

November 21, 2025

By Electronic Delivery

Honorable Debbie-Anne A. Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *New York Independent System Operator, Inc., Proposed Tariff Revisions Implementing Champlain Hudson Power Express Merchant Transmission Facility, Docket No. ER26-___-000*

Dear Secretary Reese:

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”) and to its Market Administration and Control Area Services Tariff (“Services Tariff”) to implement new market rules and enhancements that address the operation, scheduling and management of reservations for the new, direct current (“D/C”), fully controllable Champlain Hudson Power Express Merchant Transmission Facility (the “MTF”) that will link a substation located near Montreal, Canada to the Astoria Annex substation in New York City. The Tariff revisions proposed in this filing are necessary because the MTF will be different from the controllable Scheduled Lines¹ that link the New York Control Area (“NYCA”) to neighboring balancing authority areas. New Tariff rules are needed because (a) the MTF employs a “physical” transmission reservation process that must interface with the NYISO’s “financial” reservation system, and (b) the NYISO will have operational control of the MTF consistent with CHPE, LLC’s commitments to the Commission in the *Application for Authority to Sell Transmission at Negotiated Rates* CHPE, LLC filed on March 9, 2020 in Docket No. ER20-1214.²

¹ Capitalized terms that are not defined in this filing letter have the meaning assigned to them in Section 1 of the NYISO’s OATT, or in Section 41.1 of the proposed revisions to the OATT submitted herewith.

² See *CHPE LLC, Order Granting Application for Authorization to Charge Negotiated Rates, Subject to Condition, and Granting Waivers*, 171 FERC ¶ 61,186 at PP 6, 17, 19 (“After the Project is completed, CHPE will turn over operational control of the transmission line to NYISO, which will operate the line pursuant to NYISO’s OATT. Accordingly, we find that CHPE’s Project satisfies the first factor of our analysis that the negotiated rates will be just and reasonable.”), 24, 33-36, 37-39 (“We acknowledge CHPE’s commitment to turn over operational control of the Project to NYISO, comply with all applicable reliability requirements, and provide NYISO with all required information necessary for its regional transmission planning process pursuant to Order No. 1000. Accordingly, we

The vast majority of the Tariff revisions proposed in this filing appear in a new Attachment II to (Section 41 of) the NYISO's OATT. Proposed Section 41 of the NYISO OATT was developed based in large part on Schedule 18 to ISO-New England's ("ISO-NE's") OATT, which sets forth ISO-NE's rules for the Cross-Sound Cable which connects Long Island to Connecticut, and based on the rules in PJM Interconnection LLC's ("PJM's") Tariffs addressing the Neptune, Hudson Transmission Partners ("HTP") and Linden VFT lines that link PJM's balancing authority area to New York City and Long Island.³ The revisions proposed in Section 41 of the OATT address a broad range of topics including:

- (1) CHPE, LLC's responsibilities as the "MTF Provider"—the NYISO proposes to assign CHPE, LLC a set of administrative duties for the MTF, including responsibility for registering customers to use the MTF and operating a limited purpose Open-Access Same Time Information System ("OASIS") where physical "MTF Reservations" will be publicly posted and can be released, sold or transferred.⁴ The MTF Provider, which will operate the MTF pursuant to the NYISO's direction and control, is assigned operational duties both in OATT Section 41 and in the OATT 31.11 *pro forma* operating agreement that CHPE, LLC will execute to become a non-incumbent transmission owner ("NTO") in New York.⁵ Finally, the MTF Provider is required to calculate an Available Transfer Capability ("ATC") for the MTF that is used to determine the MTF Reservations that can be made available in some circumstances.
- (2) The rights and responsibilities of entities that hold or seek to obtain MTF Reservations.
- (3) Rules addressing when and how MTF Reservations can be transferred or sold, or must be made available for acquisition by third parties.
- (4) An explanation of how the NYISO will schedule and curtail Imports to the NYCA over the MTF consistent with other provisions of its Tariffs.
- (5) Operating rules that are unique to the MTF, such as accounting for Inadvertent Energy on the MTF distinct from the other interconnections between the NYCA and Quebec and scheduling Emergency Energy on the MTF.

find that CHPE's proposal meets these regional reliability and operational efficiency requirements, subject to CHPE's continuing participation in the necessary regional transmission planning processes." Footnote omitted.)

