

auctions by providing adequate time for the NYISO to complete the necessary steps to conduct the Capability Period Auction⁵ for the upcoming 2025 Summer Capability Period.⁶

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 electricity markets in New York. The NYISO-administered wholesale markets include New York's ICAP 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 ICAP market, including the minimum ICAP procurement requirements for the 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 ICAP market, the NYISO is directly affected by the outcome of this proceeding and its participation is in the public interest.⁷ The NYISO, therefore, requests that the Commission permit the NYISO to intervene in this proceeding with all rights of a party.

⁵ A "Capability Period Auction" is "[a]n auction conducted no later than thirty (30) days prior to the start of each Capability Period in which Unforced Capacity may be purchased and sold in a six-month strip." Services Tariff, § 2.3.

⁶ The NYISO's processes and procedures to begin preparation for the 2025 Summer Capability Period Auction commence in February 2025. The NYISO needs certainty with respect to the IRM that will apply for the 2025-2026 Capability Year to facilitate timely completion of its auction-related administrative duties. The 2025 Summer Capability Period Auction is currently scheduled to commence on March 27, 2025.

⁷ 18 C.F.R. § 385.214(b)(2)(ii), (iii).

II. BACKGROUND

The Commission authorized the establishment of the NYSRC as part of the restructuring of New York’s electricity market and formation of the NYISO.⁸ 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.⁹

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

⁸ See *Cent. Hudson Gas & Elec. Corp.*, 83 FERC ¶ 61,352 (1998), *order on reh’g*, 87 FERC ¶ 61,135, *reh’g denied*, *Cent. Hudson Gas & Elec. Corp.*, 88 FERC ¶ 61,229 (1999). See also *Cent. Hudson Gas & Elec. Corp.*, 86 FERC ¶ 61,062, at 61,210, 61,221, *order on reh’g*, 88 FERC ¶ 61,138 (1999), *order on reh’g*, 90 FERC ¶ 61,045 (2000), *order on reh’g*, 95 FERC ¶ 61,008 (2001) (accepting proposed NYISO Open Access Transmission Tariff, Services Tariff, and market rules and Member Systems’ request for market-based rates).

⁹ See, e.g., N.Y. State Reliability Council, *Reliability Rules & Compliance Manual For Planning and Operating the New York State Power System*, Resource Adequacy Reliability Rule A.1, §§ B.R.1, B.R.1.1 (Version 47, June 14, 2024), <https://www.nysrc.org/wp-content/uploads/2024/07/RRC-Manual-V47-final-7-2-24.pdf>; N.Y. State Reliability Council, L.L.C., *Policy 5-18: Procedure for Establishing New York Control Area Installed Capacity Requirements and the Installed Reserve Margin (IRM)*, § 3.1 (June 14, 2024) https://www.nysrc.org/wp-content/uploads/2024/06/NYSRC-Policy-5-18-06_14_24-Final.pdf.

The IRM value for the 2024-2025 Capability Year was 22.0 percent.¹⁰ On December 6, 2024, following review of the recently completed IRM study and consideration of various factors addressed therein, the NYSRC Executive Committee adopted an IRM value of 24.4 percent for the 2025-2026 Capability Year (i.e., the IRM value determined for the final base case assessment as part of the NYSRC’s study for the 2025-2026 Capability Year).¹¹ In accordance with section 3.03 of the New York State Reliability Council Agreement (“NYSRC Agreement”), because the 2025-2026 Capability Year IRM value adopted by the NYSRC Executive Committee represents a change from the currently accepted value of 22.0 percent, the NYSRC is required to obtain Commission acceptance thereof.¹²

III. COMMENTS

The NYSRC, with assistance from the NYISO, conducted the required annual IRM study to determine an appropriate IRM value for the 2025-2026 Capability Year. The IRM study was conducted in accordance with the applicable requirements and specifications established by the NYSRC to determine the quantity of ICAP 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.¹³ The IRM study results were reviewed by the ICS and were documented in a study report that was reviewed by the NYSRC Executive Committee.¹⁴

¹⁰ *N.Y. State Reliability Council, L.L.C.*, Docket No. ER24-753-000 (Feb. 15, 2024) (delegated order).

¹¹ 2025-2026 IRM Filing at 2, attach. C.

¹² The current Commission-accepted version of the NYSRC Agreement is available at: <https://www.nysrc.org/wp-content/uploads/2023/03/Amended-NYSRC-Agreement-12.29.09.pdf>. See *N.Y. State Reliability Council*, Docket No. ER10-304-000 (Dec. 29, 2009) (delegated order) (accepting proposed revisions to NYSRC Agreement).

¹³ 2025-2026 IRM Filing at 6, attach. A at 1, 3, 5-6.

¹⁴ *Id.* at 2-3.

