

February 10, 2023

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 Tariff Revisions Regarding Deliverability Rules for Internal Controllable Lines, Docket No. ER23-___-000*

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act (“FPA”) and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), the New York Independent System Operator, Inc. (“NYISO”) respectfully submits proposed revisions to its Open Access Transmission Tariff (“OATT”). The NYISO’s proposed revisions establish rules by which Internal Controllable Lines (“ICLs”) will be evaluated for deliverability in the NYISO’s interconnection process and clarify how ICLs and other resources will be derated in deliverability studies. For the reasons explained below, the NYISO respectfully requests that the Commission issue an order by April 11, 2023, which is 60 days after the date of this filing, accepting the tariff revisions submitted with this filing. The NYISO further requests that the Commission waive its prior notice requirement under Section 205 of the FPA to permit the tariff revisions proposed in this filing to become effective one business day after filing, on February 13, 2023.

This filing is the first of two filings that will propose rules applicable to controllable transmission lines located entirely inside New York that are scheduled distinct from the NYISO’s AC transmission system. A subsequent Section 205 filing to be made later this year will propose rules addressing how ICLs will participate in the NYISO-administered Energy, Ancillary Services and ICAP markets.¹

The tariff changes proposed in this filing will allow the NYISO to appropriately evaluate the deliverability impacts of a proposed ICL in both the upstate and downstate regions of the transmission system to which it interconnects. Furthermore, the proposed tariff revisions clarify how the NYISO deliverability analyses will derate ICLs and other resources consistent with the

¹ Capitalized terms not otherwise defined in this letter have the meaning set forth in the NYISO’s OATT and NYISO Market Administration and Control Area Services Tariff.

recently-accepted Capacity Accreditation Factors. The NYISO respectfully submits that its proposed tariff revisions are fully supported, are just and reasonable, and should be accepted without modification or condition.

There is currently one proposed ICL that will likely be a member of Class Year 2023, which will commence on February 13, 2023.² It is, therefore, necessary for the tariff language proposed in this filing to become effective for the deliverability analyses that will be performed as part of Class Year 2023. Consequently, as described in Part V below, the NYISO is requesting that the Commission permit the proposed Tariff revisions submitted with this filing to become effective on February 13, 2023, which is the Class Year Start Date for Class Year 2023.

There is good cause to accept the NYISO's proposed effective date. An effective date of February 13, 2023 will align with the Class Year Start Date for Class Year 2023. The NYISO notes that the deliverability evaluations impacted by these proposed tariff revisions will not commence until at least 60 days after the start of Class Year Start Date.³ However, aligning the effective date of the proposed revisions with the Class Year Start Date in this instance will provide additional clarity in the tariff on the rules applicable to Class Year 2023.⁴ The NYISO has been working with its stakeholders to develop the proposed deliverability study methodology changes since July of 2022, and has made clear both in the tariff revisions themselves and in its presentations to stakeholders, the NYISO's intention to apply them to Class Year 2023.⁵

² See *Clean Path New York LLC*, Order Granting Waiver, 181 FERC ¶ 61,236 at P 20 (2022) (“Clean Path Order”).

³ The Class Year Deliverability Test follows a series of base case conditioning steps prior to the commencement of the deliverability analyses. After development of the pre-Class Year project base case, the NYISO proceeds with the base case conditioning steps in Sections 25.7.8.2.1 before ultimately conducting the deliverability testing.

⁴ The next Expedited Deliverability Study will commence February 24, 2023; however, no Class Year Transmission Projects internal to the NYCA pending in the NYISO's interconnection queue have met the eligibility requirements to enter such study.