³ The NYISO appreciates the assistance it received from both ISO-NE and PJM staff, who responded to questions from the NYISO about both tariff rules and technical implementation of the controllable transmission lines over which ISO-NE or PJM have operational control.

⁴ While CHPE, LLC in its role as MTF Provider will administer MTF Reservations, transmission service on the MTF can only be acquired by submitting a Bid in the NYISO's Day-Ahead or Real-Time Energy market and obtaining an Import schedule from the NYISO.

⁵ In late November or early December of 2025 the NYISO will file for the Commission's consideration under Section 205 of the FPA proposed changes to the *pro forma* operating agreement in Section 31.11 of its OATT to address the fact that CHPE's facilities are compensated under "negotiated rates" rather than traditional cost-of-service rates, and to allow CHPE, LLC to operate a limited function OASIS to administer MTF reservations consistent with Tariff changes that are proposed for the Commission's consideration in this filing.

- (6) Rules to follow when software systems that share data, or when communications among and between the NYISO, the MTF Provider and/or Hydro Quebec's Transmission Function ("HQT") fail, in whole or in part.

The tariff revisions proposed in this filing were approved unanimously, without any abstentions, by the NYISO's stakeholders at the September 17, 2025 Business Issues Committee and at the September 24, 2025 Management Committee. On October 21, 2025 the NYISO's Board of Directors approved a motion directing the NYISO to file the proposed tariff revisions.

The NYISO respectfully requests that the Commission permit the Tariff revisions proposed in this filing to become effective 61 days after the date of this filing, on January 21, 2026. The NYISO currently anticipates that it will implement the MTF in its Energy market on or after May 1, 2026. However, HQT and CHPE could begin to schedule test Energy over the MTF starting as early as mid-February 2026, with the exact starting date dependent upon a number of conditions, many of which are outside the NYISO's control. Section V. of this filing letter provides additional details on the requested effective date and how the NYISO plans to reflect test Energy schedules on the MTF before the MTF enters full commercial operation.

I. Documents Submitted

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

1. A clean version of proposed new Section 41 of / Attachment II to the NYISO's OATT ("Attachment I");
2. A blacklined version of proposed new Section 41 of / Attachment II to the NYISO's OATT ("Attachment II");
3. A clean version of the NYISO's other proposed revisions to its OATT ("Attachment III");
4. A blacklined version of the NYISO's other proposed revisions to its OATT ("Attachment IV");
5. A clean version of the NYISO's proposed revisions to its Services Tariff ("Attachment V");
6. A blacklined version of the NYISO's proposed revisions to its Services Tariff ("Attachment VI"); and
7. PJM Interconnection LLC Certificate of Concurrence assenting to the proposed revisions to Section 5.2 of the Market-to-Market Coordination Process that is set forth in Section 35.23 of the NYISO's OATT ("Attachment VII").

II. Communications and Correspondence

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

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III. Background and Overview

A. Historical Overview

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 revisions⁶ and the Cross-Sound Cable was implemented in the NYISO's markets on June 8, 2005. Today there are six Scheduled Lines that link the NYCA to neighboring balancing authority areas. Four of the external Scheduled Lines employ "physical" Advance Reservations, which are implemented under the direction of and subject to the operational control of either ISO-NE or PJM.⁷

"Physical" transmission service reservations, including Advance Reservations, are frequently used to fund the construction of merchant transmission facilities like the MTF because holding physical rights ordinarily guarantees the purchaser the right to use the line; and/or to sell-off rights that it does not intend to use. Physical transmission rights are different from the NYISO's Commission-accepted "financial" reservation regime that (a) bundles transmission service with Energy purchases and deliveries, and (b) does not allow Market Participants to reserve and hold transfer capability, but rather makes the capability of its transmission system

⁶ See *New York Indep. Sys. Operator, Inc.*, 111 FERC 61,238 (2005).

