,<sup>2</sup> New York Independent System Operator, Inc. (NYISO) submitted proposed revisions to its Market Administration and Control Area Services Tariff (Services Tariff)<sup>3</sup> to modify its Installed Capacity market rules to better reflect the potential for seasonal reliability risk and to account for seasonal availability of capacity supply.<sup>4</sup> As discussed below, we accept NYISO's proposed Services Tariff revisions, effective June 28, 2026, as requested.

**I. Background**

2. Resource adequacy in New York State is maintained through a series of related processes administered by the New York State Reliability Council, L.L.C. (NYSRC)<sup>5</sup>

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<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> 18 C.F.R. pt. 35 (2025).

<sup>3</sup> See Appendix for accepted tariff records.

<sup>4</sup> Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in NYISO's Services Tariff.

<sup>5</sup> NYSRC was approved by the Commission in 1998 as part of the restructuring of the electricity market in New York State and the formation of NYISO. One of the responsibilities assigned to NYSRC is the establishment of the statewide resource adequacy requirement. *See Cent. Hudson Gas & Elec. Corp.*, 83 FERC ¶ 61,352, at 62,411 (1998), *order on reh'g*, 87 FERC ¶ 61,135 (1999).

and NYISO.<sup>6</sup> Annually, NYSRC conducts a study to inform its establishment of the New York Control Area (NYCA) Installed Reserve Margin<sup>7</sup> for the upcoming Capability Year and files it with the Commission.<sup>8</sup> The NYCA Installed Reserve Margin and the installed reserve margin study serve as foundational inputs to NYISO's administration of its Installed Capacity market.<sup>9</sup>

3. NYISO administers three types of Installed Capacity Auctions: (1) Capability Period auctions; (2) Monthly Auctions; and (3) Installed Capacity Spot Market Auctions.<sup>10</sup> NYISO's Installed Capacity Auctions enable Load Serving Entities to meet resource adequacy requirements: namely, the New York Control Area Minimum Installed Capacity Requirement and the Locational Minimum Installed Capacity Requirement for their Locality.<sup>11</sup> NYISO derives the New York Control Area minimum Installed Capacity requirement and Locational Minimum Installed Capacity Requirements from the NYCA Installed Reserve Margin established by NYSRC annually.<sup>12</sup>

4. In recognition of the ongoing changes to New York's electric grid, including the New York Control Area expecting to become a winter peaking system in the late 2030s,<sup>13</sup> NYISO implemented seasonal Installed Capacity Demand Curves (i.e., separate curves

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<sup>6</sup> Filing, Transmittal Letter at 2.

<sup>7</sup> The NYCA Installed Reserve Margin represents an additional quantity of capacity that must be procured above NYISO's forecasted peak load to meet NYSRC-established resource adequacy criterion of a loss of load expectation (LOLE) no greater than 0.1 loss of load event days per year. *Id.* at 2-3.

<sup>8</sup> See, e.g., *N.Y. State Reliability Council*, Filing, Docket No. ER25-801-000, at 4, n.6 (filed Dec. 23, 2024) (New York Reliability Filing); *N.Y. State Reliability Council*, Docket No. ER25-801-000 (Feb. 13, 2025) (delegated order).

<sup>9</sup> Filing, Transmittal Letter at 3.

<sup>10</sup> See *N.Y. Indep. Sys. Operator, Inc.*, 188 FERC ¶ 61,051, at P 2 (2024).

<sup>11</sup> A Locality is one of the constrained Load Zones in NYISO – Load Zone J (New York City); Load Zone K (Long Island); and Load Zones G, H, I and J (G-J Locality, also known as Lower Hudson Valley). NYISO, NYISO Tariffs, NYISO MST, § 2.12 (MST Definitions - L) (18.0.0).

<sup>12</sup> *N.Y. Indep. Sys. Operator, Inc.*, 188 FERC ¶ 61,051 at P 2.

<sup>13</sup> Filing, Transmittal Letter at 2, n.3 (citing NYISO 2025 Load & Capacity Data Report 17, <https://www.nyiso.com/documents/20142/2226333/2025-Gold-Book-Public.pdf>).

applicable to the summer and winter capability periods)<sup>14</sup> starting with the 2025-2026 Capability Year.<sup>15</sup> NYISO uses seasonal availability adjustments, which aim to capture seasonal Installed Capacity differences, to determine the maximum clearing price and reference point price of its seasonal Installed Capacity Demand Curves. Starting with the 2026-2027 Capability Year, NYISO has also implemented an annual election for firm fuel Capacity Accreditation Resource Class with firm fuel Capacity Accreditation Resource Class performance requirements.<sup>16</sup>

## II. Filing

5. NYISO explains that, although its Installed Capacity market has historically been designed around summer peak demand, near-term winter reliability risks are projected to increase over the long-term as NYCA transitions to a winter peaking system.<sup>17</sup> NYISO states that, through the proposed market enhancements, it seeks to send appropriate signals for winter preparedness through the Installed Capacity market and maintain resource adequacy while supporting efficient investment and resource retention to support winter reliability needs. NYISO states that NYISO's Market Monitoring Unit (MMU) supports the proposal.<sup>18</sup>

6. NYISO proposes to revise its Services Tariff to: (1) provide for seasonal NYCA minimum capacity requirements, seasonal transmission security limit floor values, and seasonal Locational Minimum Installed Capacity Requirements; (2) provide for seasonal elections for Unforced Capacity Deliverability Rights (UDR) and External-to-Rest of State Deliverability Rights (EDR) with an accompanying must offer requirement consistent with the submitted elections; and (3) adjust the Installed Capacity Demand Curves to reflect the establishment of seasonal minimum capacity requirements.<sup>19</sup> Additionally, NYISO proposes a number of miscellaneous Tariff revisions.

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<sup>14</sup> Each Capability Year consists of a Summer Capability Period from May 1 to October 31 and a Winter Capability Period from November 1 to April 30 of the following year.

<sup>15</sup> *N.Y. Indep. Sys. Operator, Inc.*, Filing, Docket No. ER24-701-000, at 2-3 (filed Dec. 19, 2023); *N.Y. Indep. Sys. Operator, Inc.*, Docket No. ER24-701-000 (Feb. 15, 2024) (delegated order).

<sup>16</sup> *N.Y. Indep. Sys. Operator, Inc.*, 192 FERC ¶ 61,049 (2025).

<sup>17</sup> Filing, Transmittal Letter at 2.

<sup>18</sup> *Id.* at 1.

<sup>19</sup> *Id.* at 3-4.

### **III. Notice and Responsive Pleadings**

7. Notice of NYISO's filing was published in the *Federal Register*, 91 Fed. Reg. 8473 (Feb. 23, 2026), with interventions and protests due on or before March 11, 2026. Timely motions to intervene were filed by: the City of New York, New York; H.Q. Energy Services (U.S.) Inc. (HQUS); Independent Power Producers of New York, Inc. (IPPNY); Long Island Power Authority; LS Power Development, LLC; and the New York Transmission Owners.<sup>20</sup> The New York State Public Service Commission filed a notice of intervention. On March 11, 2026, HQUS filed a protest. On March 27, 2026, Hudson Transmission Partners, LLC filed a motion to intervene out-of-time. On April 1, 2026, NYISO filed an answer to the HQUS protest. On April 7, 2026, HQUS filed an answer to NYISO's answer. On June 22, 2026, Potomac Economics, Ltd., acting in its capacity as the MMU, filed a motion to intervene out-of-time.

8. On April 10, 2026, a deficiency letter was issued requesting additional information regarding NYISO's filing (Deficiency Letter). On April 28, 2026, NYISO filed a response to the Deficiency Letter (NYISO Deficiency Letter Response).

