



time for the NYISO to complete the necessary steps to conduct the Installed Capacity (“ICAP”) auctions for the upcoming 2024 Summer Capability Period.<sup>5</sup>

## **I. MOTION TO INTERVENE**

The NYISO is the independent body responsible for providing open access transmission service, maintaining reliability, and administering open and competitive wholesale energy markets in New York. The NYISO-administered wholesale markets include New York’s capacity market that is designed to procure sufficient levels of capacity to maintain system reliability. The IRM is a critical input for several fundamental components of the NYISO-administered capacity market, including the minimum capacity procurement requirements for the New York Control Area (“NYCA”), as well as the establishment of Locational Minimum Installed Capacity Requirements for New York City, Long Island, and the G-J Locality.

The NYISO has a unique interest in this proceeding that cannot be adequately represented by any other entity. Given that the IRM is a fundamental input to the NYISO’s administration of New York’s capacity market, the NYISO is directly affected by the outcome of this proceeding and its participation is in the public interest.<sup>6</sup> The NYISO, therefore, requests that the Commission permit the NYISO to intervene in this proceeding with all rights of a party.

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<sup>5</sup> The NYISO’s processes and procedures to begin preparation for the 2024 Summer Capability Period ICAP auctions commence in February 2024. The NYISO needs certainty with respect to the IRM that will apply for the 2024-2025 Capability Year to facilitate timely completion of its auction-related administrative duties. The Capability Period Auction for the upcoming summer period is currently scheduled to commence on March 27, 2024.

<sup>6</sup> 18 C.F.R. § 385.214(b)(2)(ii) and (iii).

## II. BACKGROUND

The NYSRC was established and approved by the Commission as part of the restructuring of New York’s electricity market and formation of the NYISO.<sup>7</sup> The NYSRC’s mission is to promote and preserve the reliability of New York’s power grid through the development and maintenance of reliability requirements applicable to the NYISO’s operation of the grid and administration of the wholesale electricity markets. Among its responsibilities, the NYSRC is obligated to annually determine the IRM necessary to meet the established resource adequacy criterion of a system loss of load expectation of no greater than 0.1 loss of load event days per year.<sup>8</sup>

The NYSRC Installed Capacity Subcommittee (“ICS”) is responsible for overseeing an annual study to determine an appropriate IRM value for each Capability Year. The NYISO coordinates with the NYSRC and ICS to assist with the completion of these annual studies. The IRM study, among other considerations, evaluates forecasted demand, supplier performance, transmission capability, and factors such as extreme weather to assess the grid’s ability to maintain reliability.

The IRM value for the 2023-2024 Capability Year is 20.0 percent.<sup>9</sup> On December 8, 2023, following review of the recently completed IRM study and consideration of various factors addressed therein, the NYSRC Executive Committee approved an IRM value of 22.0 percent for

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<sup>7</sup> 2024-2025 IRM Filing at 3-4.

<sup>8</sup> The IRM represents an additional quantity of capacity that must be procured above the minimum forecasted peak load requirement to maintain the reliability of New York’s bulk power system.

<sup>9</sup> Docket No. ER23-821-000, *New York State Reliability Council, L.L.C.*, Revised Installed Capacity Requirement of the New York Control Area for the 2023-2024 Capability Year (December 22, 2022); and Docket No. ER23-821-000, *supra*, Letter Order (February 14, 2023).

the 2024-2025 Capability Year.<sup>10</sup> In accordance with Section 3.03 of the New York State Reliability Council Agreement (“NYSRC Agreement”), because the 2024-2025 Capability Year IRM value approved by the NYSRC Executive Committee represents a change from the currently approved value of 20.0 percent, the NYSRC is required to obtain Commission approval thereof.<sup>11</sup>