⁷ The remaining two Scheduled Lines, Northport-Norwalk and Cedars-Dennison, are scheduled in a manner that is nearly identical to the scheduling of transactions over the NYISO's A/C interfaces with its neighbors.

available for scheduling each day in its Day-Ahead and Real-Time Markets.⁸ The NYISO's financial reservation system is beneficial because it enables the NYISO to efficiently use the full capability of the transmission system to arrive at a least production cost solution to serve NYCA Load using available Resources.⁹ The Commission has repeatedly found the NYISO's financial reservation model to be just and reasonable.¹⁰

The MTF will be the first transmission facility over which the NYISO will have operational control that employs physical reservations to allocate transmission rights. Although the NYISO will schedule Imports on the MTF in a manner that is similar to its existing Scheduled Lines today, the NYISO's responsibilities related to the MTF will be broader than they are for existing Scheduled Lines, and the NYISO's Tariffs must include rules to address the MTF's operation.¹¹ The Tariff revisions proposed in this filing address topics including: (a) the MTF Provider's responsibilities; (b) how MTF Reservations will be obtained, transferred and administered; (c) how Bids will be submitted to the NYISO by entities holding MTF Reservations, (d) how the NYISO will schedule transmission service on the MTF and curtail scheduled transmission service when it is necessary to do so (consistent with its existing Tariff rules), and (e) how congestion will be calculated on the MTF.

B. Overview of Proposed Energy Market Participation Rules, Including Explanation Why No Transmission Congestion Contracts Will be Made Available for the MTF

The MTF will be implemented, at least initially, as a unidirectional transmission facility over which MTF Reservation holders can submit Bids to the NYISO to schedule Imports into the NYCA from Quebec. Energy will be delivered at the Astoria Annex Substation in New York City and will be paid the Locational Based Marginal Price ("LBMP") that the NYISO develops for the Proxy Generator Bus representing that electrical location (the "Astoria Proxy Bus").

A key distinction with regard to Energy Market administration of the MTF is that the MTF Provider will administer MTF Reservations, while the NYISO will schedule transmission service over the MTF by evaluating offers submitted by MTF Reservation holders to Import Energy to the NYCA and grant or deny their Bids. The NYISO will also be responsible for curtailing scheduled Import transactions when necessary to address unanticipated events. So,

⁸ See Section 3.1.8 of the OATT for information about how transmission service is scheduled in the NYCA.

⁹ See *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 at pg. 31,126 (2000) (holding that systems based on locational prices and financial rights "provide a sound framework for efficient congestion management"), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (Feb. 25, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd*, Public Utility District No. 1 of Snohomish County, Washington v. FERC, 272 F.3d 607 (D.C. Cir. 2001).

¹⁰ See *New York Independent System Operator, Inc.*, 125 FERC ¶ 61,274 (2008) (Confirming that NYISO's financial reservation model was consistent with or superior to the physical reservation requirements of Order No. 890's *pro forma* OATT.); *New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 (2008) (stating same).

¹¹ See n.2 above.

MTF Reservations will be administered by the MTF Provider, but requests for transmission service will be granted, limited or denied by the NYISO.

The total quantity of available MTF Reservations will be limited to the 1250 MW that the MTF is expected to be capable of delivering at Astoria.¹² At times when MTF derates occur and outstanding MTF Reservations exceed the MTF's transfer capability the NYISO will (a) economically evaluate Bids (offers) that the NYISO verifies are associated with MTF Reservations, and (b) assign schedules based on the economics of the submitted Bids (offers). The process of allocating limited MTF transmission capability will efficiently assign schedules when the MTF is derated.