9. Notice of NYISO's Deficiency Letter Response was published in the *Federal Register*, 91 Fed. Reg. 23988 (May 4, 2026), with interventions and protests due on or before May 19, 2026. HQUS filed a protest to NYISO's Deficiency Letter Response. On June 3, 2026, IPPNY filed an answer to HQUS's protest to NYISO's Deficiency Response. On June 11, 2026, HQUS filed an answer to IPPNY's answer. On June 22, 2026, the MMU filed an answer to HQUS's answer. On June 23, 2026, HQUS filed an answer to the MMU's answer.

### **IV. Discussion**

#### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the notice of intervention and the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

11. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2025), we grant the late-filed motions to intervene given the

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<sup>20</sup> For the purposes of this filing, the New York Transmission Owners are: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; Long Island Power Authority; New York Power Authority; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.

filers' interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

12. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2025), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

## **B. Substantive Matters**

13. As discussed below, we find that NYISO's proposed Tariff revisions are just and reasonable and not unduly discriminatory or preferential and therefore accept them, to be effective June 28, 2026, as requested. We agree with NYISO that the proposed revisions enhance its ability to send appropriate price signals through the Installed Capacity market to ensure that there is sufficient capacity in winter periods and to maintain resource adequacy to support winter reliability needs.

### **1. Seasonal Minimum Capacity Requirements**

#### **a. Filing**

14. To address increasing winter reliability risk and to more accurately account for seasonal load and Installed Capacity differences between the Summer and Winter Capability Periods, NYISO proposes to expressly establish seasonal minimum capacity procurement requirements for the NYCA,<sup>21</sup> each Locality, and each Transmission District.<sup>22</sup> NYISO states that the separate summer and winter minimum capacity procurement requirements would be based on NYSRC's final installed reserve margin study case for the applicable Capability Year, so that the NYSRC-established resource adequacy criterion is met.

15. Specifically, NYISO explains that the Summer NYCA Minimum Installed Capacity Requirement calculation would remain the same and continue to be consistent with the NYSRC-approved NYCA Installed Reserve Margin value.<sup>23</sup> NYISO proposes to derive the Winter NYCA Minimum Installed Capacity Requirement from the available capacity in the winter peak month, as identified from data for the final installed reserve margin study case along with the winter NYCA forecasted peak load value for the

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<sup>21</sup> The New York State electric grid system managed by NYISO is referred to as NYCA.

<sup>22</sup> Filing, Transmittal Letter at 4.

<sup>23</sup> *Id.*

applicable Capability Year.<sup>24</sup> NYISO proposes to derive the Winter Locational Minimum Installed Capacity Requirements from the available capacity in each Locality in the winter peak month, as identified from data for the final installed reserve margin study case, and calculate these requirements based on the applicable Locality non-coincident peak load forecast modeled in the final installed reserve margin study case.<sup>25</sup> NYISO also proposes to use transmission security limit floor values to determine these seasonal requirements. NYISO proposes to calculate seasonal transmission security limit floor values to account for seasonal differences in assumption parameters.

16. NYISO proposes that seasonal Transmission District minimum capacity procurement requirements will be determined and allocated to Load Serving Entities separately for Summer and Winter Capability Periods, consistent with the applicable share of summer or winter peak load.<sup>26</sup>

**b. Deficiency Letter Response**

17. In response to questions on the proposed definition of NYCA Winter Installed Reserve Margin, NYISO affirms that the proposed definition is based on the final case of the installed reserve margin study conducted by the NYSRC.<sup>27</sup> NYISO explains that the NYSRC conducts an annual assessment of resource adequacy for the upcoming Capability Year to inform the results the NYCA Installed Reserve Margin.<sup>28</sup> NYISO further explains that, once the NYCA Installed Reserve Margin is adopted, “the NYCA Minimum [Installed Capacity Requirement] is then set by ‘multiplying the NYCA peak Load forecasted by the ISO by the quantity one plus the NYCA [Installed Reserve Margin],’” which NYISO argues ensures that the NYCA Minimum Installed Capacity Requirements meet the NYSRC resource adequacy criterion of 0.1 LOLE per year.<sup>29</sup>

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<sup>24</sup> *Id.* at 4 (citing NYISO, *Winter Reliability Capacity Enhancements* (presented at the November 20, 2025 NYISO MC meeting) 22, <https://www.nyiso.com/documents/20142/55191864/2025%20Winter%20Reliability%20-%20November%2020%20MC.pdf>).

<sup>25</sup> *Id.* at 5.

<sup>26</sup> *Id.*

<sup>27</sup> NYISO Deficiency Letter Response at 2.

<sup>28</sup> *Id.* at 2-3.

<sup>29</sup> *Id.* at 3.

18. Starting with the 2027-2028 Capability Year, NYISO proposes to establish the NYCA Minimum Installed Capacity Requirement for the Summer Capability Period by multiplying the NYCA Peak Load Forecast for the Summer Capability Period by the quantity one plus the NYCA Installed Reserve Margin.<sup>30</sup> NYISO proposes to establish the NYCA Minimum Installed Capacity Requirement for the Winter Capability Period by multiplying the NYCA Peak Load Forecast for the Winter Capability Period by the quantity one plus the NYCA Winter Installed Reserve Margin.<sup>31</sup> NYISO explains that it would derive the NYCA Winter Installed Reserve Margin from the same final installed reserve margin study case used to establish the NYCA Installed Reserve Margin for the Summer Capability Period. According to NYISO, this approach ensures that the NYCA Minimum Installed Capacity Requirements for both the Summer and Winter Capability Periods will meet the NYSRC-established resource adequacy criterion of 0.1 LOLE per year.<sup>32</sup>

**c. Commission Determination**

19. We find that NYISO's proposal to expressly establish seasonal NYCA minimum capacity requirements, seasonal transmission security limit floor values, and seasonal Locational Minimum Installed Capacity Requirements for each Locality is just and reasonable and not unduly discriminatory or preferential. We agree with NYISO that establishing these seasonal values enables NYISO to develop seasonal Installed Capacity Demand Curves that will more accurately reflect winter reliability risks in its Installed Capacity market and will enhance the price signals sent to maintain resource adequacy and support winter reliability needs.

**2. Seasonal UDR/EDR Election and Must Offer Requirement**

**a. Filing**

20. NYISO asserts that, in preparation for each upcoming Capability Year, annual UDR/EDR election information is submitted to NYISO by the August 1 preceding the Capability Year.<sup>33</sup> NYISO states, for example, that the annual UDR/EDR election deadline for the 2026-2027 Capability Year was August 1, 2025.

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<sup>30</sup> *Id.* at 4.

<sup>31</sup> *Id.* at 2-3.

<sup>32</sup> *Id.* at 4.

<sup>33</sup> Filing, Transmittal Letter at 5.

21. NYISO states that it has two types of capacity deliverability rights that enable capacity located outside the NYISO region to participate in the NYISO Installed Capacity market: UDRs and EDRs. UDRs are “rights, as measured in MWs, associated with (1) new incremental controllable transmission projects, and (2) new projects to increase the capability of existing controllable transmission projects that have UDRs, that provide a transmission interface to a Locality.”<sup>34</sup> UDRs allow Unforced Capacity to be treated as if it were located in a Locality in the NYCA. EDRs are defined in part as “[r]ights, as measured in MW, associated with incremental transfer capability (i) on a new or existing Scheduled Line over an External Interface, with a terminus in Rest of State, and (ii) that has [Capacity Resource Interconnection Service].”<sup>35</sup> EDRs allow external capacity to be treated as though it is located in NYISO’s Rest-of-State region. A qualifying transmission project will be awarded UDRs or EDRs for the upcoming Capability Year after a formal request to NYISO.<sup>36</sup>

22. NYISO states that, by August 1, a holder of UDRs or EDRs may elect to return to NYISO a portion of the awarded UDRs or EDRs, forgoing all or a portion of its available rights for the upcoming Capability Year.<sup>37</sup> NYISO explains that the elections made by holders of UDRs and EDRs are used to inform assumptions regarding capacity supply from UDRs and EDRs used in the annual installed reserve margin study and in the determination of Locational Minimum Installed Capacity Requirements.