A. The Commission Should Accept the Proposed 24.4 Percent IRM Value for the 2025-2026 Capability Year

The final base case results of the required IRM study identified an IRM value of 24.4 percent for the 2025-2026 Capability Year.¹⁵ Several factors were identified as significant drivers of the identified increase to the IRM compared to the current value for the 2024-2025 Capability Year, including limits on the activation of certain Emergency Operating Procedures, the addition of the new renewable generators within the NYCA, an update to the assumed megawatt quantity of Special Case Resources (“SCRs”), and updated generator performance ratings.¹⁶ The IRM study also identified several factors placing downward pressure on the IRM as compared to the final base case results from the IRM study for the 2024-2025 Capability Year, such as an update to the modeling of SCRs.¹⁷ In aggregate, these factors identified a net increase to the IRM of 1.3 percent compared to the final base case results of the IRM study for the 2024-2025 Capability Year.¹⁸

The IRM study also includes a series of sensitivities and identified other considerations that produced IRM values lower and higher than the base case results.¹⁹ Such additional analysis identified a range of potential IRM values between 17.77 percent and 31.60 percent depending on the system conditions and other modeling assumptions utilized.²⁰

Based on consideration of the IRM study results and other relevant considerations identified in the study report, the NYSRC Executive Committee adopted a 24.4 percent IRM

¹⁵ *Id.* at 2, 9, attachs. A & B.

¹⁶ *Id.* at 10-12, attach. A at 3, 21-25.

¹⁷ *Id.*

¹⁸ *Id.* at 9, attach. A at 3, 21.

¹⁹ *Id.* at 9, 13, attach. A at 3, 5, 25-28.

²⁰ *Id.* attach. A at 25-28.

value for the 2025-2026 Capability Year.²¹ This proposed value reflects the IRM value determined for the final base case assessment conducted as part of the IRM study for the 2025-2026 Capability Year and is within the range of outcomes identified in the IRM study conducted for the 2025-2026 Capability Year. The proposed 24.4 percent IRM value represents a reasonable outcome that is designed to satisfy the applicable resource adequacy criterion. The NYISO respectfully requests that the Commission accept the 24.4 percent IRM value proposed by the NYSRC for the 2025-2026 Capability Year.

B. Timely Commission Action is Necessary

The NYISO supports the NYSRC's request for Commission acceptance of the proposed IRM value for the 2025-2026 Capability Year on or before February 15, 2025. Timely action by the Commission will facilitate the NYISO's ability to complete the necessary activities to administer the upcoming Capability Period Auction for the 2025 Summer Capability Period.

The Services Tariff requires the NYISO to conduct the Capability Period Auction for the 2025 Summer Capability Period no later than 30 days prior to May 1, 2025. The NYISO is currently scheduled to begin the Capability Period Auction for the 2025 Summer Capability Period on March 27, 2025. The NYISO typically provides all necessary information to the marketplace related to administration of the ICAP market for a particular Capability Period approximately two weeks prior to the conduct of the Capability Period Auction. This information includes determination of the NYCA minimum ICAP procurement requirement, the Locational Minimum Installed Capacity Requirements, and the respective minimum ICAP procurement requirements for each Load Serving Entity.

²¹ *Id.* at 9, attach. C.

The IRM value for 2025-2026 Capability Year is required to determine the above-identified components of the NYISO-administered ICAP market. Absent prompt Commission action, the NYISO will be unable to timely complete all required actions to properly administer the ICAP market for the upcoming 2025 Summer Capability Period.

Commission acceptance of the proposed IRM value for the 2025-2026 Capability Year on or before February 15, 2025 will facilitate the NYISO's ability to timely complete the required activities and provide market participants with the requisite data and information in advance of the upcoming Capability Period Auction for the 2025 Summer Capability Period. Timely provision of relevant data and information will assist market participants in making economically efficient ICAP procurement decisions.

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

On December 23, 2024, the NYSRC also submitted its proposed IRM value for the 2025-2026 Capability Year to the New York State Public Service Commission ("NYPSC").²² The NYISO respectfully suggests that the Commission coordinate, as necessary, its review of the proposed IRM value for 2025-2026 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

²² See *In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area*, Case 07-E-0088 (Dec. 23, 2024).

2025-2026 Capability Year. Such disruptive circumstances would negatively affect the NYISO's administration of the ICAP market and could potentially undermine the reliability of New York's bulk power system. Such uncertainty would also adversely impact market participants' determination of economically efficient ICAP procurement decisions and their ability to develop reasonable projections as to the expected future value of ICAP. The NYISO anticipates that such uncertainty may adversely impact participation and/or the pricing outcomes in upcoming ICAP market auctions, including the Capability Period Auction for the 2025 Summer Capability Period. Any such uncertainty regarding the IRM value for the 2025-2026 Capability Year would also 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 coordinate, as necessary, 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 2025-2026 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 2025-2026 Capability Year is just and reasonable and adequately supported by the results of the IRM study relating thereto. The NYISO respectfully requests that the Commission (1) grant the NYISO's motion to intervene in this proceeding; (2) accept the NYSRC's proposed 24.4 percent IRM value for the 2025-2026 Capability Year on or before February 15, 2025; and (3) coordinate, as necessary, with the NYPSC to mitigate the potential for inconsistent determinations regarding the IRM value for the 2025-2026 Capability Year.

Respectfully submitted,
/s/ Heidi S. Nielsen
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Dated: January 13, 2025

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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 13th day of January 2025.

/s/ Elizabeth Rilling

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