

196 FERC ¶ 61,154
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 24, 2026

In Reply Refer To:
New York Independent System Operator, Inc.
Docket No. ER26-2959-000

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

Attention: Garrett E. Bissell

Dear Mr. Bissell:

1. On June 25, 2026, pursuant to section 205 of the Federal Power Act (FPA)¹ and Part 35 of the Commission's regulations,² New York Independent System Operator, Inc. (NYISO) submitted proposed revisions to its Market Administration and Control Area Services Tariff (Services Tariff)³ to set new Installed Capacity (ICAP) market parameters in the upcoming 2026-2027 Winter Capability Period to align them with expected capacity supply conditions.⁴ As discussed below, we accept NYISO's proposed revisions to its Services Tariff, to be effective August 25, 2026, as requested.

2. NYISO administers the Installed Capacity (ICAP) market through which Unforced Capacity (UCAP) is bought and sold.⁵ UCAP represents the amount of ICAP that is available at a particular time, adjusted for periods when a resource is not available due to a forced outage or other limitations on a resource's operating capability. NYISO administers three types of ICAP Auctions: (1) Capability Period Auctions; (2) Monthly

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2025).

³ See Appendix for accepted tariff records.

⁴ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Services Tariff.

⁵ NYISO, NYISO Tariffs, NYISO MST, § 5.13 (MST Installed Capacity Auctions) (3.0.0).

Auctions; and (3) Spot Market Auctions.⁶ NYISO's ICAP Auctions enable Load Serving Entities to meet resource adequacy requirements. Capability Period Auctions are voluntary auctions that allow sellers to offer any uncommitted capacity and Load Serving Entities to buy capacity for a six-month Capability Period.

3. Under NYISO's current rules, NYISO must determine whether a Capability Year includes certain new entry that can materially influence the ICAP market parameters, known as Triggering Resources.⁷ Where a Capability Year includes a Triggering Resource, NYISO must develop two sets of ICAP market parameters to account for different assumptions regarding the Triggering Resource's participation in the ICAP market.⁸ If the Triggering Resource provides valid notice that it will participate in the ICAP market for any delivery month during the Summer Capability Period (May through October), NYISO will implement the ICAP market parameters that assume the Triggering Resource is participating in the ICAP market beginning with the delivery month indicated in the required notice.⁹

4. NYISO states that it determined that the Unforced Capacity Deliverability Rights (UDR) awarded to the Champlain Hudson Power Express (CHPE) project constituted a Triggering Resource for the 2026-2027 Capability Year.¹⁰ Accordingly, NYISO explains that it developed two sets of ICAP market parameters: one assuming that the CHPE UDRs are not participating in the ICAP market (CHPE-Out) and another assuming the

⁶ See *N.Y. Indep. Sys. Operator, Inc.*, 188 FERC ¶ 61,051, at P 2 (2024).

⁷ NYISO, NYISO Tariffs, NYISO MST, § 5.11 (21.0.0), § 5.11.7 (ICAP Market Parameters for Triggering Resources); see also *N.Y. Indep. Sys. Operator, Inc.*, 193 FERC ¶ 61,233 (2025).

⁸ One set of ICAP market parameters is based on an assumption that the Triggering Resource is participating in the ICAP market, while the other set of parameters assumes that the Triggering Resource is not participating in the ICAP market.

⁹ NYISO, NYISO Tariffs, NYISO MST, , § 5.11 (21.0.0), § 5.11.7.1 (Triggering Resources Included in the IRM Study Final Base Case).

¹⁰ Transmittal Letter at 2-3. 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." See NYISO, NYISO Tariffs, NYISO MST, § 2.21 (Definitions - U) (7.0.0).

CHPE UDRs participate at full capability (i.e., provide 1,250 MW of capacity supply) in the ICAP market (CHPE-In).¹¹

5. NYISO explains that H.Q. Energy Services (U.S.) Inc. (HQUS), the CHPE UDR rightsholder, provided the required notice of participation by the CHPE UDRs for the July 2026 delivery month.¹² Therefore, NYISO states that, beginning with the July 2026 delivery month, the CHPE-In ICAP market parameters will take effect and will remain in effect through the end of the 2026-2027 Capability Year under the current rules.