23. Specifically, NYISO assumes that the UDR and EDR elections are available capacity that impacts the minimum capacity procurement requirement for a capacity region into which the UDR or EDR sinks.<sup>38</sup> If a UDR or EDR rights holder elects to return all or a portion of its awarded UDR or EDR, NYISO considers such transfer capability as available to support emergency assistance from neighboring regions in the installed reserve margin and Locational Minimum Installed Capacity Requirement studies. NYISO states that, under the existing process, the installed reserve margin study

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<sup>34</sup> NYISO, NYISO Tariffs, NYISO MST, § 2.21 MST (Definitions - U) (7.0.0).

<sup>35</sup> *Id.* § 2.5 MST (Definitions - E) (28.0.0). Capacity Resource Interconnection Service is the service provided by NYISO to interconnection customers that are eligible to receive it, and such service is one of the eligibility requirements for participation as an Installed Capacity Supplier. *See* NYISO, NYISO Tariffs, OATT, § 40.1 (attach. HH – Definitions) (1.0.0).

<sup>36</sup> Filing, Transmittal Letter at 6; NYISO, Installed Capacity Manual 04 § 4.14.2.

<sup>37</sup> Filing, Transmittal Letter at 6; NYISO, NYISO Tariffs, NYISO MST, § 5.12 (Requirement Applicable to Installed Capacity Suppl) (59.0.0), § 5.12.2.5.

<sup>38</sup> Filing, Transmittal Letter at 6.

and Locational Minimum Installed Capacity Requirement determination process assumes that available capacity from UDR and EDR elections is constant across the Capability Year because UDR and EDR rights holders submit one election annually. However, according to NYISO, UDR and EDR rights holders are not required to, and may not always, offer capacity consistent with their annual elections, resulting in a misalignment between the proposed seasonal requirements and available capacity in a capacity delivery month. NYISO asserts that this misalignment can result in suboptimal market outcomes that may not accurately reflect system conditions, resource adequacy needs, and capacity values.

24. Therefore, to address the potential for seasonal availability differences of UDRs and EDRs and the impact that such differences may have on seasonal capacity supply availability, NYISO proposes that UDR and EDR rights holders must submit two distinct seasonal elections (Summer and Winter) for the upcoming Capability Year by the deadline of August 1, prior to the start of the Capability Year.<sup>39</sup>

25. Additionally, to address the potential misalignment between the proposed seasonal election requirements for UDR and EDR rights holders and actual supply conditions, NYISO proposes to require a UDR or EDR rights holder that makes an election to use all or a portion of its rights to supply capacity for a given Capability Period to offer the elected quantity in each Installed Capacity Spot Market Auction for that Capability Period.<sup>40</sup> According to NYISO, a UDR or EDR rights holder may meet this requirement by offering its UCAP in the applicable Installed Capacity Spot Market Auctions or certifying the UCAP for use in meeting a Load Serving Entity's minimum capacity procurement requirements for the applicable periods.

26. NYISO further proposes that, if the UDR or EDR rights holder fails to offer or certify UCAP associated with its UDR or EDR election in any Installed Capacity Spot Market Auction during the subject Capability Period, it shall pay NYISO a penalty for all months of the subject Capability Period equal to the product of: (1) 1.5 times the applicable Installed Capacity Spot Market Auction price; and (2) the quantity by which the UCAP associated with the given UDR or EDR that has not been returned exceeds the minimum amount of UCAP that is offered or certified associated with the given UDR or EDR election during any month of the subject Capability Period (Must Offer Penalty).<sup>41</sup>

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<sup>39</sup> *Id.*; NYISO, NYISO Tariffs, NYISO MST, § 5.12 (Requirements Applicable to Installed Capacity Suppliers) (59.0.0), § 5.12.2.5.

<sup>40</sup> Filing, Transmittal Letter at 7; NYISO, NYISO Tariffs, NYISO MST, § 5.12 (Requirements Applicable to Installed Capacity Suppliers) (59.0.0), §§ 5.12.12.4, 5.12.2.5.

<sup>41</sup> Filing, Transmittal Letter at 7; NYISO, NYISO Tariffs, NYISO MST, § 5.12

Additionally, NYISO proposes that the UDR or EDR rights holder must pay NYISO the higher of: (1) the Must Offer Penalty; or (2) the penalty for failure to offer or sell UCAP as required by NYISO's mitigation rules (Mitigated UCAP Penalty).

**b. Protest**

27. HQUS, a holder of both UDRs and EDRs, asserts that the seasonal election requirement is unjust and unreasonable as applied to HQUS.<sup>42</sup> HQUS requests that the Commission either reject the filing entirely without prejudice, accept the filing but sever and reject the seasonal election requirement, or accept the filing but set the seasonal election requirement for hearing and settlement judge proceedings.<sup>43</sup>

28. HQUS argues that, by requiring it to make a binding physical commitment to supply capacity 15 months before the beginning of the winter season and to offer its retained UDRs/EDRs in full in all months of the winter season, the proposal will require HQUS to limit its seasonal commitment to no more than the amount of surplus capacity that HQUS can confidently project to have after serving its firm loads on the single most challenging day of the future winter season.<sup>44</sup> HQUS explains that Hydro-Quebec is a winter-peaking system and that, under Quebec law, HQUS must give first priority to serving Quebec load and can only export surplus capacity that exceeds its native load.<sup>45</sup> HQUS contends that it cannot commit to available winter export capacity until it completes the process through the Northeast Power Coordinating Council (NPCC) for calculating the planned reserve requirement for serving Quebec load and determining its available surplus capacity. HQUS asserts that the NPCC-based process is incompatible with the proposed August 1 deadline because the process is completed after that deadline, immediately prior to the winter season.<sup>46</sup> At the time of the August 1 deadline, HQUS states that it will have only long-range assessments of Quebec capacity needs that are not sufficiently certain to make a physical capacity commitment. As a result, HQUS argues

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(Requirements Applicable to Installed Capacity Suppliers) (59.0.0), § 5.12.12.4.

<sup>42</sup> HQUS March 11 Protest at 2.

<sup>43</sup> *Id.* at 5, 26.

<sup>44</sup> *Id.* at 3.

<sup>45</sup> *Id.* at 7, attach. A (Testimony of Simon Bergevin) at 14-15 (Bergevin Testimony) (citing Hydro-Quebec Act, C.Q.L.R. c. H-5 § 22 (Can.), <https://canlii.ca/t/56l29>).

<sup>46</sup> *Id.* at 16.

that it will have to be conservative and elect to retain a limited amount (and in many winters likely zero) of its UDRs and EDRs.<sup>47</sup>

29. HQUS further argues that NYISO's proposal will forbid it to sell any additional winter capacity it may have, which HQUS asserts would be at least 300 MW of additional capacity in the winter shoulder months (November, March, and April).<sup>48</sup> HQUS argues that NYISO's proposal will produce unjust and unreasonable results because it will increase capacity costs to New York consumers.<sup>49</sup> HQUS also argues that NYISO's proposal will adversely impact reliability by eliminating the ability of HQUS to supply additional winter capacity if there is a major reliability event creating a need for additional winter capacity in NYISO.<sup>50</sup> Furthermore, HQUS asserts that the seasonal election requirement undermines the stated purpose of UDRs and EDRs, which is to encourage the development of new inter-regional transmission, and contravenes the Commission's policy in favor of promoting investment in new transmission.<sup>51</sup>

30. HQUS disagrees with NYISO's argument that the seasonal election requirement will improve NYISO's and NYSRC's modeling accuracy in their annual studies to calculate the NYCA Installed Reserve Margin and Locational Minimum Installed Capacity Requirement and prevent a misalignment between the models and available supply in a delivery month.<sup>52</sup> HQUS contends that NYISO does not describe its system model, studies, or how seasonal elections are incorporated into its supply and demand curves. HQUS asserts that NYISO does not explain how correcting the alleged misalignment outweighs the adverse impacts from foreclosing substantial additional winter capacity supply.