### **III. COMMENTS**

The NYSRC, with assistance from the NYISO, conducted the required annual study to determine an appropriate IRM value for the 2024-2025 Capability Year. The study was conducted in accordance with the applicable requirements and specifications established by the NYSRC to determine the quantity of capacity required statewide to meet the governing resource adequacy criterion that the probability of an unplanned disconnection of firm load does not exceed one occurrence in ten years.<sup>12</sup> The study results were reviewed by the ICS and documented in a study report for review and consideration by the NYSRC Executive Committee.<sup>13</sup>

#### **A. The Commission Should Approve the NYSRC’s Proposed 22.0 Percent IRM Value for the 2024-2025 Capability Year**

The base case results of the required technical study identified an IRM value of 23.1 percent for the 2024-2025 Capability Year.<sup>14</sup> Several factors were identified as significant

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<sup>10</sup> 2024-2025 IRM Filing at 2-3, 8-9 and Attachment C.

<sup>11</sup> See, e.g., Docket No. ER10-304-000, *New York State Reliability Council, L.L.C.*, Petition to Amend the New York State Reliability Council Agreement (November 23, 2009); and Docket No. ER10-304-000, *supra*, Letter Order (December 29, 2009). The current Commission-approved version of the NYSRC Agreement is also available at: <https://www.nysrc.org/wp-content/uploads/2023/03/Amended-NYSRC-Agreement-12.29.09.pdf>.

<sup>12</sup> 2024-2025 IRM Filing at 8-12.

<sup>13</sup> *Id.* at Attachments A and B.

<sup>14</sup> *Id.* at 10-11 and Attachments A and B.

drivers of the identified increase to the IRM compared to the current value for the 2023-2024 Capability Year, including modeling enhancements that reduced the assumed availability of emergency assistance from neighboring regions (especially during peak load periods), an increase in the historical forced outage rates of thermal generation resources, and increases in the quantity of utility-scale solar generation included in the study.<sup>15</sup> The study also identified several factors placing downward pressure on the IRM as compared to the base case results from the study for the 2023-2024 Capability Year, such as an increase in the quantity of behind-the-meter solar generation, an updated peak load forecast, and updates to the load forecast uncertainty modeling assumptions.<sup>16</sup> In aggregate, these factors identified a net increase to the IRM of 3.2 percent compared to the base case results of the study for the 2023-2024 Capability Year.<sup>17</sup>

The study also includes a series of sensitivities and identified other considerations that produced IRM values lower and higher than the base case results.<sup>18</sup> Such additional analysis identified a range of potential IRM values between 16.3 percent and 29.2 percent depending on the system conditions and other modeling assumptions utilized.<sup>19</sup>

Based on consideration of the study results and other relevant considerations identified in the study report, the NYSRC Executive Committee adopted a 22.0 percent IRM value for the 2024-2025 Capability Year.<sup>20</sup> The proposed value is within the range of outcomes identified in

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<sup>15</sup> *Id.* at Attachment A, pp. 3-4 and 24-27.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at Attachment A, pp. 11-12 and 28-31.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 9 and Attachment C.

the study conducted for the 2024-2025 Capability Year and represents a reasonable outcome that is designed to satisfy the applicable resource adequacy criterion. The NYISO respectfully requests that the Commission approve the 22.0 percent IRM value proposed by the NYSRC for the 2024-2025 Capability Year.

**B. Timely Commission Action is Necessary**

The NYISO supports the NYSRC’s request for Commission approval of the proposed IRM value for the 2024-2025 Capability Year on or before February 15, 2024. Timely action by the Commission will facilitate the NYISO’s ability to complete the necessary activities to administer the upcoming capacity market auctions for the 2024 Summer Capability Period.

The Services Tariff requires the NYISO to conduct the Capability Period Auction for the 2024 Summer Capability Period no later than 30 days prior to May 1, 2024.<sup>21</sup> The NYISO is currently scheduled to begin the Capability Period Auction for the 2024 Summer Capability Period on March 27, 2024. The NYISO typically provides all necessary information to the marketplace related to administration of the capacity market for a particular Capability Period approximately two weeks prior to the conduct of the Capability Period Auction. This includes determination of Locational Minimum Installed Capacity Requirements, the statewide minimum capacity procurement requirement, and the respective minimum capacity procurement requirements for each Load Serving Entity.