⁵ See, e.g.,

https://www.nyiso.com/documents/20142/34647738/8%20ICL%20Deliverability%20and%20UCDF%20Tariff%20Updates_November%20MC.pdf/e91ea6e0-3d0a-4032-8e24-26974c3f95db at slide 4 (stating that “[a]s discussed with stakeholders at the 09/30/22 and 10/19/22 ICAPWG/MIWG/TPAS, the NYISO intends to proceed with proposed tariff revisions for the deliverability aspects of the ICL design on a more accelerated timeline than the rest of the ICL market design tariff revisions. This approach will enable these revisions to apply to the Class Year 2023 Deliverability analyses.”);

https://www.nyiso.com/documents/20142/33520089/ICL%20Updates_09302022.pdf/8fc08f03-55e1-9d61-d290-ee8a07b91f01 at slide 11 (stating that “NYISO proposes to request in a corresponding Section 205 filing that the tariff revisions apply to the next Class Year (timing the effective date prior to the lockdown of the next Class Year base cases and/or commencement of the Class Year deliverability evaluations). This will allow the necessary deliverability tariff revisions to be in place for the upcoming Class Year (estimated to begin in Q1 2023) and any ICL projects in the Class Year can be evaluated consistently with the methodology described in the ICL [market design proposal]”).

Finally, as discussed in more detail below, the Commission has previously accepted revisions to the NYISO's interconnection Tariff rules in advance of its review of the corresponding Energy, Ancillary Services and Capacity market rules.⁶ This enables developers to proceed through the interconnection study process, which considerably precedes a project's commercial operation and participation in the NYISO's markets.

I. Documents Submitted

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

1. A clean version of the NYISO's proposed tariff revisions to the OATT ("Attachment I"); and
2. A blacklined version of the NYISO's proposed tariff revisions to the OATT ("Attachment II").

II. Communications and Correspondence

All communications and service in this proceeding should be directed to:

Robert E. Fernandez, Executive Vice President, General Counsel &
Chief Compliance Officer
Raymond Stalter, Director, Regulatory Affairs
Karen Georgenson Gach, Deputy General Counsel
*Sara B. Keegan, Assistant General Counsel
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
rfernandez@nyiso.com
rstalter@nyiso.com
kgach@nyiso.com
skeegan@nyiso.com

*Person designated for receipt of service.

III. Background

As explained above, an ICL⁷ is a controllable transmission line that originates and terminates within the New York Control Area ("NYCA"). An ICL is ordinarily expected to link

⁶ See, e.g., *New York Indep. Sys. Operator, Inc.*, 174 FERC ¶ 61,242 (2021).

⁷ The defined term Internal Controllable Line ("ICL") will be introduced in proposed tariff revisions in the second ICL-related filing that includes the Energy, Ancillary Services and ICAP market rules. For ease of reference, the term ICL is used in this filing letter, but under current tariff definitions, what is referred to herein as an ICL is a subset of Class Year Transmission Projects.

an electrical location in the Rest of State Capacity Region (NYCA Load Zones A through F) to an electrical location in a Locality (NYCA Load Zones G-J, J or K). An ICL must be capable of conforming actual power flows to scheduled power flows and will be required to follow the NYISO's dispatch instructions. ICLs may be uni- or bi-directional. Rules for implementing ICLs in the NYISO's Energy, Ancillary Services and ICAP markets will be filed for the Commission's consideration later this year.

A. Rules to Evaluate the Interconnection and Deliverability of ICLs are needed to evaluate a Project in Class Year 2023; Energy, Ancillary Services and Capacity Market Rules will not be needed until 2026 or later

The NYISO is submitting this subset of proposed Tariff revisions now to have rules in effect prior to the Class Year 2023 deliverability evaluation.⁸ The proposed revisions will allow an ICL to proceed with deliverability studies in parallel with the NYISO's development of market rules governing how the ICL will ultimately participate in the NYISO's Energy, Ancillary Services and Capacity markets. The NYISO accelerated development of this portion of the ICL rules so that they can be in place for its Class Year 2023. As noted above, there is a proposed Class Year Transmission Project with proposed Points of Interconnection internal to the NYCA that will likely be a member of Class Year 2023, which commences on February 13, 2023.⁹ This project—that will ultimately be an ICL—is not expected to enter service until 2026, at the earliest. There is adequate time for the NYISO and its stakeholders to develop, and for the Commission to consider, proposed Energy, Ancillary Services and Capacity market rules before any ICL enters service in New York.