The LBMP that the NYISO develops at the Astoria Proxy Generator Bus will be based on the marginal cost of Energy at Astoria and will not include economic congestion on the MTF. The Services Tariff refers to economic congestion that is reflected at a Proxy Generator Bus as an "Interface ATC Constraint."¹³ The proposal not to include Interface ATC Constraints in the LBMPs the NYISO develops for the Astoria Proxy Bus is appropriate because MTF Reservation Holders (not New York ratepayers) are covering the fixed and variable costs of the MTF in return for receiving the benefit of arbitraging Energy and Capacity price differences between Quebec and New York City. PJM and ISO-NE appear to employ similar pricing rules for their Scheduled Lines.¹⁴ Including Interface ATC Constraints in the LBMP the NYISO develops at the Astoria Proxy Bus could deny MTF Reservation Holders the opportunity to arbitrage differences in Energy prices between New York City and Quebec.

Because the LBMP paid to entities importing Energy on the MTF will exclude transmission congestion related to Interface ATC Constraints and reflect the price of Energy at the Astoria Proxy Generator Bus in New York City in the manner described above,¹⁵ the MTF will not be awarded Transmission Congestion Contracts ("TCCs") or be available as a scheduling path for TCCs. Consistent with that decision, the MTF will be excluded from the

¹² Approximately 1289 MW must be provided over the transformers at the Hertel Station, near Montreal in Quebec, in order to deliver 1250 MW at the Astoria Annex Substation in New York City (accounting for converter and line losses).

¹³ "An Interface ATC Constraint exists when proposed economic transactions over an Interface between the NYCA and the Control Area with which one or more Proxy Generator Bus(es) are associated would exceed the transfer capability for the Interface or for an associated Proxy Generator Bus." Services Tariff Section 17.1.6.1.

¹⁴ See, e.g., ISO-NE OATT Schedule 18, Section 14 ("Pursuant to the Transmission, Markets and Services Tariff, Congestion Costs will not be calculated, and therefore FTRs will not be offered, between any set of points on the MTF, so long as it remains MTF."); PJM OATT Schedule 14 *Transmission Service on the Neptune Line*, Section 7 ("A Neptune Schedule provides a physical right to deliver capacity and energy over the Neptune Line. Accordingly, no congestion costs shall be calculated over the Neptune Line...").

¹⁵ This will be the case either because (1) MTF Reservations will be equal to the MTF's ability to deliver Energy at the Astoria Annex Substation (so no ATC Interface Constraint will arise), or (2) when the MTF is derated, Interface ATC Constraints will not be considered consistent with the NYISO's proposed revisions to Services Tariff Section 17.1.5 and 17.1.6.3.2 that are discussed in the preceding paragraph.

NYISO's determination of Residual Transmission Capacity available to support the sale of TCCs in NYISO-administered TCC auctions.¹⁶

C. Proposed MTF Provider Limited Purpose OASIS

The NYISO proposes that the MTF Provider operate a limited purpose OASIS on which the information that is necessary to administer "physical" MTF Reservations will be posted. Proposed rules governing the limited-purpose OASIS have been added to Section 41 of the NYISO's OATT, and additional monitoring capabilities that will enhance the NYISO's ability to effectively oversee the MTF are described in Section III.F. of this filing letter, below.

The proposed limited delegation of responsibility to the MTF Provider is necessary because, as explained in the Energy Market overview above, the NYISO employs a purely financial transmission reservation process and would have to develop an entirely new suite of software capability to implement physical reservations on the MTF. The OASIS and related administrative responsibilities the NYISO proposes to assign to the MTF Provider in Section 41 of its OATT are not capable of being performed by any of the NYISO's existing scheduling systems. If the NYISO were to develop the necessary new functionality, the capability would **only** be used for physical transmission reservations associated with Imports over the MTF.

The owner/operator of the Cross-Sound Cable, CSC LLC, is assigned administrative duties under Schedule 18 to the ISO-NE OATT that are similar to the duties the NYISO proposes to assign to the MTF Provider in proposed Section 41 of the NYISO's OATT. However, the NYISO's proposal expands on some aspects of ISO-NE's Commission-accepted tariff rules for the Cross-Sound Cable. One difference is that the web page for the Cross-Sound Cable is on ISO-NE's OASIS,¹⁷ whereas the MTF Provider OASIS web site will be distinct from the NYISO's. This difference is necessary because incorporating the MTF Provider OASIS web pages into NYISO's existing hardware and software infrastructure would require not just development of the new OASIS functionality, but also significant modifications to the NYISO's existing systems to accommodate the introduction of an OASIS that employs "physical" scheduling rights, including fundamental design adjustments to the NYISO's market systems, software and compliance protocols. The changes to the NYISO's existing systems and software that would be necessary to enable the NYISO to implement physical transmission scheduling rights present risks of extended development cycles and potential impacts to ongoing NYISO commitments and operations.¹⁸

¹⁶ See proposed revisions to OATT Sections 19.2.4 through 19.9.8 and OATT Section 41.13.