31. HQUS asserts that it will face adverse financial consequences if it commits too much winter capacity.<sup>53</sup> HQUS states that, if it elects to retain any UDRs or EDRs but is unable to offer them in full for a single month, HQUS must pay a substantial penalty that is based on its obligations for the entire six-month winter season. If in a particular winter

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<sup>47</sup> *Id.* at 17.

<sup>48</sup> *Id.* at 21, attach. B (Testimony of Andrew Levitt) at 23 (Levitt Testimony).

<sup>49</sup> *Id.* at 3 (citing Levitt Testimony at 24).

<sup>50</sup> *Id.* (citing Levitt Testimony at 26-27).

<sup>51</sup> *Id.* at 22-23.

<sup>52</sup> *Id.* at 23.

<sup>53</sup> *Id.* at 17.

month Quebec load consumes all of the available capacity and there is no surplus, HQUS argues that it will not be able to offer any capacity it has committed and, unlike in other RTO capacity markets, the NYISO market provides no ability for HQUS to buy back any of its capacity supply obligations.

32. HQUS asserts that historical data demonstrating that HQUS has been able to sell significant amounts of capacity in neighboring markets in all months of the winter season, and significantly more in the winter shoulder months, shows that HQUS should be able to provide winter capacity in NYISO's markets when the applicable capacity market rules provide the flexibility to do so.<sup>54</sup> HQUS further contends that, although HQUS has sold most of its available winter capacity into ISO-NE, once the Champlain Hudson Power Express lines are placed into service, winter capacity sales into NYISO's Zone J (New York City) could increase because prices are expected to be higher than in ISO-NE.<sup>55</sup>

33. HQUS contends that there are alternative solutions to the theoretical reliability impacts resulting from misalignments between system model inputs and actual operations, such as capacity offer caps, applying the must offer obligation for UDR and EDR elections above the large-unit cap while maintaining the status quo for UDR and EDR elections, or allowing capacity offers in monthly or spot auctions up to the large unit size threshold.<sup>56</sup>

**c. Answers**

**i. NYISO's Answer**

34. NYISO asks the Commission to accept NYISO's proposed tariff revisions without requiring any modifications or initiating any new proceedings.<sup>57</sup> NYISO notes that, after reviewing the HQUS Protest, the MMU reaffirms its support for NYISO's proposal.<sup>58</sup> NYISO argues that the existence of potential alternative outcomes does not undermine

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<sup>54</sup> *Id.* at 10-11 (citing Bergevin Testimony at 16).

<sup>55</sup> *Id.* at 10, 19-20.

<sup>56</sup> *Id.* at 24-25.

<sup>57</sup> NYISO Answer at 1-3.

<sup>58</sup> *Id.* at 2.

the demonstration made by NYISO that the proposed revisions are just and reasonable, nor does it support the need for any adjustments thereto.<sup>59</sup>

35. In response to HQUS's assertion that NYISO has not provided sufficient information related to the misalignment addressed by the seasonal election requirement, NYISO provides supplementary information in its answer, including: (1) a description of NYISO's resource adequacy model used in the NYSRC installed reserve margin study and NYISO's Locational Minimum Installed Capacity Requirement study and its relationship to NYISO Installed Capacity market parameters; (2) a description of the manner in which elections by holders of UDRs and EDRs are reflected in the Installed Capacity market parameters including the Installed Capacity Demand Curves; and (3) an explanation of the potential misalignment addressed by the proposed must offer requirement for UDR and EDR right holders' elections.<sup>60</sup>

36. NYISO explains that the August 1 deadline for capacity resources submitting elections preceding the subject Capability Year is necessary based on the timeline used to develop the installed reserve margin and associated Installed Capacity market parameters, as well as the timeline for the annual installed reserve margin study, which is the responsibility of the NYSRC.<sup>61</sup> NYISO states that HQUS is not uniquely situated because many other capacity suppliers are also required to submit elections by the August 1 deadline.<sup>62</sup> NYISO argues that HQUS's preferred alternative approach would be unduly discriminatory in HQUS's favor.<sup>63</sup>

37. NYISO contends that HQUS's concern around the proposed penalty for failing to meet the proposed must offer requirement represents a misunderstanding in which HQUS misstates the MW quantity subject to penalty.<sup>64</sup> NYISO explains that the MW quantity will be determined by the largest shortfall in the Capability Period and that the penalty will apply across all months in the Capability Period.<sup>65</sup> NYISO states that the proposed penalty is structured to address the scenario in which a UDR or EDR rights holder may

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<sup>59</sup> *Id.* at 8.

<sup>60</sup> *Id.* (citing attach. I, (Affidavit of Yan Huang) ¶ 7, 37, 38-41, 42-47 (Huang Aff.)).

<sup>61</sup> *Id.* at 9 (citing Huang Aff. ¶ 37).

<sup>62</sup> *Id.*, attach. II (Affidavit of Zachary T. Smith) ¶¶ 14-16 (Smith Aff.).

<sup>63</sup> *Id.*, Transmittal Letter at 9.

<sup>64</sup> *Id.* at 10.

<sup>65</sup> *Id.* at 10-11 (citing Smith Aff. ¶ 23).

have a financial incentive to elect a higher MW amount than it intends to offer if the Installed Capacity Supplier expects a net gain in revenue even with a penalty of 1.5 times the market clearing price in only certain months in which it fails to meet its performance obligations. By contrast, NYISO asserts that a month-by-month penalty structure may not provide an adequate disincentive because, if the capacity supplier has adequate supply in certain months, it may only face a penalty in a limited number of months.<sup>66</sup>

38. In response to HQUS's argument that the seasonal election requirement is flawed because the NYISO Installed Capacity market does not provide an opportunity to buy back capacity commitments like in ISO-NE, NYISO states that HQUS's participation as a Control Area System Resource in NYISO's capacity market provides comparable, if not greater, flexibility than other capacity supply resources.<sup>67</sup> NYISO explains that the Control Area System Resource design allows HQUS to rely on an entire pool of resources and external capacity supply arrangements, which facilitates HQUS's ability to optimize its capacity supply portfolio to meet its commitments to supply capacity to the NYCA, including the ability to leverage its external supply arrangements.

39. Regarding HQUS's claim that the seasonal election requirement would prevent HQUS from offering at least an additional 300 MW of capacity in the winter shoulder months, thereby increasing capacity costs to New York consumers during the Winter Capability Period, NYISO states that HQUS's analysis includes inaccuracies and fails to properly account for the actual operation of NYISO's capacity market.<sup>68</sup> NYISO asserts that HQUS's analysis, for example, does not account for the clearing price rules for "nested" capacity regions that prevent the clearing price in a Locality from being less than the clearing price in the NYCA. Moreover, NYISO argues that HQUS's analysis and suggested alternatives fail to account for broader market impacts that would affect the alignment of capacity market price signals with the value of capacity in addressing the resource adequacy needs and loss of load risks faced by the system.<sup>69</sup>

40. NYISO states that HQUS mischaracterizes the seasonal election requirement as conflicting with NYISO's existing capacity market power mitigation measures, conflating the purpose of capacity market power mitigation with the distinct objectives of the proposed seasonal election requirement.<sup>70</sup> NYISO argues that the seasonal election

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<sup>66</sup> *Id.* at 11.

<sup>67</sup> *Id.* (citing Smith Aff. ¶¶ 24-25).

<sup>68</sup> *Id.* at 12 (citing Smith Aff. ¶¶ 27-28).

<sup>69</sup> *Id.* (citing Smith Aff. ¶¶ 29-30).

<sup>70</sup> *Id.* at 13, attach. III (Affidavit of Jonathan Newton) ¶¶ 9-14 (Newton Aff.).

requirement does not undermine or conflict with NYISO's existing capacity market power mitigation framework and should not be expected to result in unwarranted allegations of physical withholding.