As noted above, the Commission has previously accepted requests to make effective revisions to the NYISO's interconnection Tariff revisions in advance of the corresponding Energy, Ancillary Services and Capacity market rules. For example, the NYISO proposed,¹⁰ and the Commission accepted,¹¹ revisions to the interconnection rules related to Co-located Storage Resources ("CSR") that NYISO requested become effective prior to other CSR-related tariff revisions. This enabled developers of CSRs to submit, and the NYISO to evaluate, CSR interconnection requests before the CSR market participation rules were fully implemented. Similarly, the requested effective date for this subset of the proposed ICL-related tariff revisions will enable developers of ICLs to proceed through a deliverability evaluation before the NYISO's implementation of the corresponding market rules.

⁸ The next Expedited Deliverability Study will commence February 24, 2023, however, no Class Year Transmission Projects internal to the NYCA pending in the NYISO's interconnection queue have met the eligibility requirements to enter such study.

⁹ *Clean Path New York LLC*, Order Granting Waiver, 181 FERC ¶ 61,236 at P 20 (2022) ("Clean Path Order").

¹⁰ New York Indep. Sys. Operator, Inc. January 29, 2021 Filing Proposing Tariff Revisions to Implement Co-located Storage Resources, Docket No. ER21-1001-000 at 28-39.

¹¹ *New York Indep. Sys. Operator, Inc.*, 174 FERC ¶ 61,242 (2021).

B. ICLs distinguished from Scheduled Lines that link the NYCA to External Control Areas

In 2005, the NYISO proposed tariff revisions that were developed to implement the Cross-Sound Cable that links Long Island, New York to Connecticut as its first external Scheduled Line. The Commission accepted the NYISO's proposed tariff revisions¹² and the Cross-Sound Cable was implemented in the NYISO's markets on June 8, 2005. The NYISO now has six Scheduled Lines that link the New York Control Area ("NYCA") to external neighboring Control Areas. Four of the external Scheduled Lines employ a "physical" advance reservation process, distinct from the NYISO's usual Commission-approved "financial reservation" regime, that is administered by the owner/operator of the line, subject to direction and control of either ISO New England or PJM Interconnection, LLC. Two of the lines, Northport-Norwalk and Cedars-Dennison, are scheduled in a manner that is almost identical to the scheduling of transactions over the NYISO's AC interfaces with its neighbors.

Although the NYISO has had external Scheduled Lines participating in its markets for more than 15 years, the NYISO does not currently have a set of rules to address the operation of a fully controllable transmission facility that originates and terminates entirely in New York. The NYISO intends to address that omission in 2023. The NYISO will develop rules to schedule ICLs in a manner that is consistent with and compliments the operation of the NYCA's AC facilities. The NYISO is currently working with its stakeholders to develop, and expects to submit Tariff rules addressing how it will schedule and dispatch ICLs, and how ICLs will participate in the NYISO's Energy, Ancillary Services and Capacity markets, in the third or fourth quarter of 2023.¹³

C. NYISO's Class Year Deliverability Study and Expedited Deliverability Study

NYISO's deliverability studies are part of the NYISO's Large Facility Interconnection Procedures ("LFIP").¹⁴ Under the NYISO's LFIP, Large Facilities include Large Generating Facilities (generators larger than 20 MW) and Class Year Transmission Projects. For purposes of evaluation in the interconnection process, under current tariff provisions, ICLs are a subset of Class Year Transmission Projects. A Class Year Transmission Project is defined as follows:

¹² See *New York Indep. Sys. Operator, Inc.*, 111 FERC 61,238 (2005)

¹³ The NYISO discussed conceptual rules to govern the operation of an ICL with its stakeholders in 2022. The NYISO intends to fully flesh-out and reflect the proposed ICL participation rules in its Tariffs in 2023.