¹⁷ See ISO-NE OATT Schedule 18 Section 1.5, definition of "MTF Transmission Provider Page."

¹⁸ Because the MTF Provider OASIS will administer the physical scheduling requirements that NYISO is not able to perform on its own, the NYISO will be able to modify the existing systems it uses to interface with ISO-NE for the Cross-Sound Cable, and with PJM for the Neptune, Hudson Transmission Partners and Linden VFT Scheduled Lines. The NYISO's ability to modify its existing software instead of having to create and integrate entirely new

A list of tasks related to the administration of MTF Reservations that will be performed or posted on the MTF Provider OASIS is provided below:

- (a) Identify H.Q. Energy Services U.S. (“HQUS”) as the initial MTF Reservation holder resulting from the Commission-mandated open season process;
- (b) Post ATC that MTF Provider uses to determine availability of MTF Reservations (different from the ATC calculation that NYISO performs to determine how much transmission service is available)¹⁹;
- (c) Post expected line losses from the MTF Point of Receipt (at the U.S. / Canada border) to the Point of Delivery at the Astoria Annex Substation in New York City²⁰;
- (d) Post MTF Reservation holder, quantity in MW and duration of each MTF Reservation²¹;
- (e) Make available a “bulletin board” where holders of MTF Reservations and qualified Transmission Customers can arrange bilateral transactions. Bilateral transfers of MTF Reservations must be recorded on the OASIS before they take effect²²;
- (f) Post MTF Reservations that are available to be acquired from the MTF Provider,²³ or from a MTF Reservation holders at a posted price (a “voluntary release”)²⁴;
- (g) Post the acquiring entity, MW acquired and price for voluntary release MTF Reservations;
- (h) Post Default Release MTF Reservations that are made available for acquisition by eligible Transmission Customers at noon, the day before the relevant operating day when they are not either (i) used by the MTF Reservation holder to support a Bid to

functionality streamlines the tasks before the NYISO to a set that can be achieved before the MTF enters commercial operation in mid-2026.

¹⁹ See proposed OATT Sections 41.3.1.5 and 41.21.

²⁰ The NYISO and HQT will schedule deliveries at the Astoria Annex Substation in New York City. It will be the responsibility of Transmission Customers to cover line losses in Quebec and on the MTF. See proposed OATT Section 41.9.

²¹ The NYISO requires a posted MTF Reservation to evaluate an offer submitted on the MTF, except where communications problems prevent it from accessing the MTF Provider OASIS. See proposed OATT Sections 41.3.1.6(f), 41.14.2.

²² See proposed OATT Sections 41.3.1.1, 41.8, 41.8.3.

²³ The MTF Provider does not hold any MTF Reservations today, all MTF Reservations currently belong to HQUS.

²⁴ Voluntary release MTF Reservations will be available on a first-come, first-served basis to eligible Transmission Customers that agree to meet the MTF Reservation Holder’s posted price.

Import Energy to New York,²⁵ or (ii) voluntarily posted by the MTF Reservation Holder for acquisition by eligible Transmission Customers;

- (i) Post the price of acquiring Default Release MTF Reservations²⁶; and
- (j) Post the MTF Provider Business Practices and notice of proposed new or revised MTF Provider Business Practices.²⁷

The MTF Provider is working diligently with consultants from Open Access Technologies, Inc. (“OATI”), and has conferred with the NYISO and the Northeast Power Coordinating Council (“NPCC”), to achieve compliance with applicable reliability standards for its OASIS. The NYISO and the MTF Provider are already engaged in preliminary testing of interaction between their software and hardware systems.