6. However, NYISO explains that an expectation of 1,250 MW of capacity supply from the CHPE UDRs is not reasonable for the peak winter months of the upcoming 2026-2027 Winter Capability Period (i.e., December 2026 through February 2027).¹³ NYISO explains that HQUS has an obligation to first serve its native load in Hydro-Québec, and because Hydro-Québec is a winter-peaking system, Hydro-Québec has historically had little or no surplus capacity available for export to the New York Control Area (NYCA) during the months of December, January, and February.¹⁴ NYISO states that its assessment identified that it is more reasonable to assume zero MW of capacity supply available from the CHPE UDRs to New York City during the peak winter months of the upcoming 2026-2027 Winter Capability Period. NYISO states that, if the CHPE-In parameters of 1,250 MW of capacity supply from the CHPE UDRs are maintained when the expected supply from the CHPE UDRs is zero MW, the New York City Locational Minimum Installed Capacity Requirement (LCR) would remain at a higher value, leading to artificially tight supply-demand conditions and high capacity prices in the peak winter months.¹⁵ NYISO asserts that the New York City ICAP Spot Market Auctions during the peak winter months could clear below the minimum requirement because the ICAP market parameters would be targeting a capacity level that is unattainable without capacity supply from the CHPE UDRs, erroneously signaling a significant capacity shortage.

7. NYISO proposes Services Tariff revisions to allow for two one-time adjustments.¹⁶ First, NYISO proposes adjusting the LCR applicable for New York City

¹¹ Transmittal Letter at 3; Zhang Aff. at 2-3.

¹² Transmittal Letter at 3-4.

¹³ *Id.* at 5.

¹⁴ NYISO explains that for instance, HQUS has supplied zero MW to NYCA for the past two peak winter seasons. *Id.* at 4-5; Zhang Aff. at 3.

¹⁵ Transmittal Letter at 8-9; Zhang Aff. at 4.

¹⁶ NYISO explains that the Commission recently accepted a longer-term, durable

during the peak winter months of the 2026-2027 Winter Capability Period to reflect more realistic capacity supply assumptions for the CHPE UDRs, therefore using two different LCRs for New York City during the 2026-2027 Capability Year (i.e., using CHPE-In LCR parameters during non-peak winter months and CHPE-Out LCR parameters during peak winter months).¹⁷ NYISO argues that using an LCR for New York City that is properly calibrated with reasonable expectations of capacity supply availability avoids potential adverse market outcomes.¹⁸ Additionally, NYISO contends that the proposed modifications address the unique circumstances caused by the CHPE UDRs commencing ICAP market participation during the 2026-2027 Capability Year.

8. Second, NYISO proposes updating the 2026-2027 Winter Capability Period ICAP Demand Curve parameters to account for the impact of the CHPE UDRs on seasonal¹⁹ capacity availability.²⁰ NYISO argues that updating the ICAP Demand Curve parameters will better account for the potential capacity supply availability from the CHPE UDRs during the upcoming 2026-2027 Winter Capability Period.²¹ NYISO also explains that,

solution to the misalignment concerns addressed by this proposal in the ICAP market enhancements that NYISO proposed in Docket No. ER26-1431. Transmittal Letter at 7 (citing *N. Y. Indep. Sys. Operator, Inc.*, 195 FERC ¶ 61,250 (2026)).

¹⁷ *Id.* at 8-10.

¹⁸ *Id.* at 9.

¹⁹ In calibrating the ICAP Demand Curve reference point prices to ensure revenue sufficiency for the reference technology, a winter-to-summer ratio metric is used, representing the ratio of expected available capacity in the winter season relative to the summer season. When greater capacity is expected to be available in the winter relative to the summer, the reference point prices for the winter season are scaled up to account for the greater supply available in winter ICAP auctions, ensuring that the hypothetical reference technology can still achieve its annual revenue requirement over the course of the Capability Year. Historically, this ratio has always been above 1.0, however, entry of the CHPE UDRs into the ICAP market causes New York City's ratio to go below 1.0. NYISO explains that to avoid unwarranted market disruption and uncertainty that could result from introducing intra-Capability Period adjustments to the 2026 Summer Capability Period that has already commenced and is ongoing, NYISO proposes to revise the ICAP Demand Curve parameter formulas for New York City to isolate the impact of the CHPE UDRs to the upcoming 2026-2027 Winter Capability Period. Transmittal Letter at 12-13, Zhang Aff. at 4-5.

