

196 FERC ¶ 61,067
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

July 27, 2026

In Reply Refer To:
New York Independent System Operator, Inc.
Docket No. ER23-2040-005

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

Attention: Kimberly L. Osborne
Counsel for New York Independent System Operator, Inc.

Dear Ms. Osborne:

1. On April 15, 2026, New York Independent System Operator, Inc. (NYISO) submitted an informational filing in response to the directive of an April 2024 Commission order.¹ As discussed below, we find that NYISO's informational filing complies with the Commission's directive in the April 2024 Order.
2. In the April 2024 Order, the Commission accepted NYISO's proposed tariff revisions to its participation model for Distributed Energy Resources² (DERs) to participate in NYISO's Energy, Ancillary Services, and Installed Capacity (ICAP) markets via Aggregations (DER and Aggregation participation model).³ In that order, the Commission accepted NYISO's proposal to establish a minimum capability requirement of 10 kW for individual DERs participating in an Aggregation.⁴ The April 2024 Order

¹ *N.Y. Indep. System Operator, Inc.*, 187 FERC ¶ 61,022, at P 67 (2024) (April 2024 Order).

² Capitalized terms not otherwise defined in this order shall have the meaning specified in NYISO's Open Access Transmission Tariff (OATT) or the Market Administration and Control Area Services Tariff (Services Tariff).

³ April 2024 Order, 187 FERC ¶ 61,022 at P 1.

⁴ *Id.* PP 63-67.

directed NYISO to submit an informational filing within two years of the date of issuance of the order that describes: (1) its experience administering the DER and Aggregation participation model; (2) its views on the feasibility of the lowering the 10 kW threshold for its DER and Aggregation participation model; (3) the estimated effect that the 10 kW minimum capability requirement has had on potential participation, including on the total number of DERs under 10 kW in the New York Control Area; and (4) an update on NYISO's discussions with its stakeholders concerning the participation of DERs smaller than 10 kW.⁵

3. In its informational filing, NYISO states that its minimum capability requirement remains a necessary component of the requirements for DER participation in an Aggregation and facilitates NYISO's ability to administer the Aggregation requirements for DERs that are 10 kW or greater.⁶ First, NYISO addresses its experience in administering the DER and Aggregation Participation Model. NYISO explains that since it implemented the DER and Aggregation participation model, six Aggregations have enrolled as of April 2026.⁷ NYISO states that its administration of the DER and Aggregation participation model thus far has proven successful in spite of a number of significant administrative challenges concerning the enrollment and ongoing participation of Aggregations. NYISO adds that these challenges include its review of the Aggregators' enrollment information for individual DERs that constitute Aggregations and the need to address the numerous questions from Aggregators throughout and after the enrollment process.⁸

4. NYISO states that for purposes of the enrollment evaluation process, Aggregators are required to submit large amounts of data for an Aggregation and for each DER facility within the Aggregation.⁹ NYISO explains that Aggregators needed NYISO's assistance with the submission of Dependable Maximum Net Capability (DMNC) test data, the logging of outages and derates, and the submission of real-time Out-of-Merit (OOM) entries.¹⁰ NYISO notes that it observed that Aggregators are generally less experienced with the required DMNC testing for qualification to participate in NYISO's ICAP market.¹¹ NYISO states that it must address frequent questions regarding this

⁵ *Id.* P 67.

⁶ Transmittal Letter at 1.

⁷ *Id.* at 3.

⁸ *Id.* at 3-4.

⁹ *Id.* at 4.

¹⁰ *Id.* at 4-5.

process from Aggregators, and asserts that allowing DERs less than 10 kW to participate would likely lead to existing and potentially new Aggregators reaching out to NYISO with questions on the DMNC testing process and data submission requirements.