D. Overview of Ancillary Services—Voltage Support Service

Based on its operating specifications the MTF should be able to provide Voltage Support Service (“VSS”). The MTF will be eligible to apply to provide VSS consistent with the NYISO’s Tariff rules that address Qualified Non-Generator Voltage Support Resources.²⁸

E. Installed Capacity Market—Addressed in Other Proceedings

Tariff revisions related to the MTF commencing participation in the NYISO’s Capacity Market using Unforced Capacity Deliverability Rights in 2026-2027 are included in the NYISO’s *Installed Capacity Market Parameter Enhancements for Certain New Entry Conditions* filing that was submitted in Commission Docket No. ER26-235 on October 24, 2025.

In addition, the NYISO will be proposing changes to its rules that apply to Control Area System Resources (“CASR”) for the Commission’s consideration in an upcoming FPA Section 205 filing. HQUS will use CASR and Unforced Deliverability Rights over the MTF to provide Installed Capacity to New York City from Quebec.

Discussion of Installed Capacity Market participation included in the Tariff revisions submitted herewith is limited to a few references to capacity delivery obligations in proposed OATT Section 41 that focus on transmission service requirements and the obligation to provide

²⁵ Posting of Default Release MTF Reservations will occur at 12:30 p.m. eastern time the day before the relevant Real-Time Market Day. See proposed OATT Sections 41.3.1.2, 41.18.8.

²⁶ See proposed OATT Section 41.1 definition of MTF Reservation Charges. Default Release MTF Reservations will be available on a first-come, first-served basis to eligible Transmission Customers that agree to meet the Default Release price set by the MTF Provider.

²⁷ See proposed OATT Section 41.1 definition of MTF Provider Business Practice.

²⁸ See proposed revisions to definition of Qualified Non-Generator Voltage Support Resource in Section 2.17 of the Services Tariff and Section 1.17 of the OATT.

requested data to the ISO or to its external Market Monitoring Unit, Potomac Economics (the “MMU”).²⁹

F. Proposed Market Power Monitoring and Mitigation Rules

Holders of MTF Reservations may, at times, have an incentive to avoid timely releasing MTF Reservations that they do not plan to use in order to prevent third parties from acquiring and using the reservations to schedule Imports to New York. The Initial MTF Reservation Holder HQUS executed a renewable energy certificate (“REC”) contract with the New York State Energy Research and Development Authority (“NYSERDA”) to deliver Energy over the MTF that is extremely complex and may incentivize Energy offering behavior that the NYISO does not anticipate.³⁰ Finally, HQUS is affiliated with HQT, which operates the Canadian portion of the MTF line. It is theoretically possible that, at times, the affiliated Hydro Quebec entities might be advantaged by under-delivering Energy that the NYISO schedules for delivery on the MTF (which HQT would repay at a later time as inadvertent energy).

The NYISO proposes to apply the Non-Competitive Proxy Generator Bus Energy Market pricing rules to the prices it develops at the Astoria Proxy Bus.³¹ These pricing rules apply to all of the NYISO’s Proxy Generator Buses that represent the NYCA’s interconnections with Quebec.³² Dr. David Patton explained the need for the rules in an affidavit the NYISO submitted with its filing proposing to implement the Dennison Scheduled Line that links the NYCA to Quebec.³³ The proposal to designate the Astoria Proxy Bus as a non-competitive Proxy Generator Bus was not contested in the NYISO’s stakeholder process.

²⁹ See, e.g., proposed OATT Sections 41.3.1.1 (MTF Reservation of one month or longer needed to support sale of Unforced Capacity over the MTF), 41.4.3 (sellers of Installed Capacity must arrange transmission service in neighboring markets [Quebec] and over the MTF), 41.16 (addressing data requests from NYISO and MMU).

³⁰ The original and amendments to the REC contract between HQUS and NYSEDA are available in New York Public Service Commission Case No. 15-E-0302. The original contracts were submitted for the New York Public Service Commission’s review on November 30, 2021.

