New York ISO
Independent System Operator

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April 16, 2021

By Electronic Delivery

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

Re: Docket No. ER21-502-00_, *New York Independent System Operator, Inc.*; Compliance Filing

Dear Secretary Bose:

On November 30, 2020, the New York Independent System Operator, Inc. ("NYISO") filed its proposal related to the tariff-prescribed quadrennial review of the Installed Capacity ("ICAP") Demand Curves in the above referenced proceeding ("2021-2025 DCR Filing").[1] The proposal included: (1) revisions to the Services Tariff related to the proposed ICAP Demand Curves for the 2021/2022 Capability Year; and (2) the methodologies and inputs for use in conducting annual updates to determine the ICAP Demand Curves for the 2022/2023, 2023/2024, and 2024/2025 Capability Years.

On April 9, 2021, the Federal Energy Regulatory Commission ("Commission") issued an order addressing the NYISO's proposal in this proceeding.[2] The Commission accepted the NYISO's proposal subject to the requirement that the NYISO "file a compliance filing within 14 days of the date of this order reflecting an amortization period of 20 years for the 2021-2025 DCR …."[3] The NYISO submits this compliance filing to address the Commission's directive to revise the assumed amortization period for the peaking plants used in determining the ICAP Demand Curves for the 2021-2025 reset period. The NYISO plans to begin utilizing the 2021/2022 Capability Year ICAP Demand Curves submitted as part of this compliance filing for the upcoming May 2021 ICAP Spot Market Auction.

[1] Docket No. ER21-502-000, *New York Independent System Operator, Inc.*, 2021-2025 ICAP Demand Curve Reset Proposal (November 30, 2020). On February 12, 2021, the NYISO submitted an amended filing to provide additional information regarding its proposal. *See* Docket No. ER21-502-001, *supra*, Response to Request for Additional Information (February 12, 2021). Capitalized terms not otherwise defined herein shall have the meaning specified in the Market Administration and Control Area Services Tariff ("Services Tariff").

[2] *New York Independent System Operator, Inc.*, 175 FERC ¶ 61,012 (2021) ("2021-2025 DCR Order").

[3] *Id.* at P 2.

I. Documents Submitted

The NYISO respectfully submits the following documents with this filing letter:

1. A clean version of the proposed compliance revisions to the Services Tariff with an effective date of April 9, 2021 as directed by the 2021-2025 DCR Order ("Attachment I"); and

2. A blacklined version of the proposed compliance revisions to the Services Tariff with an effective date of April 9, 2021 as directed by the 2021-2025 DCR Order ("Attachment II").

II. Description of Compliance Filing

The 2021-2025 DCR Order directed the NYISO to revise the assumed amortization period for the peaking plants used in determining the ICAP Demand Curves for the 2021-2025 reset period to 20 years instead of the 17-year value initially proposed by the NYISO.[4] Use of a 20-year amortization period ultimately impacts the following factors: (1) the localized levelized embedded cost of the peaking plant used in establishing each ICAP Demand Curve (*i.e.*, referred to by the Services Tariff as the "peaking plant gross cost"); (2) the resulting reference point value for each ICAP Demand Curve; and (3) the resulting maximum clearing price value for each ICAP Demand Curve.

With respect to ICAP Demand Curves for which the NYISO evaluated more than one location for the proposed peaking plant, the Commission-directed change to the assumed amortization period does not result in any changes to the proposed location to be used in determining such ICAP Demand Curves for the 2021-2025 reset period. Thus, the NYISO will base the NYCA ICAP Demand Curve on a peaking plant located in Load Zone C, and the G-J Locality ICAP Demand Curve will be based on a peaking plant located in Load Zone G (Rockland County).

The table below provides the ICAP Demand Curve parameter values for the 2021/2022 Capability Year reflecting the Commission's directed change to the amortization period.[5]

[4] *Id.* at P 2, 19 and 161.

[5] For informational purposes, the NYISO previously submitted the 2021/2022 Capability Year ICAP Demand Curve parameters values that would apply if the Commission required use of a 20-year amortization period. *See* 2021-2025 DCR Filing at Attachment V (*Affidavit of Zachary T. Smith*), ¶ 28. The values stated herein are the same as the aforementioned values previously submitted for informational purposes.

	2021/2022 Capability Year ICAP Demand Curve Parameters			
	NYCA	**G-J Locality**	**New York City**	**Long Island**
Maximum Clearing Price Value ($/kW-month)	$14.01	$18.94	$26.25	$21.27
Reference Point Price Value ($/kW-month)	$7.81	$13.28	$21.28	$17.60
Zero-Crossing Point	112%	115%	118%	118%

The NYISO has publically posted to its website a revised version of the spreadsheet utilized in calculating the parameter values for each ICAP Demand Curve (*i.e.*, commonly referred to as the "Demand Curve Model") that reflects use of a 20-year amortization period.[6] The NYISO has also publically posted to its website a streamlined version of the model used to estimate the potential energy market revenue earnings of each peaking plant (*i.e.*, commonly referred to as the "Net EAS Model") that reflects the assumptions and methodologies accepted by the Commission for the 2021-2025 reset period.[7]

In compliance with the 2021-2025 DCR Order, the NYISO has revised the ICAP Demand Curve parameter values for the 2021/2022 Capability Year set forth in Section 5.14.1.2 of the Services Tariff to reflect the Commission's directive to use a 20-year amortization period.[8] The NYISO has also updated the peaking plant gross cost values set forth within the table in Section 5.14.1.2.2.3 of the Services Tariff to reflect use of a 20-year amortization period, as directed by the Commission.

III. Service

The NYISO will send an electronic link to this filing to the official representative of each party to this proceeding, the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public Service Commission, and the New Jersey

[6] The revised Demand Curve Model is an excel file titled "Demand Curve Model 2021-04-15" available at: https://www.nyiso.com/installed-capacity-market. From this page, the revised Demand Curve Model can be obtained by navigating through the following content sections: "Reference Documents" à "2021-2025 Demand Curve Reset" à "FERC Approved Models."

[7] The streamlined version of the Net EAS Model has disabled the functionality to assess alternative assumptions, locations, and peaking plant designs not accepted by the Commission in the 2021-2025 DCR Order. This streamlined version of the model will be used by the NYISO in conducting the annual updates to determine the ICAP Demand Curves for the 2022/2023 through 2024/2025 Capability Years. The streamlined version of the Net EAS Model is contained within a zip folder titled "2021-04-14 Final Fossil Model" available at: https://www.nyiso.com/installed-capacity-market. From this page, the streamlined version of the model can be obtained by navigating through the following content sections: "Reference Documents" à "2021-2025 Demand Curve Reset" à "FERC Approved Models."

[8] The revised values set forth in Section 5.14.1.2 are the same as those set forth in the table above.

Board of Public Utilities. In addition, the NYISO will post this filing on its website at www.nyiso.com.

IV. Conclusion

The NYISO respectfully requests that the Commission accept this compliance filing. Consistent with the 2021-2025 DCR Order, the tariff revisions submitted with this compliance filing reflect an effective date of April 9, 2021.[9] As such, the NYISO plans to begin utilizing the 2021/2022 Capability Year ICAP Demand Curve values submitted as part of this compliance filing for the May 2021 ICAP Spot Market Auction.

Respectfully submitted,

/s/ Garrett E. Bissell
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[9] 2021-2025 DCR Order at P 2.