Links to selected 2022 stakeholder presentations:

https://www.nyiso.com/documents/20142/32552857/Internal%20Controllable%20Lines_Market%20Design%20Concept%20Proposed_FINAL.pdf/a36c7967-9959-777a-879e-370fc30c4318

https://www.nyiso.com/documents/20142/30025560/Internal%20Controllable%20Lines_041922%20MIWG.pdf/bef8bdc2-4a68-64b8-8213-ad6c710c117a

¹⁴ OATT Attachments S and X.

a Developer's proposed new transmission facility that will interconnect to the New York State Transmission System or a proposed upgrade—an improvement to, addition to, or replacement of a part of an existing transmission facility—to the New York State Transmission System, for which (1) the Developer is eligible to request and does request Capacity Resource Interconnection Service, subject to the eligibility requirements set forth in the ISO Procedures; or (2) the Developer requests only Energy Resource Interconnection Service and the transmission facility for which it requests Energy Resource Interconnection Service is a transmission facility over which power flow can be directly controlled by power flow control devices directly connected to the Class Year Transmission Project without having to re-dispatch generation. Class Year Transmission Projects shall not include Attachment Facilities, Network Upgrade Facilities, System Upgrade Facilities or System Deliverability Upgrades.¹⁵

Transmission facilities that are Class Year Transmission Projects include proposed controllable transmission from an External Control Area to the NYCA as well as proposed ICLs—controllable transmission located entirely within the NYCA that proposes to withdraw Energy from one Capacity Region and inject Energy into another Capacity Region.

The LFIP call for three successive Interconnection Studies of each proposed project. These studies analyze proposed projects in varying levels of detail. First is the Optional Interconnection Feasibility Study, which is a high-level evaluation of the project's configuration and local system impacts. The second study is the Interconnection System Reliability Impact Study ("SRIS"), a detailed single-project study that evaluates the project's impact on transfer capability and system reliability. The final study in the interconnection process is the Class Year Interconnection Facilities Study ("Class Year Study"). The Class Year Study is a detailed study that evaluates the cumulative impact of a group of projects that have completed similar milestones—a "Class Year" of projects. The Class Year Study identifies the upgrade facilities needed to reliably interconnect all the projects in a Class Year. A Class Year is comprised of projects that have met specified Class Year Study eligibility requirements by the time the combined group study begins. Each Class Year Study allocates the cost of System Upgrade Facilities ("SUFs") and System Deliverability Upgrades ("SDUs") identified in the study among the projects in the Class Year in accordance with the cost allocation methodologies set forth in Attachment S.

All Large Facilities are subject to the Class Year Study procedures. The Class Year Study procedures are primarily contained in Attachment S. Attachment S sets forth the eligibility requirements for Class Year entry, establishes the Class Year Start Date and schedule,

¹⁵ OATT Attachment S, Section 25.1; OATT Attachment X, Section 30.1.

describes the obligations of Class Year Projects once they enter a Class Year Study, and details the scope and the cost allocation methodology for interconnection of new generation and merchant transmission facilities. It sets forth the detailed procedures for the identification and cost allocation of SUFs required for a project to reliably interconnect to the system and thereby provide ERIS.

For those Class Year Projects that elect CRIS, Attachment S provides for the evaluation of a project's Deliverability.¹⁶ In the Class Year Deliverability Study and Expedited Deliverability Study, the NYISO determines deliverability at the full amount of requested CRIS. In the Class Year Deliverability Study, if not deliverable, the NYISO will identify and allocate the cost of the SDUs needed to make each Class Year CRIS Project deliverable.¹⁷ In order to be eligible to become an ICAP Supplier or receive Unforced Capacity Deliverability Rights ("UDRs") or External-to-ROS Deliverability Rights ("EDRs"), a Developer must have CRIS. CRIS may be obtained through a transfer or through a deliverability evaluation in a Class Year Study or Expedited Deliverability Study. Deliverability studies determine the extent to which the project is deliverable at the requested CRIS level. If not fully deliverable, a Class Year Study will also identify SDUs needed for the project to be deliverable at the requested level of CRIS.