41. NYISO explains that its seasonal capacity deliverability rights election requirement is a market design mechanism intended to ensure that capacity counted toward minimum capacity requirements reflects the level of capacity that market participants can reasonably and credibly commit to provide during peak conditions when reliability risks are most prominent.<sup>71</sup> NYISO further explains that its proposal seeks to facilitate comparability among capacity suppliers and align the valuation of capacity with the evolving reliability risks faced by the system.

42. In response to HQUS's contention that the proposed revisions will deprive HQUS of a valuable source of capacity revenue for its investment in new transmission capacity, thereby undermining the development of new interregional transmission facilities, NYISO states that the proposed design facilitates signals for capacity supply, including supply facilitated by investment in facilities that support the award of UDRs and EDRs, to meet New York's resource adequacy needs.<sup>72</sup>

**ii. HQUS's Answer**

43. HQUS contends that it understood NYISO's misalignment concern as how the assumptions for calculating the Local Capacity Requirement in NYISO's Zone J may not align with actual monthly capacity offers.<sup>73</sup> HQUS asserts that NYISO now argues that the misalignment concern is with the market price impacts of a misalignment between any modeled capacity and actual resources offered in the Installed Capacity spot markets. According to HQUS, NYISO is concerned that a misalignment could occur if a UDR or EDR holder elects—and NYISO includes in its system models—a certain amount of MW capacity but then offers a lesser amount into the spot market. HQUS states that this concern can be addressed by requiring HQUS to offer all of the UDRs and EDRs that it may elect into the spot market, which is likely to be zero.<sup>74</sup> HQUS contends that capacity shortages could still occur in that case but with a probability and severity further mitigated by allowing HQUS to reclaim unelected UDRs or EDRs and offer surplus capacity into monthly auctions.

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<sup>71</sup> *Id.* at 14 (citing Smith Aff. ¶ 32).

<sup>72</sup> *Id.*

<sup>73</sup> HQUS April 7 Answer at 5.

<sup>74</sup> *Id.* at 6.

44. HQUS states that NYISO has failed to explain why allowing more UDR/EDR capacity to be offered into Installed Capacity spot markets, and thereby increasing reliability and reducing capacity prices, is a concern that must be addressed through the seasonal election requirement.<sup>75</sup> HQUS contends that NYISO does not explain why it cannot make changes or adjustments to its demand curves or market features to ensure revenue adequacy when surplus capacity is expected to be available.<sup>76</sup> Additionally, HQUS asserts that NYISO does not explain why it needs to base its models exclusively on the August 1 election results.<sup>77</sup> According to HQUS, in other contexts, NYISO uses historical experience and its practical knowledge of the system, rather than election results, to estimate the amount of capacity that will be available from a given resource. HQUS contends that NYISO has more flexibility than it claims to address its misalignment concern without the seasonal election requirement, noting that NYISO proposes to account for HQUS's expected monthly participation on Champlain Hudson Power Express for the 2026-2027 winter season through demand curve parameters.<sup>78</sup>

45. Regarding NYISO's contention that it would be unduly discriminatory not to subject HQUS to the seasonal election requirement because other capacity resources are required to make different types of elections by August 1, HQUS states that NYISO ignores the generating resources in NYISO that are not subject to an August 1 election deadline, including demand response, nuclear, wind, solar, and hydro-power resources, and thermal units located in Zones A-E.<sup>79</sup> HQUS also argues that it is not similarly situated to the other resources referenced by NYISO that make different elections on August 1 because it is subject to the aforementioned unique circumstances. Furthermore, HQUS contends that none of the other August 1 elections referenced by NYISO will cause the resource to be effectively foreclosed permanently from participating in a NYISO capacity market as the requirement will do to HQUS.<sup>80</sup> HQUS asserts, for example, that if a resource cannot qualify under the firm fuel Capacity Accreditation Resource Class, it could participate in NYISO's capacity market as a non-firm fuel resource as well as make arrangements for back up fuel and qualify as a firm fuel resource the following year. HQUS states that it is not inherently complicated for a generating facility to know 15 months in advance whether it will have firm fuel

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<sup>75</sup> *Id.*

<sup>76</sup> *Id.* at 6-7.

<sup>77</sup> *Id.* at 7.

<sup>78</sup> *Id.* at 8.

<sup>79</sup> *Id.* at 10.

<sup>80</sup> *Id.* at 11.

arrangements, but it is not reasonably possible for HQUS to guarantee its surplus winter capacity 15 months in advance. HQUS states that each year a generator can change its fuel election meanwhile the seasonal election requirement will forever prevent HQUS from participating in NYISO's winter capacity market. Therefore, HQUS asserts that "[b]y arguing that HQUS must be subject to an August 1 deadline to elect its UDRs and EDRs simply because different resources must make different elections by that date, NYISO is asking this Commission to treat dissimilar resources in a similar manner, which it lawfully cannot do."<sup>81</sup>

46. Furthermore, HQUS states that NYISO has neither rebutted HQUS's estimate that the seasonal election requirement will lead to increased capacity costs nor eliminated all material issues of disputed fact regarding the adverse cost impact to consumers.<sup>82</sup>

**d. Deficiency Letter Response and Responsive Pleadings**

**i. NYISO's Deficiency Letter Response**

47. In response to a request that NYISO explain "[n]ew transmission projects to which NYISO has granted UDRs" and how NYISO would identify "new" transmission projects in situations where the projects are online before or after the August 1 election deadline, NYISO states that the amount of UDRs and EDRs awarded to a new incremental transmission facility, and any future adjustments there to, will be based on the transmission capability, reliability, availability of the facility, and appropriate studies.<sup>83</sup> Further, NYISO states that a transmission project may be awarded UDRs after a formal request to NYISO that includes the pertinent technical information, which may be made any time after submittal of the studies required to support NYISO's interconnection process or after NYISO has completed its interconnection studies.<sup>84</sup> If a formal request is received after August 1, NYISO states the request for UDRs will not be granted for the upcoming Capability Year. If a new transmission project has been awarded new UDRs

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<sup>81</sup> *Id.* (citing *Belmont Mun. Light Dept. v. FERC*, 38 F.4th 173, 186–87 (D.C. Cir. 2022); *Calpine Corp. v. PJM Interconnection, L.L.C.*, 163 FERC ¶ 61,236, at P 68 n.112 (2018) (internal citations omitted)).

<sup>82</sup> *Id.* at 12.

<sup>83</sup> NYISO Deficiency Letter Response at 5-6.

<sup>84</sup> *Id.* at 6.

before the August 1 election deadline, NYISO states that the rights holder would be able to submit seasonal elections for the UDRs for the upcoming Capability Year.<sup>85</sup>

48. Additionally, regarding the proposed Must Offer Penalty, the Deficiency Letter requested that NYISO clarify the time period over which NYISO proposes to compare two penalties to determine which is larger: (1) the penalty for failure to offer or certify UCAP associated with UDR or EDR is applied for the duration of a Capability Period (i.e. 6 months); or (2) the penalty for the failure to offer or sell Mitigated UCAP or External Sale UCAP in Services Tariff section 23.4.5.4.2.<sup>86</sup> NYISO states that the proposed Must Offer Penalty, which would be calculated at the end of the Capability Period, would be applied across all months of the subject Capability Period based on the largest MW insufficiency in the Capability Period. However, NYISO states that the Mitigated UCAP Penalty, which is calculated on a monthly basis during the Capability Period, is applied only in those months of the Capability Period in which a sanctionable violation occurs, and any Mitigated UCAP Penalty amount is reflected in the monthly settlement for the month in which the violation occurred. NYISO states that it intends to incorporate implementing details related to this reconciliation process in the NYISO manual to support the implementation of the proposal with its stakeholders.