5. NYISO adds that Generators and Aggregators must submit derates when all or a portion of their production is unavailable, and that the process of submitting such outages and requests to derate or uprate the Aggregation OOM often gives rise to questions from Aggregators about the appropriate steps to submit these outages and requests.¹² NYISO states that responding to these requests requires substantial NYISO staff time, and that allowing DERs less than 10 kW would likely result in an increase in questions from existing and potentially new Aggregators regarding the submission of outages and OOM requests. NYISO states that based on its experience implementing the DER and Aggregation participation model for DERs which have all been 100 kW or greater thus far, it believes that the significant amount of data required for Aggregators' enrollment and market qualification, along with other Market Participant inquiries, would increase considerably if DERs smaller than 10 kW are allowed to enroll in the DER and Aggregation participation model.

6. Second, NYISO addresses its views on the feasibility of the participation of DERs smaller than 10 kW. NYISO explains that the need for operations and software development to accommodate DERs smaller than 10 kW would draw resources away from other Aggregation administration activities and would delay or prevent the enrollment of other DERs larger than 10 kW in the program.¹³ NYISO states that based on its experience administering the DER and Aggregation participation model, it expects that a change to the minimum capability requirement would result in a significant increase in volume of enrollment that would require an increase in NYISO staff resources and additional investment in NYISO software. NYISO asserts that it would not be feasible for it to meaningfully review materials for DER facilities sized below 10 kW seeking to enroll in the DER and Aggregation participation model due to the extensive volume of data involved.¹⁴

7. NYISO explains that after an Aggregation containing demand side resources has been in the NYISO markets for a sufficient amount of time to receive a dispatch schedule, NYISO will audit the Economic Customer Baseline Load (ECBL) calculation for the Aggregation.¹⁵ NYISO states that as part of this audit, it requests the metered

¹¹ *Id.* at 5.

¹² *Id.*

¹³ *Id.* at 6.

¹⁴ *Id.* at 7.

MW for each DER for all 6-second intervals in the preceding 30 days, which involves 432,000 rows of data for a single DER. NYISO adds that it must then validate the calculation for the chosen audit period. NYISO asserts that it would be infeasible for NYISO to audit the ECBL calculation under this methodology if hundreds, thousands, or tens of thousands of small kW DERs were in Aggregations under the DER and Aggregation participation model.

8. Third, NYISO addresses the estimated effect that the 10 kW minimum capability requirement has had on potential participation. NYISO states that the minimum capability requirement has had a relatively limited effect on the potential participation of DERs smaller than 10 kW in the DER and Aggregation participation model, and notes that DERs smaller than 10 kW have the opportunity to participate in the Emergency Demand Response Program and the Special Case Resource program (EDRP/SCR program).¹⁶ NYISO asserts that if the resources in the EDRP/SCR program were to transition to the DER and Aggregation participation model, the MW impact of that participation would be minimal compared to NYISO's overall reliability requirements. NYISO notes that it has not received any enrollments from Aggregators seeking to register DERs smaller than 100 kW under current DER and Aggregation participation model market rules, and that the majority of enrolled Aggregators have over 20 MW of load curtailment capability.¹⁷

9. Fourth, NYISO addresses stakeholder discussions concerning the participation of DERs smaller than 10 kW. NYISO states that it continues to actively engage in discussions with stakeholders regarding participation requirements for the DER and Aggregation participation model.¹⁸ NYISO explains that it conducts a project prioritization process with stakeholders each year, and that the DER Market Enhancement project was prioritized as a 2026 project. NYISO states that it is currently working with its stakeholders with the goal of identifying and addressing areas of the DER and Aggregation participation model that may unlock additional demand side resource enrollment opportunities. NYISO notes that, as part of this project, it is discussing the 10 kW threshold with stakeholders, and that this project provides a forum for stakeholders to voice support for DERs below 10 kW. NYISO states that this will allow it to gauge stakeholder interest in moving forward with revisions to the minimum size threshold. NYISO asserts that its minimum capability requirement is still necessary to allow for the continued reasonable administration of the DER and Aggregation

¹⁵ *Id.* at 7.

¹⁶ *Id.* at 10.

¹⁷ *Id.* at 9.