The NYISO Deliverability Interconnection Standard is designed to ensure that the project is deliverable throughout the New York Capacity Region where the Project will interconnect or is interconnected. Each Project electing CRIS will be allowed to become an ICAP Supplier, or will be allowed to receive UDRs or EDRs, in accordance with the rules of the New York ICAP market, up to the amount of its deliverable capacity, as that amount is determined in the Class Year Study.

While all projects must have CRIS to participate as an ICAP Supplier in the NYISO's markets, a Class Year Transmission Project is unique in that it may only participate in the NYISO's ICAP Market through the use of UDRs or EDRs.¹⁸ UDRs are associated with either (1) new controllable transmission facilities that cross an interface between an external Control Area and a NYCA Locality; (2) new controllable transmission facilities that cross an interface between a non-constrained region in the NYCA and a NYCA Locality; or (3) upgrades to an existing controllable transmission facilities that have UDRs. UDRs can only be obtained once a

¹⁶ Attachment S also provides for the decisional process toward the completion of the Class Year Study during which Class Year Projects accept or reject their Project Cost Allocations (the costs allocated to a Class Year Project for SUFs and SDUs, as applicable), and the process by which Security and Headroom obligations must be satisfied. Through this unique clustered Class Year Study, the NYISO is able to equitably allocate upgrade costs and generate detailed good faith cost estimates that provide reasonable closure on upgrade costs.

¹⁷ An Expedited Deliverability Study evaluates deliverability just as a Class Year Deliverability Study, but only identifies deliverable MW and does not identify SDUs. A project that requires SDUs to be deliverable at its requested CRIS level had to proceed through a Class Year Deliverability Study to have the option of accepting and posting Security for required SDUs.

¹⁸ EDRs are associated with incremental transfer capability on a new or existing Scheduled Line over an External Interface, with a terminus in the Rest of State Capacity Region.

Class Year Transmission Project has CRIS, after a formal request to the NYISO that includes the pertinent technical information needed to determine such award.¹⁹ Projects seeking UDRs or EDRs must therefore first meet the NYISO Deliverability Interconnection Standard. The methodology used to make that evaluation is the subject of the NYISO's proposed tariff revisions.

IV. Description of Proposed Tariff Revisions

Currently, the tariff provisions setting forth the deliverability methodology to be used in the Class Year Study indicates that a new facility must be deliverable throughout the Capacity Region in which it interconnects.²⁰ The current tariff language does not explicitly address how to evaluate a controllable line with more than one point of interconnection in the NYCA that interconnects in two separate Capacity Regions. Nor does the current tariff address how to account for losses of an internal Class Year Transmission Project between the point of injection and the point of withdrawal.

The proposed tariff revisions address this gap by specifying that a proposed Class Year Transmission Project that is internal to the NYCA, intending to participate in the NYISO's ICAP market, must be deliverable throughout the Capacity Region to which it proposes to inject Energy *and* throughout the Capacity Region from which it proposes to withdraw Energy (*i.e.*, the project is modeled as a withdrawal in one Capacity Region and an injection in the other Capacity Region). This approach will require an ICL internal to the NYCA to mitigate deliverability impacts identified under the applicable deliverability tests in both Capacity Regions to which it proposes to interconnect.