**ii. HQUS's Protest to NYISO's Deficiency Letter Response**

49. HQUS reiterates its arguments that (1) NYISO has not demonstrated that the harms of the seasonal election requirement and (2) HQUS is not “uniquely situated” to other capacity suppliers.<sup>87</sup> Furthermore, HQUS contends that NYISO's Deficiency Letter Response reinforces that the must offer requirement will deter HQUS from committing more than a small amount of capacity in the winter seasonal election and, therefore, the seasonal election requirement will effectively block valuable Quebec capacity supply from NYISO's winter capacity market.<sup>88</sup>

50. HQUS asserts that NYISO's misalignment concern is now different and is about addressing misalignment between system models and actual capacity supply, which HQUS contends was not described during the stakeholder process.<sup>89</sup> HQUS states that

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<sup>85</sup> *Id.* at 8.

<sup>86</sup> *Id.* at 9.

<sup>87</sup> HQUS May 19 Protest at 2.

<sup>88</sup> *Id.* at 4; HQUS June 23 Answer at 2.

<sup>89</sup> HQUS May 19 Protest at 6.

this approach is unreasonable because of its aforementioned unique circumstances and at a time of increasing challenges to affordability, diminishing capacity margins and growing shoulder-month reliability concerns.<sup>90</sup>

**iii. IPPNY's Answer**

51. IPPNY asserts that NYISO has adequately demonstrated that the proposed revisions are just and reasonable, and not unduly discriminatory.<sup>91</sup> IPPNY contends that not applying the seasonal election requirement to HQUS would be unduly discriminatory to other capacity suppliers that are subject to an annual election requirement.<sup>92</sup> In response to HQUS's assertion that it faces unique circumstances that would prevent it from submitting seasonal election by August 1 and that the seasonal election requirement would block it from participating in the NYISO winter capacity market, IPPNY agrees with NYISO that HQUS is not uniquely situated because many other capacity suppliers are also required to submit elections by the August 1 deadline.<sup>93</sup> Additionally, IPPNY agrees with NYISO that, like HQUS, all capacity resources subject to the August 1 deadline must make long-term assessments of available capacity in making their respective elections.<sup>94</sup>

52. Furthermore, IPPNY states that HQUS's claim of unique circumstances lacks merit considering that Installed Capacity suppliers must make business decisions on whether to elect a firm fuel Capacity Accreditation Resource Class 15 months prior to the winter period for which their elections apply.<sup>95</sup> IPPNY states that resources with Energy Duration Limitations, such as DER Aggregations, also face substantial uncertainty for the decisions they must make by the August 1 deadline.<sup>96</sup> IPPNY explains that DER Aggregations must provide notice of their intent to change their participation model by August 1, and all resources with Energy Duration Limitations or subject to Firm Fuel requirements make elections before many of the modeling

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<sup>90</sup> *Id.* at 7.

<sup>91</sup> IPPNY Answer at 1-2.

<sup>92</sup> *Id.* at 3.

<sup>93</sup> *Id.* at 4.

<sup>94</sup> *Id.* at 5.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 6.

assumptions that impact the final Capacity Accreditation Factors for these resource types are approved.

**iv. HQUS's Answers**

53. HQUS reiterates that the seasonal election requirements will significantly increase electricity cost for New York consumers.<sup>97</sup> HQUS points to the MMU's recent statements that NYISO's proposed seasonal election requirement 'may lead to inefficient market outcomes and higher prices than necessary' because UDR holders that may not know how much capacity they will have available are likely to make conservatively low elections to avoid penalties.<sup>98</sup>

54. HQUS contends that IPPNY has not met the burden to demonstrate that suppliers that make different types of elections are similarly-situated with HQUS, and argues that many NYISO capacity suppliers (including demand response, nuclear, wind-, solar-, and hydro-power resources and thermal units located in Zones A-E) are not subject to any advanced election.<sup>99</sup>

55. HQUS reiterates that there are other just and reasonable ways for NYISO to achieve its goal of preventing market misalignment that would give the Commission comfort in rejecting NYISO's proposed seasonal election requirement, knowing that rejection would not disrupt NYISO's capacity markets because NYISO could refile its proposal with a reasonable replacement.<sup>100</sup>

**v. MMU's Answer**

56. The MMU acknowledges that its *2025 State of the Market Report for the New York ISO Markets* states that NYISO's seasonal election requirement has a shortcoming because "it does not go far enough to provide [UDR] holders and certain other suppliers with additional flexibility in the election process."<sup>101</sup> However, while the MMU

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<sup>97</sup> HQUS June 11 Answer at 2.

<sup>98</sup> *Id.* at 2-3 (citing David B. Patton, Ph.D, et al., Potomac Economics, MMU to NYISO, *2025 State of the Market Report for the New York ISO Markets* at 103-105 (May 2026) [https://www.nyiso.com/documents/20142/58042386/NYISO%202025%20SOM%20Report\\_\\_5-19-2026 final.pdf/8a165637-3c08-b2fa-737d-9535ee79d2cf](https://www.nyiso.com/documents/20142/58042386/NYISO%202025%20SOM%20Report__5-19-2026%20final.pdf/8a165637-3c08-b2fa-737d-9535ee79d2cf)); HQUS June 23 Answer at 3.

<sup>99</sup> HQUS June 11 Answer at 3.

<sup>100</sup> *Id.* at 4-5; HQUS June 23 Answer at 3.

recommends that NYISO eventually move the election timing closer to the capacity delivery period, the MMU asserts that this change cannot be addressed without conforming changes that require additional design work by NYISO. The MMU states that it supports NYISO's proposed enhancements because they significantly improve the market's ability to support winter reliability.<sup>102</sup> The MMU recommends that the Commission accept NYISO's proposal.

**e. Commission Determination**

57. We find that NYISO's proposed Tariff provisions requiring holders of UDRs/EDRs to submit two distinct seasonal elections for the upcoming Capability Year no later than August 1 prior to the start of the Capability Year, as well as the proposed accompanying must offer requirement and penalty, are just, reasonable, and not unduly discriminatory or preferential, and we therefore accept them. Under NYISO's current rules, capacity deliverability rights holders may, at times, not offer capacity consistent with their annual elections, which could result in potential misalignment between modeled capacity in the final installed reserve margin study and actual seasonal capacity supply available. NYISO provides analysis demonstrating emerging winter reliability risks and shows that such reliability risks are largely present during the winter peak months of December, January, and February within the Winter Capability Period (November 1 to April 30), making it all the more critical to address risk of potential misalignment between modeled and actual capacity.<sup>103</sup> We find that NYISO's proposal reasonably addresses such risk of potential misalignment. Specifically, we find that NYISO's proposed seasonal elections will help provide more accurate data reflecting seasonal differences in availability of UDRs and EDRs, which will improve modeling of seasonal capacity and enable NYISO to establish seasonal minimum capacity requirements that reflect the seasonal risks.

58. We also find the proposed must offer requirement, which requires capacity suppliers to offer UCAP during the Capability Period consistent with the amount of UDRs or EDRs elected for the Capability Period, to be just and reasonable. Without this requirement, misalignment could occur between the modeled capacity in each season and the actual resources available in the Installed Capacity markets, which would result in market outcomes that may not accurately reflect system conditions, resource adequacy

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<sup>101</sup> MMU Answer at 3.

<sup>102</sup> *Id.* at 4 (citing David B. Patton, Ph.D, et al., Potomac Economics, MMU to NYISO, *2025 State of the Market Report for the New York ISO Markets* at 103 (May 2026) [https://www.nyiso.com/documents/20142/58042386/NYISO%202025%20SOM%20Report\\_\\_5-19-2026 final.pdf/8a165637-3c08-b2fa-737d-9535ee79d2cf](https://www.nyiso.com/documents/20142/58042386/NYISO%202025%20SOM%20Report__5-19-2026%20final.pdf/8a165637-3c08-b2fa-737d-9535ee79d2cf))).

<sup>103</sup> See Huang Aff. ¶¶ 13-15, 21.

needs, and capacity values. Additionally, we find that NYISO's proposed penalty is appropriate to ensure that capacity deliverability rights holders are electing capacity deliverability rights amounts for the Capability Period that accurately reflect the amount of UCAP that they will offer during the Capability Period.