¹⁸ *Id.* at 10.

participation model in a manner that enables DERs above 10 kW to participate and contribute to reliability.¹⁹

10. Notice of NYISO's informational filing was published in the *Federal Register*, 91 Fed. Reg. 21805 (Apr. 23, 2026), with interventions and protests due on or before May 6, 2026. On May 6, 2026, Advanced Energy United (AEU) filed comments. On June 2, 2026, NYISO filed a request for leave to answer and answer in response to AEU's comments.

11. AEU contends that NYISO has built a participation model that applies unnecessary individual-resource scrutiny, with NYISO reviewing individual one-line diagrams, utility bills, and telemetry data for every endpoint within an aggregation, which undermines the fundamental purpose of aggregation.²⁰ AEU asserts that NYISO's informational filing fails to justify maintaining the 10 kW threshold because it has not attracted meaningful participation from the resources it was designed to serve and the participation model is structured to maximize complexity.²¹ Further, AEU argues that NYISO's informational filing is contradictory because it both claims that the threshold has had limited impact on potential participation, but warns that if the threshold were removed then NYISO would have to enroll tens of thousands of smaller DERs.²² AEU also contends that NYISO has not meaningfully followed through on its commitment to evaluate the 10 kW threshold.²³ AEU argues that the Commission should find NYISO's informational filing to be insufficient to justify the 10 kW threshold indefinitely and that the Commission should direct NYISO to file a concrete plan, with specific milestones, for restructuring its enrollment process and reducing or eliminating the minimum capability requirements.²⁴

¹⁹ *Id.* at 11.

²⁰ AEU Comments at 2.

²¹ *Id.* at 3-6.

²² *Id.* at 6.

²³ *Id.* at 7.

²⁴ *Id.* at 3, 8-10.

12. In response to AEU's comments, NYISO states that it continues to find, based on its experience in implementing its DER and Aggregation participation model, that its minimum capability requirement is necessary and remains just and reasonable.²⁵ NYISO argues that AEU's requested relief is not available in response to comments on an informational filing and constitutes an end-run around NYISO's stakeholder process.²⁶ NYISO contends that AEU's comments do not satisfy the requirements for a complaint challenging NYISO's tariff requirements pursuant to section 206 of the Federal Power Act,²⁷ and are not an appropriate mechanism for relitigating the justness and reasonableness of its tariff requirements.²⁸

13. We find that NYISO's informational filing complies with the Commission's directive to submit an informational filing within two years of the date of the April 2024 Order.²⁹ The Commission asked that NYISO's informational filing address its experience administering its DER and Aggregation participation model,³⁰ its views on the feasibility of the participation of DERs smaller than 10kW,³¹ the estimated effect that the 10 kW minimum capability requirement has had on potential participation, including on the total number of DERs under 10 kW in the New York Control Area,³² and outline stakeholder discussions concerning the participation of DERs smaller than 10kW.³³ NYISO's informational filing addresses each of these areas. As such, NYISO has complied with the Commission's directives. In its comments, AEU argues that NYISO's informational filing fails to sufficiently justify the 10 kW threshold. However, this argument misunderstands the Commission's directives in the April 2024 Order, which required NYISO to provide additional information regarding its commitment to continue its evaluation of its programs but did not require NYISO to demonstrate that its proposal remains just and reasonable.³⁴ As NYISO notes,³⁵ the Commission accepted the 10 kW

²⁵ NYISO Answer at 5.

²⁶ *Id.*

²⁷ 16 U.S.C. § 824e.

²⁸ NYISO Answer at 6.

²⁹ April 2024 Order, 187 FERC ¶ 61,022 at P 67.

³⁰ *See* Transmittal Letter at 3-6.

³¹ *See id.* at 6-9.

³² *See id.* at 9-10.

³³ *See id.* at 10-11.

threshold as just and reasonable and not unduly discriminatory or preferential,³⁶ and any arguments challenging the 10 kW threshold are beyond the scope of NYISO's informational filing.

By direction of the Commission.

Debbie-Anne A. Reese,
Secretary.

³⁴ April 2024 Order, 187 FERC ¶ 61,022 at P 67.

³⁵ NYISO Answer at 3-4.

³⁶ April 2024 Order, 187 FERC ¶ 61,022 at PP 63, 65.