The NYISO also proposes tariff revisions to clarify the methodology by which an ICL's capacity is derated for the deliverability study. Under the current tariff language, the derating methodology the NYISO utilizes to evaluate deliverability incorporates derating factors referred to as Unforced Capacity Deration Factors ("UCDFs"). The UCDF is an average value based on historical performance on a Capacity Region basis and is applied to the MW value of the Developer-requested CRIS for purposes of the deliverability analysis. The deliverability analysis is performed using these derated values and then converted back to the ICAP MW value to establish the appropriate CRIS value for the facility.²¹

The current derating factor for most conventional (*i.e.*, thermal) capacity resources uses an Equivalent Demand Forced Outage Rate ("EFORd") calculated as an average of the two

¹⁹ NYISO Installed Capacity Manual, Section 4.14.2.

²⁰ OATT Attachment S, Section 25.7.3.

²¹ UCDF will not employ a Capacity Accreditation Factor that will be assigned to a facility in the Installed Capacity Market. Capacity Accreditation Factors are calculated in order to value a Resource at the marginal value it provides to meeting the resource adequacy criterion. The UCDF, however, will model the expected performance of the resource in delivering its Energy at its Installed Capacity value across the system.

previous like-Capability Period EFORDs. EFORD evaluates the portion of time a unit is in demand but is unavailable due to forced outages.²² Derating factors for Intermittent Power Resources are based on actual performance over a specified peak period. These factors are appropriate for the deliverability analysis as they provide expectations of unit output available during the peak load hours. The tariff does not currently specify a derating factor for Class Year Transmission Projects.

As discussed in more detail below, the NYISO's proposed tariff revisions clarify how the UCDF will be applied for different resource types, including Class Year Transmission Projects, and updates references to duration adjustment factors that have been replaced by Capacity Accreditation Factors.

A. Proposed Revisions to Section 25.7.3

NYISO proposes to add in OATT Section 25.7.3 the requirement that a proposed Class Year Transmission Project that is requesting CRIS for UDRs be deliverable throughout each Capacity Region to which it proposes to interconnect—*i.e.*, throughout the Capacity Region to which it proposes to inject Energy and throughout the Capacity Region from which it proposes to withdraw Energy. The proposed tariff language specifically provides:

Starting with Class Year 2023, a proposed Class Year Transmission Project internal to the NYCA that is requesting CRIS for UDRs must be deliverable both throughout the Capacity Region to which it proposes to inject Energy and throughout the Capacity Region from which it proposes to withdraw Energy. For example, a Class Year Transmission Project that proposes to withdraw Energy from the Rest of State Capacity Region (*i.e.*, Load Zones A-F) and inject Energy into New York City (*i.e.*, Load Zone J) must demonstrate deliverability throughout the Rest of State Capacity Region and demonstrate deliverability throughout the New York City Capacity Region.

The NYISO proposes to require an ICL to be deliverable throughout the Capacity Region to which it proposes to inject Energy *and* throughout the Capacity Region from which it proposes to withdraw Energy. Unlike a generator with a single interconnection point, power flows for an ICL involve both the withdrawal of Energy in one Capacity Region and injection of Energy into another Capacity Region. Both the withdrawal and injection can have distinct deliverability impacts, and impairments in either Capacity Region could affect the ICL's ability to deliver the Energy associated with its Capacity obligation. The proposed tariff revisions require an ICL developer to mitigate impacts in both Capacity Regions.

²² NYISO Installed Capacity Manual, Section 4.5, and Attachment J.

B. Proposed Revisions to Section 25.7.8

NYISO proposes to revise OATT Section 25.7.8.2.1.3 to clarify that CRIS MW requested by a Class Year Transmission Project seeking UDRs will represent ICAP at the point of injection. The proposed revisions to Section 25.7.8.2.1.3 also clarify that the CRIS MW requested by a Class Year Transmission Project or held by an existing facility with UDRs will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. Additionally, the withdrawal capability (*i.e.*, source) of an internal Class Year Transmission Project will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility, at the point of withdrawal as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region.)

The NYISO proposes further revisions to Section 25.7.8.2.1.3 to clarify the derating methodology. These clarifications reflect recent changes to UCAP calculations for resource types, including the addition of Capacity Accreditation Factors. The clarifying revisions are excerpted below, followed by an explanation of their application for each resource type.