59. We also agree with NYISO that capacity supply that is only available during the shoulder months provides comparatively lower value for addressing the system's resource adequacy needs because it is not available to mitigate loss of load risk during peak periods.<sup>104</sup> As noted above, NYISO provides analysis demonstrating that under current system conditions, winter loss of load risk is concentrated in the peak winter months. Further, we agree with NYISO that, while allowing capacity supply available only during the shoulder months to participate in the Installed Capacity market may lower costs during shoulder months, it may also adversely impact capacity market revenues for supply that is available during peak periods, which may result in increased risk of reliability events during critical peak periods.

60. We disagree with HQUS's arguments that NYISO's proposal will undermine the stated purpose of UDRs and EDRs to promote investment in interregional transmission. We note that NYISO has observed that, under the current rules, capacity deliverability rights holders may, at times, not offer capacity consistent with their annual elections.<sup>105</sup> Given NYISO's justification regarding the market impacts of misalignment between the modeled capacity in each season and the actual supply in the Installed Capacity markets, and that NYISO's existing rules allow capacity deliverability rights holder to not offer capacity consistent with their elections, we find that NYISO's proposal will help ensure that the capacity procured by LSEs and counted toward NYISO's minimum capacity requirements reflects the level that market participants can reasonably and credibly commit to provide during peak conditions when reliability risks are most prominent.

61. HQUS contends that NYISO's proposal is unjust and unreasonable as applied to HQUS because HQUS is subject to unique circumstances that prevent it from making binding physical commitments to supply capacity 15 months in advance of the winter season, including: (1) having a statutory obligation to serve Quebec load; (2) the NPCC process for developing resource adequacy requirements; and (3) a pool of resources with availability that varies significantly in the winter months due to difficult-to-predict factors. We disagree that these factors show that NYISO's proposal is unjust and unreasonable as applied to HQUS. First, we are unpersuaded by HQUS's argument that it uniquely must make commitments by the August 1 deadline with insufficient information,<sup>106</sup> because other capacity resources must also make decisions based on

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<sup>104</sup> See Smith Aff. ¶ 29.

<sup>105</sup> See *id.* ¶ 9.

long-term assessments of available capacity and forecasts of uncertain factors in making their respective annual elections by August 1.<sup>107</sup> We also find that HQUS does not explain why the specific information it needs from the NPCC planning process makes it unable to submit seasonal elections. Second, given that Mr. Bergevin explains in his testimony that the NPCC-based resource adequacy planning process is forward looking for three to five years and includes granular resource modeling (weekly or monthly limitations),<sup>108</sup> we find that HQUS does not demonstrate why it is unable to submit seasonal elections based on the most recently completed NPCC-based resource planning assessment. Additionally, regarding the availability of the pool of resources, we note that Mr. Smith explains that, although a Control Area System Resources is treated as a single pool of resources, this construct also accounts for any contracted capacity that can be firmly delivered to Hydro Quebec's system from neighboring external control areas.<sup>109</sup> In other words, HQUS may leverage external supply arrangements in addition to its pool of resources. Given that the existing rules allow capacity deliverability rights holders to not offer capacity consistent with their elections, we find NYISO's proposal a reasonable approach to maintain resource adequacy and to help ensure that NYISO can meet its winter reliability needs.

62. We find that NYISO's seasonal election requirements are not unduly discriminatory or preferential. To the extent that HQUS argues that NYISO's proposal is unduly discriminatory or preferential because factual circumstances make HQUS dissimilar from other capacity delivery rights holders, we note that the relevant inquiry is not whether there *are* differences, but whether there are differences *that are material to the inquiry at hand*.<sup>110</sup> We find that the differences HQUS describes are not material to the relevant

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<sup>106</sup> HQUS March 11 Protest at 17 (“Because HQUS will not have sufficient information about Quebec’s capacity needs and the availability of surplus capacity at the time of the August 1 deadline, HQUS will have no choice but to be conservative and elect to retain at best only a limited amount (and in many winters likely zero) of its UDRs and EDRs”).

<sup>107</sup> See Smith Aff. ¶¶ 14-15 (describing that the August 1 election deadline also applies to other capacity suppliers such as Resources with an Energy Duration Limits, Distributed Energy Resources, certain demand response resources, Behind-the-Meter Net Generation Resources; and an Installed Capacity Supplier that elects to enter the firm fuel Capacity Accreditation Resource Class for the upcoming Capability Year and that these other capacity suppliers must make long-term assessments based on a number of uncertain factors).

<sup>108</sup> See Bergevin Testimony at 17.

<sup>109</sup> See Smith Aff. ¶ 25.

purpose of NYISO's proposal, which is to ensure that capacity that counts toward minimum capacity requirements reflects the level of capacity that market participants can reasonably and credibly commit to provide during peak conditions when reliability risks are most prominent. Although HQUS may face constraints unique to it, HQUS is similarly situated to other capacity suppliers in that, as noted above, other capacity suppliers similarly must make "long-term assessments of available capacity based on forecasts of uncertain factors including changes in planned resource availability, load forecasts, capacity requirements, and the overall balance of supply and demand in making their respective annual elections by the August 1 deadline."<sup>111</sup> To the extent that HQUS asserts that it is similarly situated to the Installed Capacity suppliers that do not have an annual election requirement prior to the start of the Capability Year, we disagree. We find that, because HQUS can elect to return a portion of its UDRs/EDRs for each Capability Year, or in other words, HQUS can change its level of participation in the Installed Capacity markets each Capability Year, it is not similarly situated to the Installed Capacity suppliers that do not have an annual election.

63. We do not address HQUS's proposed alternatives to the seasonal election requirement because the Commission need only consider whether a proposal filed under FPA section 205 is just and reasonable, not whether it is more or less reasonable than alternatives.<sup>112</sup> As discussed above, we find NYISO's proposal just and reasonable.

### **3. Seasonal Installed Capacity Demand Curve**

#### **a. Filing**

64. NYISO proposes to remove the current seasonal availability adjustment components of the maximum clearing price and reference point price formulas from its seasonal Installed Capacity Demand Curves.<sup>113</sup> NYISO explains that, because the seasonal differences in capacity available will be reflected in the proposed seasonal minimum capacity procurement requirements, it is no longer necessary to use the seasonal availability adjustments to determine the maximum clearing and reference point prices of the Installed Capacity Demand Curves. NYISO further argues that, if the

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<sup>110</sup> *Cf. N.Y. Indep. Sys. Operator, Inc.*, 178 FERC ¶ 61,101, at P 16 (2022).

<sup>111</sup> *See* Smith Aff. ¶ 15.

<sup>112</sup> *See, e.g., Cities of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (finding that, when determining whether a rate was just and reasonable, the Commission properly did not consider "whether a proposed rate schedule is more or less reasonable than alternative rate designs").

<sup>113</sup> Filing, Transmittal Letter at 8.

seasonal availability adjustments were not removed from the Installed Capacity Demand Curves, the demand curves would be adjusted for seasonal Installed Capacity differences twice, leading to inaccurate market clearing prices.

