

July 30, 2020

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: New York Independent System Operator, Inc., Proposed Enhancement Peak Load Hour Identified for ICAP Forecast and Determining Minimum Unforced Capacity LSE Requirements, Docket No. ER20-____-000

Dear Ms. Bose:

In accordance with Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”). These revisions would better align the actual peak Load hour² used by the NYISO to calculate the peak Load forecast for its Installed Capacity (“ICAP”) Market and the determination of the minimum Unforced Capacity (“UCAP”) requirements of Load Serving Entities (“LSEs”) with the design conditions that the NYISO employs to determine the peak Load forecast for the upcoming Capability Year. The changes would ensure the minimum LSE UCAP requirements are allocated in a manner that is consistent with the expected load share at the NYISO’s design conditions and would alleviate potential inefficiencies that could occur when the actual New York Control Area (“NYCA”) peak Load hour occurs outside the NYISO’s current design conditions for its peak Load forecast. These changes do not affect the final calculated peak Load forecast that is developed by the NYISO for the upcoming Capability Year.

Additionally, the changes provide greater transparency and certainty to LSEs regarding the time period on which their minimum UCAP requirements will be based. The current tariff allocates minimum UCAP requirements based solely on the peak hour, regardless of when that hour occurs. The changes therefore increase certainty and transparency for loads and have the potential to improve the loads’ ability to tailor their incremental consumption to their willingness to accept an increase in UCAP requirements.

¹ 16 U.S.C. §824d (2018)

² Capitalized terms that are not otherwise defined herein shall have the meaning specified in the Services Tariff.

None of these changes will cause the resulting forecast to be altered from the current methodology. The NYCA Peak Load Forecast will continue to be consistent with “design conditions.”

The changes were approved unanimously at the June 16, 2020, NYISO Management Committee and subsequently by the NYISO Board of Directors.

For the reasons set forth in Section III, below, the NYISO respectfully requests that the Commission issue an order accepting the proposed tariff revisions to be effective on the day following the conclusion of the standard sixty day notice period established by Section 205 of the Federal Power Act, *i.e.*, on September 29, 2020. Making the proposed revisions effective in September will allow them to be implemented for the NYCA Peak Load Forecast calculated for the 2021 Capability Year. The NYISO typically begins working with the New York Transmission Owners (“NYTOs”) and other stakeholders on the calculations for the NYCA Peak Load Forecast in September, but these calculations are not typically finalized before mid-December.

I. COMMUNICATIONS

Communications regarding this proceeding should be sent to:

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***Designated to receive service.**

II. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents with this transmittal letter:

1. A blacklined version of the NYISO Services Tariff revisions proposed in this filing (“Attachment I”); and

2. A clean version of the NYISO Services Tariff revisions proposed in this filing (“Attachment II”).
3. A clean version of NYISO Services Tariff Sections 5.10 and 5.11 to incorporate the revisions proposed in this filing into versions that have been accepted by the Commission to become effective on March, 1, 2021³ (“Attachment III”).

III. BACKGROUND

The NYISO currently begins the process to calculate the peak Load forecast that is used to determine the NYCA Minimum Installed Capacity Requirement by requiring each Transmission Owner to submit to the NYISO “the weather-adjusted Load within its Transmission District during the hour in which actual Load in the NYCA was highest (the “NYCA peak Load”) for the current Capability Year.” These processes are described in Sections 5.10 and 5.11 of the currently effective Services Tariff. The NYISO uses the Transmission Owners’ information to statistically determine the peak Load forecast for the NYCA, which is then used to determine the minimum capacity requirements for LSEs in the NYCA. Each LSE’s consumption during the NYCA peak Load is used by the NYTOs to determine the allocation that the NYISO should use for each LSE’s individual UCAP requirements in the upcoming Capability Year. Because the NYISO historically has observed that the overwhelming majority of these peak Load conditions occur during an hour on a non-holiday weekday during July and August, the NYISO currently develops its peak Load forecast for this design condition.

While the current tariff provisions have worked well, when the actual peak Load is observed outside of the design condition, a potential for misalignment between the allocation of LSE UCAP requirements arises. This can occur because the NYISO makes consumption adjustments that add Load to the actual observed Load based upon historic LSE consumption patterns. Essentially, the NYISO adds or subtracts Load to account for consumption that would have been observed if the peak Load had occurred during the expected time. This change to the actual observed Load is necessary to get an accurate peak Load forecast consistent with the NYISO’s design conditions, but may cause a misalignment with regard to the allocation of LSE UCAP requirements with their actual consumption patterns during the design conditions. This misalignment may allocate UCAP requirements to Loads disproportionate to their Load during design conditions (i.e., their contribution to necessary reserve requirements).