³¹ The designation of the MTF as non-competitive is included in the NYISO’s proposed revisions to the table in Section 4.4.4 of the Services Tariff. The relevant pricing rules are set forth in Section 17.1.6.3 of the Services Tariff. In this filing the NYISO proposes MTF-specific changes to one aspect of the Non-Competitive Proxy Generator Bus pricing rules. The proposed changes are described above in Section III.B. of this filing letter.

³² There are also scheduling requirements that may apply at Non-Competitive Proxy Generator Buses. See, e.g., Services Tariff Section 5.12.1.10.

³³ Dr. Patton’s Affidavit was included as Attachment VIII to the NYISO’s February 23, 2007 filing in Docket No. ER07-570-000. The affidavit starts on page 116 of the PDF of the public filing that is available in the Commission’s eLibrary. The NYISO’s filing was accepted in an order issued pursuant to delegated authority on April 17, 2007 in Docket Nos. ER07-570-000 and ER07-570-001. Proposed OATT Sections 41.3.1.6(g) and (h) give the NYISO explicit authority to implement a line-specific ramp limit for the MTF (which the NYISO is able to do for any external interface). The NYISO’s Operations Department is still developing the ramp limits the NYISO will employ when the MTF is implemented; any limits the NYISO sets initially may change after the NYISO gains experience operating the MTF.

Proposed new monitoring tools—authority to access or obtain data that is proposed in Section 41 of the OATT will assist the NYISO’s efforts to monitor for the possible exercise of market power on the MTF. Proposed Section 41.15 of the OATT will grant the NYISO read-only access to all areas of the MTF Provider OASIS, including to transmission customer specific pages and information. Having direct access to this information will help the NYISO promptly investigate potential concerns it identifies. Proposed Section 41.16 of the OATT requires the MTF Provider and MTF Reservation holders to promptly respond to data requests from the NYISO, or from the MMU, seeking information about possible physical or economic withholding of the MTF’s capability.

Installed Capacity Market—HQUS has indicated that its ability to sell Installed Capacity to the NYCA over the MTF in the winter is likely to be significantly limited due to the load-serving obligations of its affiliates in Quebec, and due to obligations HQUS or one of its affiliates may have assumed in other markets. Again, the terms and conditions set forth in HQUS’s REC contract with NYSERDA may impact HQUS’s behavior. The NYISO intends to rely on its existing Supply Side Mitigation measures in the capacity market to guard against the potential for physical or economic withholding of Installed Capacity. In accordance with Section 23.4.5 of the Services Tariff, any supplier located in a Mitigated Capacity Zone that controls Unforced Capacity that is necessary to meet the Location Minimum Installed Capacity Requirement will be deemed a Pivotal Supplier and subject to offer caps and must-offer requirements. In addition, the provisions of 23.4.5.6 authorize the ISO to audit and review any proposal or decision remove capacity in a Mitigated Capacity Zone to determine whether such action constitutes physical withholding or lacks legitimate economic justification.

Mitigation rules—the NYISO plans to primarily rely on its existing market mitigation rules while its Market Mitigation and Analysis Department (“MMA”) and the MMU gain experience with the MTF’s implementation and the offering behavior of MTF Reservation holders in the NYISO’s, and neighboring, Energy and Installed Capacity Markets. In this filing the NYISO proposes revisions to Section 23.2.4.5 of its Services Tariff, which state the NYISO will monitor for and report behavior that represents a potential exercise of market power to its MMU for possible referral to the Commission’s Office of Enforcement. The NYISO may propose mitigation rules that are specific to the MTF and/or that target observed behavior by MTF Reservation holders after it gains a better understanding of how MTF Reservation holders participate in the NYISO’s Energy and Installed Capacity Markets.

IV. Description of NYISO’s Proposed Tariff Revisions

As explained above, proposed new Attachment II to/Section 41 of the OATT contains the vast majority of the new Tariff rules the NYISO is proposing to implement the MTF in its Energy market. Many of the rules proposed in Section 41 of the OATT are based on and similar to Commission-accepted rules in Schedule 18 to ISO-NE’s OATT. The NYISO’s review of its proposed Tariff revisions starts with OATT Section 41, then address other proposed OATT revisions, and concludes with descriptions of the proposed revisions to its Services Tariff.