65. Additionally, NYISO proposes to create distinct zero crossing points for the summer and winter Installed Capacity Demand Curves calculated annually, based on the proposed seasonal minimum capacity requirements, so that the Installed Capacity MW quantity where the summer and winter Installed Capacity Demand Curves cross zero is equal.<sup>114</sup> NYISO states that it will use a different zero crossing point percentage for the Winter Capability period. Specifically, NYISO explains that the winter zero crossing points will be determined using the ratio of available capacity that would be used to set the minimum Installed Capacity requirements for the Summer Capability Period of the upcoming Capability Year to the available capacity that would be used to set the minimum Installed Capacity requirements for the Winter Capability Period, based on the most recently NYSRC-approved assumptions for the installed reserve margin study. NYISO notes that alternatively, adjusting the zero crossing point percentages using the ratio of the expected NYCA Minimum Installed Capacity Requirements to Winter NYCA Minimum Installed Capacity Requirements would not be feasible, based on the installed reserve margin study case for the upcoming Capability Year, because the expected seasonal minimum capacity requirements derived from the installed reserve margin study would not be available before the deadline to post updated Installed Capacity Demand Curves for the upcoming Capability Year.<sup>115</sup>

66. Furthermore, NYISO proposes to: (1) revise the prescribed level of excess definition to reflect the applicable seasonal minimum Installed Capacity requirements; and (2) to annually update the prescribed level of excess percentages to reflect the most recent Capability Year's seasonal minimum Installed Capacity requirements for each Capability Period.<sup>116</sup> NYISO proposes to annually update these values to reflect the applicable minimum capacity requirements of the prior Capability Year. NYISO states that annually updating the prescribed level of excess percentages is intended to provide for improved alignment between the Installed Capacity Demand Curves and evolving system conditions. NYISO also proposes to derive the seasonal minimum Installed

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<sup>114</sup> *Id.* at 9; NYISO, NYISO Tariffs, NYISO MST, § 5.14 (Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies) (45.0.0) §§ 5.14.1.2.2.2, 5.14.1.2.2.3.

<sup>115</sup> Filing, Transmittal Letter at 9-10.

<sup>116</sup> *Id.* at 10; NYISO, NYISO Tariffs, NYISO MST, § 5.14 (Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies) (45.0.0.), § 5.14.1.2.2.

Capacity requirements that would have applied for the 2026-2027 Capability Year to facilitate the determination of the prescribed level of excess percentage values for the 2027-2028 Installed Capacity Demand Curves because seasonal minimum Installed Capacity requirements will not be in effect until the 2027-2028 Capability Year.<sup>117</sup>

**b. Commission Determination**

67. We find that NYISO's proposed Tariff revisions to make adjustments to seasonal Installed Capacity Demand Curves are just and reasonable and not unduly discriminatory or preferential. We agree that the proposed Tariff revisions would reasonably account for seasonal differences in available capacity and reflect the establishment of seasonal minimum capacity requirements in the seasonal Installed Capacity Demand Curves, which will make NYISO's current seasonal availability adjustments unnecessary. We find that the proposal to create distinct zero crossing points for the summer and winter Installed Capacity Demand Curves, based on the proposed seasonal minimum capacity requirements, will similarly account for seasonal differences in available capacity to help ensure optimal outcomes in the Installed Capacity market that addresses resource adequacy and winter reliability needs as NYCA transitions to a winter-peaking system. We also find that NYISO's proposed revisions provide for improved alignment between the Installed Capacity Demand Curves and evolving system conditions as the revisions will help ensure that the Installed Capacity Demand Curves are established at a level that should provide sufficient revenues to cover the costs of new capacity required to enter the market to maintain resource adequacy. Lastly, we find that NYISO's proposal to determine the prescribed level of excess percentage values for the 2027-2028 Installed Capacity Demand Curves, by deriving the seasonal minimum Installed Capacity requirements that would have applied for the 2026-2027 Capability Year, is just and reasonable as NYISO transitions to applying the proposed seasonal minimum Installed Capacity requirements effective beginning in the 2027-2028 Capability Year.

**4. Miscellaneous**

**a. Filing**

68. NYISO proposes a number of miscellaneous Tariff revisions. NYISO proposes revisions to clarify that references to "non-holiday weekday hour" means "non-NERC holiday weekday hour."<sup>118</sup> NYISO also proposes to revise references to "Adjusted

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<sup>117</sup> Filing, Transmittal Letter at 10-11.

<sup>118</sup> *Id.* at 11; NYISO, NYISO Tariffs, NYISO MST, § 2.14 (Definitions - N) (21.0.0); *id.* § 5.10 (NYCA Minimum Installed Capacity Requirements) (7.0.0), § 5.10.1 (NYCA Minimum Installed Capacity Requirements Applicable Prior to the 2027-2028 Capability Year).

Actual Peak Load,” “Adjusted Load,” and “Load” to read “Adjusted Actual Load” consistent with the defined term in the Tariff.<sup>119</sup> Additionally, NYISO proposes to clarify the language describing the existing aggregate Adjusted Actual Load data and peak Load forecasts submission requirements for transmission owners.<sup>120</sup> Furthermore, NYISO proposes ministerial, non-substantive revisions, including removal of outdated tariff language and/or revisions to improve consistency of terminology,<sup>121</sup> such as to remove outdated references to Duration Adjustment Factor and Capacity Value Study due to the transition to the Capacity Accreditation Factor methodology.<sup>122</sup>

**b. Commission Determination**

69. We find that the proposed miscellaneous Tariff revisions are just and reasonable and not unduly discriminatory or preferential. We find that the proposed Tariff revisions will help increase clarity and improve consistency.

The Commission orders:

We accept NYISO’s Tariff revisions, effective June 28, 2026, as requested.

By the Commission.

( S E A L )

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<sup>119</sup> See NYISO, NYISO Tariffs, NYISO MST, § 5.10 (NYCA Minimum Installed Capacity Requirements) (7.0.0) § 5.10.1.; *id.* § 5.11 (Requirements Applicable to LSEs) (22.0.0), § 5.10.1.

<sup>120</sup> See *id.* § 5.11 (Requirements Applicable to LSEs) (22.0.0), § 5.11.1.

<sup>121</sup> See *id.* § 2.1 (Definitions - A) (21.0.0); *id.* § 2.14 (Definitions - N) (30.0.0); *id.* § 5.10 (NYCA Minimum Installed Capacity Requirement) (7.0.0), § 5.10.1 ; *id.* § 5.11 (LSE Locational Minimum Installed Capacity Requirements) (22.0.0), §§ 5.11.4, 5.11.5; *id.* § 5.12 (Requirements Applicable to Installed Capacity Suppliers) (58.0.0), § 5.12.6.1.2; *id.* § 5.14 (Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies) (45.0.0), §§ 5.14.1.2, 5.14.1.2.2, 5.14.1.2.2.3, 5.14.1.2.2.4.

<sup>122</sup> See *id.* § 2.1 (Definitions - A) (21.0.0); *id.* § 2.4 (Definitions - N) (21.0.0); *id.* § 5.12 (Requirements Applicable to Installed Capacity Suppliers) (59.0.0), §§ 5.12.1.14, 5.12.14; *id.* § 30.4 (Market Monitoring Unit responsibilities set forth in the ISO Services Tariff) (65.0.0), § 30.4.6.3.3.

Carlos D. Clay,  
Deputy Secretary.

## **Appendix – Tariff Records**

### **New York Independent System Operator, Inc. NYISO Tariffs**

#### Docket No. ER26-1431-000

- [NYISO MST, 2.1 MST Definitions - A \(21.0.0\)](#)
- [NYISO MST, 2.4 MST Definitions - D \(21.0.0\)](#)
- [NYISO MST, 2.14 MST Definitions - N \(30.0.0\)](#)
- [NYISO MST, 5.10 MST NYCA Minimum Installed Capacity Requirement \(7.0.0\)](#)
- [NYISO MST, 5.11 MST Requirements Applicable to LSEs \(22.0.0\)](#)
- [NYISO MST, 5.12 MST Requirements Applicable to Installed Capacity Supply \(58.0.0\)](#)
- [NYISO MST, 5.14 MST Installed Capacity Spot Market Auction and Installation \(45.0.0\)](#)
- [NYISO MST, 5.16 MST New Capacity Zone Study and Procedures \(5.0.0\)](#)
- [NYISO MST, 23.4.5.4 MST Att H \(4.0.0\)](#)
- [NYISO MST, 30.4 MST Att O Market Monitoring Unit \(65.0.0\)](#)

#### Docket No. ER26-1431-001

- [NYISO MST, 5.12 MST Requirements Applicable to Installed Capacity Supply \(59.0.0\)](#)