IV. PROPOSED TARIFF REVISIONS

A. Proposed Revisions to Clarify the Process of Calculating the Minimum Installed Capacity Requirement

1. Proposed New Defined Term: “NYCA Peak Load Forecast”

The NYISO is proposing to replace the use of the phrase “NYCA peak,” which is found

³ The accepted language with a future effective date was filed in Docket Nos. ER19-2276-000 and ER20-1105-000.

in Section 5.11.1 of the Services Tariff, with the proposed defined term “NYCA Peak Load Forecast.” The new definition, also set forth herewith in definition Section 2.14 of the Services Tariff, would be: “[t]he NYISO calculation of the peak hourly demand condition for the design day occurring on a non-holiday weekday in July or August for the upcoming Capability Year which is determined in accordance with Sections 5.10 and 5.11 of the Services Tariff and is based upon the weather-adjusted Load for the hour during a non-holiday weekday in July or August in which actual Load in the NYCA was highest.” Adding the defined term removes any ambiguity and confusion that may result from the current tariff which uses the undefined phrases regarding “NYCA peak” and “NYCA peak Load.”

2. Moving Existing Language from Section 5.11.1 that Describes Calculating the UCAP Requirements into Section 5.10

In addition, the NYISO is relocating, with some modifications that are discussed in subsection B below, the first six sentences that are currently found in Section 5.11.1 of the Services Tariff. These sentences describe how the NYISO calculates the NYCA Peak Load Forecast and the minimum requirements for the ICAP Market. The NYISO proposes to move this language to provide clarity and avoid confusion as to how the NYCA Peak Load Forecast and the Minimum Installed Capacity Requirements (and the Minimum UCAP requirements) are calculated each year by the NYISO. The language explains how the NYISO is provided Load data from each Transmission Owner as well as municipal electric utilities that the NYISO uses to develop Load forecasts for each Transmission District that are then aggregated to determine the NYCA Peak Load Forecast. Moving this language into Section 5.10 from Section 5.11.1 is appropriate and will avoid confusion because the language addresses the NYISO’s development of the NYCA Peak Load Forecast and the determination of minimum ICAP and UCAP requirements for the upcoming Capability Year rather the allocation of these requirements to LSEs.

B. Aligning the Load Data Submitted to Develop the NYCA Peak Load Forecast with the NYISO’s Peak Day Design Conditions

In addition to the clarifying changes described above, the NYISO is also proposing to modify Sections 5.10 and 5.11.1 of the Services Tariff to require that the Transmission Owners and, where applicable, municipal electric utilities provide weather-adjusted Load data within their Transmission Districts for the non-holiday weekday hour occurring in July or August⁴ in which actual Load in the NYCA was highest for the current Capability Year. While this change will not impact that actual determination of the NYCA Peak Load Forecast, it would ensure that the allocation of minimum capacity requirements to LSEs is better aligned with the LSE’s consumption for the design conditions for which the NYCA Peak Load Forecast was developed. This enhances the relationship between the Load that drives reliability requirements (*i.e.*, Load at

⁴ 80% of the annual highest coincident NYCA peak load hours have occurred on a weekday in July and August since the NYISO was formed. The NYISO continually monitors peak Load consumption patterns and has agreed with its stakeholders that should it observe a change in these patterns, at a minimum it would need to revise its tariff provisions.

“design conditions”) potentially improving the economic efficiency of the NYISO ICAP market. Further, the changes provide greater transparency and certainty to Loads regarding when and how their minimum UCAP requirement will be established, thus potentially enabling greater responsiveness to market conditions (*e.g.*, by tailoring incremental consumption to a willingness to accept an incremental increase in UCAP requirements).

V. STAKEHOLDER REVIEW

The proposed tariff revisions that are included in this filing were approved by the NYISO’s stakeholder Management Committee on June 16, 2020. The proposal was passed unanimously.

VI. REQUESTED EFFECTIVE DATE

The NYISO respectfully asks that the Commission make this filing effective the day following the conclusion of the standard sixty day notice period established by Section 205 of the Federal Power Act, *i.e.*, on September 29, 2020. As indicated above, the proposed tariff revisions will not impact the market outcomes prior to the 2021 Capability Year, which begins May 1, 2021, but the NYISO begins the work to develop the NYCA Peak Load Forecast for the 2021 Capability Year, as required by Sections 5.10 and 5.11 of the Services Tariff, in the latter part of the current year.

VII. SERVICE

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO’s website at www.nyiso.com.

VIII. CONCLUSION

In conclusion, the NYISO respectfully asks that the Commission accept the proposed revisions to the Services Tariff and make them effective on September 29, 2020, without imposing any conditions and without instituting any further proceedings.

Respectfully Submitted,

/s/ David Allen

David Allen

Senior Attorney

New York Independent System Operator, Inc.

cc:	Anna Cochrane	John C. Miller	Douglas Roe
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