²⁰ Transmittal Letter at 6; Zhang Aff. at 5-6. New York City's LCR for CHPE-Out and CHPE-In is 82.6% and 86.4% respectively. Zhang Aff. at 4.

because the CHPE UDRs are expected to provide substantially greater levels of capacity during the summer months than across the winter months, the seasonal availability profile for 2026-2027 Capability Year will differ markedly from the past.²² NYISO states that, without an adjustment to the existing ICAP Demand Curve formula parameters, the summer reference point price and summer maximum clearing price of the New York City ICAP Demand Curve would need to be raised.²³ NYISO contends that updating the Winter Capability Period ICAP Demand Curve parameters and allowing New York City to use two separate LCRs will send price signals that align with reasonable expectations of capacity supply conditions during the shoulder and peak winter months.²⁴ NYISO states that the proposed adjustments in ICAP Demand Curve parameters will provide revenue sufficiency for investment in the hypothetical peaking plant under the tariff-prescribed level of excess conditions over the duration of the 2026-2027 Capability Year.

9. Notice of NYISO's filing was published in the *Federal Register*, 91 Fed. Reg. 39610 (June 30, 2026), with interventions and protests due on or before July 16, 2026. Timely motions to intervene were filed by: Constellation Energy Generation, LLC; HQUS; Independent Power Producers of New York, Inc.; and New York Transmission Owners.²⁵

10. We find that NYISO's proposed Services Tariff revisions are just and reasonable and not unduly discriminatory or preferential, and we therefore accept them, to be effective August 26, 2026, as requested. As NYISO explains, Hydro-Québec historically has provided zero MWs of capacity to NYCA in the peak winter delivery months and has made statements that it does not expect to have excess the capacity to export to NYCA for the upcoming December through February time period.²⁶ We find just and reasonable NYISO's proposal to use ICAP market parameters that more accurately reflect the expected amount of capacity that CHPE will provide.

²¹ Transmittal Letter at 10.

²² Zhang Aff. at 7.

²³ Transmittal Letter at 13.

²⁴ Zhang Aff. at 12.

²⁵ New York Transmission Owners include 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.

²⁶ Transmittal Letter at 5; Zhang Aff. at 4.

11. For this reason, we find that the proposed revisions to allow NYISO to use updated market parameters to determine the ICAP Demand Curves for the Winter Capability Period are just and reasonable. We find that this proposal will allow NYISO to more accurately reflect capacity supply from the CHPE UDRs during the peak winter months.

12. We also find NYISO's proposed revisions to the New York City ICAP Demand Curve are just and reasonable. As the CHPE UDRs are expected to provide greater levels of capacity during the Summer Capability Period than the Winter Capability Period, the seasonal availability profile for New York City during the 2026-2027 Capability Year will differ from the past. Absent NYISO's proposal, NYISO would be required to apply an upward adjustment to the summer reference point price and summer maximum clearing price of the New York City ICAP Demand Curve for the remaining Spot Market Auctions of the Summer Capability Period.²⁷ We agree with NYISO that its proposal "would avoid unwarranted market disruption and uncertainty that could result from introducing intra-Capability Period adjustments."²⁸

13. Finally, we agree with NYISO that updating the Winter Capability Period ICAP Demand Curve parameters and allowing New York City to use two separate LCRs will send price signals that align with reasonable expectations of capacity supply conditions during the shoulder and peak winter months.²⁹

By direction of the Commission.

Carlos D. Clay,
Deputy Secretary.

²⁷ Transmittal Letter at 13.

²⁸ *Id.*

²⁹ Zhang Aff. at 12.

Appendix – Tariff Records

New York Independent System Operator, Inc.
NYISO Tariffs

- [NYISO MST, 5.11 MST Requirements Applicable to LSEs \(23.0.0\)](#)
- [NYISO MST, 5.14 MST Installed Capacity Spot Market Auction and Installation \(46.0.0\)](#)