The IRM value for 2024-2025 Capability Year is required to determine the above-identified components of the NYISO-administered capacity market. Absent prompt Commission action, the NYISO will be unable to timely complete all required actions to properly administer the capacity market for the upcoming 2024 Summer Capability Period.

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<sup>21</sup> See Services Tariff § 2.3 (definition of “Capability Period Auction”).

Commission action to approve the proposed IRM value for the 2024-2025 Capability Year on or before February 15, 2024 will facilitate the NYISO's ability to timely complete the required activities and provide the marketplace the requisite data and information in advance of the upcoming Capability Period Auction for the 2024 Summer Capability Period. Timely provision of relevant data and information to the marketplace will assist market participants in making economically efficient capacity procurement decisions.

**C. The Commission Should Coordinate with the New York State Public Service Commission**

On December 18, 2023, the NYSRC also submitted its proposed IRM value for the 2024-2025 Capability Year to the New York State Public Service Commission ("NYPSC").<sup>22</sup> The NYISO respectfully suggests that, as necessary, the Commission coordinate its review of the proposed IRM value for 2024-2025 Capability Year with the NYPSC to mitigate the potential for conflicting or contradictory outcomes. To the extent that the Commission and the NYPSC address common questions, the NYISO respectfully requests that the Commission take reasonable measures to ensure that its determination in this proceeding is compatible with any determination made by the NYPSC.

Conflicting determinations by the Commission and the NYPSC could result in unnecessary marketplace confusion and uncertainty regarding the IRM value applicable for the 2024-2025 Capability Year. Such disruptive circumstances would negatively affect the NYISO's administration of the capacity market and could potentially undermine the reliability of New York's bulk power system. Such uncertainty would also adversely impact market

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<sup>22</sup> See NYPSC Case 07-E-0088, *In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area*, Comments of the New York State Reliability Council on the IRM for the 2024-2025 Capability Year (December 18, 2023).

participants' determination of economically efficient capacity procurement decisions and their ability to develop reasonable projections as to the expected future value of capacity. The NYISO anticipates that such uncertainty may adversely impact participation and/or the pricing outcomes in upcoming capacity auctions, including the Capability Period Auction for the 2024 Summer Capability Period. In addition to adversely impacting the NYISO-administered capacity auctions, any such uncertainty regarding the IRM value for the 2024-2025 Capability Year would likely have similar adverse impacts on bilateral market activity.

To mitigate the potential for such disruptive and detrimental outcomes, the NYISO respectfully urges the Commission to, as necessary, coordinate its review of the NYSRC's proposal in this proceeding with the NYPSC's consideration of the same matter. Such coordination should seek to ensure compatibility of determinations regarding the IRM value applicable for the 2024-2025 Capability Year.

#### **IV. COMMUNICATIONS AND CORRESPONDENCE**

Please direct all communications and service in this proceeding to:

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**V. CONCLUSION**

The NYSRC's proposed IRM value for the 2024-2025 Capability Year is just and reasonable and adequately supported by the results of the study relating thereto. The NYISO respectfully requests that the Commission: (1) grant the NYISO's motion to intervene in this proceeding; (2) approve the NYSRC's proposed 22.0 percent IRM value for the 2024-2025 Capability Year on or before February 15, 2024; and (3) coordinate, as necessary, with the NYPSC to mitigate the potential for inconsistent determinations regarding the IRM value for the 2024-2025 Capability Year.

Respectfully submitted,  
/s/ Garrett E. Bissell  
Garrett E. Bissell  
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Dated: January 10, 2024

cc: Janel Burdick  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 10<sup>th</sup> day of January 2024.

*/s/ Elizabeth Rilling*

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