Proposed edits to the derating methodology language in 25.7.8.2.1.3:

Facilities requesting CRIS and existing facilities with CRIS will be modeled in the deliverability analysis at MW levels described herein. A derated generator capacity incorporating availability is used. This derated generator capacity is ~~based on the unforced capacity or “UCAP” or Net UCAP, as applicable, of calculated for~~ each resource ~~using and can be referred to as the a~~ UCAP Deration Factor (“UCDF”). The UCDF used is ~~the an~~ average ~~value from based on historical ICAP to UCAP translations performance~~ on a Capacity Region basis, as determined in accordance with ISO Procedures. The UCDF ~~used for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources) or Limited Control Run of River Hydro~~ is the average EFORd, ~~which will be used for all ICAP providers that are not Intermittent Power Resources (resources that are not Intermittent Power Resources include Energy Storage Resources).~~ The UCDF for Intermittent Power Resources ~~and Limited Control Run of River Hydro~~ will be calculated based on ~~their historical production data by~~ resource type in accordance with ISO Procedures. ~~Resources with Energy Duration Limitations evaluated for CRIS will be derated to reflect the Developers’ selected duration.~~ Facilities comprised of Generators of different technologies will be derated using a blended UCDF that combines the UCDF of the individual Generators within the Project; provided however, that if the Project includes load reduction, the load reduction would not impact the UCDF of the Project.

The CRIS MW requested by a Class Year Transmission Project or held by an existing facility with UDRs will not be derated at the point of injection (i.e., sink) for the deliverability analysis. However, the withdrawal capability (i.e., source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 25.7.8.2.2.13.

As revised, the UCDF for all generators that are not Intermittent Power Resources (resources that are not Intermittent Power Resources²³ include Energy Storage Resources) or Limited Control Run of River Hydro will be the average EFORd (reflecting the portion of time a

²³ Section 2.9 of the Market Services Tariff defines Intermittent Power Resource as follows. **Intermittent Power Resource:** A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the producing device; and (3) has variability that is beyond the control of the facility owner or operator. **In New York, resources that depend upon wind, solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources.** Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID). Emphasis added. The NYISO does not propose to change the Tariff definitions of Intermittent Power Resource or Energy Storage Resource in this filing.

unit is in demand but is unavailable due to forced outages).²⁴ These calculations still provide a reasonable expectation of a unit's available output during the peak load hours. These calculations account for Resources with an Energy Duration Limitation that will be expected to be available for output during the peak load hours for the MW of ICAP they are capable of providing, derated by an assumed outage rate. Capacity Accreditation Factors are not included in this analysis, as those factors represent the marginal impact of a resource in meeting Resource Adequacy needs, and are not reflective of a unit's expected available output during the peak load hours.

For Intermittent Power Resources and Limited Control Run of River Hydro, the tariff revisions specify that instead of being calculated solely based on resource type, that the UCDF will be calculated based on historical production data by resource type in accordance with ISO Procedures. This is to remain consistent with the deliverability tests examining expectations during peak load hours, with this calculation providing a reasonable expectation of a unit's available output during those peak load hours.²⁵

The CRIS MW requested by a Class Year Transmission Project or held by an existing facility with UDRs will not be derated at the point of injection (*i.e.*, sink) for the deliverability analysis. However, the withdrawal capability (*i.e.*, source) of such a facility that is internal to the NYCA will be modeled in the deliverability analysis at the MW of CRIS plus losses of the facility expected to occur at its CRIS injection level, in the manner set forth in Section 25.7.8.2.1.13.

The proposed revisions to Section 25.7.8.2.2.13 provide that for a Class Year Transmission Projects seeking UDRs, the MW of requested CRIS plus losses of the facility at the point of withdrawal are modeled as negative generation in the Capacity Region (*i.e.*, as a proxy generating facility withdrawing power from the New York State Transmission System in the Capacity Region).

C. Corresponding and Ministerial Revisions

Consistent with the proposed revisions to Section 25.7.3, NYISO proposes to revise references to Capacity Region in Section 25.3.1 and 25.7.8.1 to make the term plural. Class Year Transmission Projects may have more than one terminus within the NYCA and therefore may be interconnecting to more than one Capacity Region. These revisions make clear that the

²⁴ NYISO Installed Capacity Manual, Section 4.5, and Attachment J.

²⁵ Starting with the Capability Year that begins May, 2024, ICAP market calculations for the performance factors of Intermittent Resources and Limited Control Run of River Hydro resources have been condensed into a unified calculation methodology. The clarification added to the UCDF is consistent with that unified calculation methodology.

deliverability of the project is evaluating through both the Capacity Regions in which is proposes to interconnect.

The deliverability methodology used in the Expedited Deliverability Study is identical to that used in the Class Year deliverability study. The NYISO's proposed revisions to OATT Section 25 therefore include corresponding revision in Section 25.7.8.2 mirroring the proposed revisions to 25.7.8.1.

The NYISO's proposed revisions to OATT Section 25 also include ministerial edits correcting spacing, for example.

V. Effective Date

The NYISO requests that the Commission issue an order within the standard notice period under Federal Power Act Section 205, which is sixty (60) days after the date of this filing (*i.e.*, by April 11, 2023). The NYISO further requests that the Commission waive its prior notice requirement under Section 205 to permit the tariff revisions proposed in this filing to become effective one business day after filing—February 13, 2023.

There is good cause to grant the requested effective date. An effective date of February 13, 2023 will align with the Class Year Start Date for Class Year 2023. While the deliverability evaluations impacted by these proposed tariff revisions will not commence until at least 60 days after the start of Class Year Start Date,²⁶ aligning the effective date of the proposed revisions with the Class Year Start Date in this instance will provide additional clarity in the tariff on the rules applicable to Class Year 2023.²⁷ The NYISO has been working with its stakeholders to develop the proposed deliverability study methodology changes since July 2022, and has made clear both in the tariff revisions themselves and in discussions and presentations to stakeholders, its intention to apply them to Class Year 2023.²⁸

VI. Stakeholder Discussion and Approval

The tariff revisions proposed in this filing were the product of extensive discussions with stakeholders in the NYISO's Installed Capacity Working Group, Market Issues Working Group and the Transmission Planning Advisory Subcommittee of the Operating Committee. The

²⁶ The Class Year Deliverability Test follows a series of base case conditioning steps prior to the commencement of the deliverability analyses. After development of the pre-Class Year project base case, the NYISO proceeds with the base case conditioning steps in Sections 25.7.8.2.1 before ultimately conducting the deliverability testing.

²⁷ The next Expedited Deliverability Study will commence February 24, 2023; however, no Class Year Transmission Projects internal to the NYCA pending in the NYISO's interconnection queue have met the eligibility requirements to enter such study.

²⁸

revisions were approved unanimously by the NYISO's stakeholders at the November 16, 2022 Business Issues Committee, the November 17, 2022 Operating Committee, and at the November 30, 2022 Management Committee. On January 9, 2023, the NYISO's Board of Directors approved a motion directing the NYISO to file the proposed tariff revisions approved by the Management Committee.

VII. Service

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

VIII. Conclusion

For the reasons set forth above, the NYISO respectfully requests that the Commission accept the tariff revisions proposed in this filing without any modifications, conditions or additional procedures and make them effective on February 13, 2023.

Respectfully submitted,

/s/ Sara B. Keegan

Sara B. Keegan

Assistant General Counsel

New York Independent System Operator, Inc.

cc: Janel Burdick
Robert Fares
Jette Gebhart
Jaime Knepper
David Morenoff
Eric Vandenberg
Adria Woods

Matthew Christiansen
Jignasa Gadani
Leanne Khammal
Kurt Longo
Douglas Roe
Gary Will