A. Proposed New OATT Section 41/Attachment II to the NYISO OATT

41.1 Key Defined Terms

The definition of the **MTF** explains that it extends “from the Point of Receipt where it connects to transmission facilities owned and operated by Hydro-Québec at the U.S. - Canada border to its Point of Delivery where it connects to the rest of the NYS Transmission System at the Astoria Annex 345 kV GIS Substation in Queens, New York.”

The definition of **MTF Provider** (CHPE LLC and its designated agents) includes a high-level overview of the MTF Provider’s responsibilities. The MTF Provider will also have operating responsibilities assigned to it when it executes the *pro forma* OATT Section 31.11 Operating Agreement and becomes a NTO in New York.

MTF Provider Business Practices are procedures that the MTF Provider develops that detail how the MTF Provider implements its Tariff obligations and specify requirements that apply to potential and existing MTF Transmission Customers. The business practices concept is adopted from the rules that the Commission accepted for the Cross-Sound Cable. The MTF Business Practices must be publicly posted and a five business day comment period is required before a new business practice or amendment to an existing business practice can take effect. The NYISO can reject new business practices or amendments to existing business practices that (a) are inconsistent with its Tariffs, or that would (b) require the NYISO to modify its own processes or procedures in order to accommodate the change.

The NYISO explains the proposed **MTF Provider OASIS** in **Section III.C.** of this filing letter, above.

41.2 Allocation of Available Transmission Capability

41.2.1 Commission Approved Allocation Process—complies with the Commission’s requirement to identify the entity that won CHPE LLC’s competitive solicitation. HQUS will be the initial holder of all MTF Reservations.

41.2.2 Voluntary releases of MTF Reservations may be offered for sale on the MTF Provider OASIS and acquired by eligible Transmission Customers. Addresses treatment of both hourly and longer-term voluntary releases. More detailed rules are in proposed OATT Sections 41.8 and 41.18.4.

41.3.1 MTF Reservations and Scheduling Transmission Service on the MTF

41.3.1.1 MTF Reservation—defines “MTF Reservation” and sets forth fundamental rules and requirements including minimum duration (1 hour) and maximum duration (limited to the rights the transferor possesses). Includes a high-level explanation of the two ways a MTF Reservation can be voluntarily transferred (via a bilateral agreement that is recorded on the MTF Provider OASIS or by posting on the MTF Provider OASIS at a price that is accepted by an eligible Transmission Customer).

41.3.1.2 Default Release MTF Reservation—a one-hour MTF Reservation in the Real-Time Market that the MTF Provider makes available for acquisition by third parties when a MTF Reservation holder does not timely submit a Day-Ahead or Real-Time Bid in the NYISO markets, or post a voluntary release of the MTF Reservation for acquisition by eligible Transmission Customers on the MTF Provider OASIS. Default Release MTF Reservations that are used to submit Bids that are evaluated and scheduled by the NYISO receive the same firm point-to-point transmission service as other MTF Reservations.

If the MTF Provider reasonably anticipates that the Total Transfer Capability (“TTC”) of the MTF will be affected by derates (based on NYISO’s TTC posting, or other information the MTF Provider is aware of) then it is expected to limit the Default Release MTF reservations it posts on its OASIS for acquisition. The goal is to make available the transmission service that the MTF Provider reasonably expects the MTF can deliver. Once acquired, MTF Reservations (including Default Release MTF Reservations) are not rescinded. The NYISO can also limit Import schedules on the MTF or curtail scheduled Imports when such actions are necessary to protect reliability.

41.3.1.3 Emergency Energy—the NYISO and HQT may agree to employ unused transfer capability on the MTF to deliver Energy to New York City in an Emergency. The NYISO will compensate MTF Reservation holders for use of their MTF Reservations based on the posted rate that entities acquiring Default Release MTF Reservations pay.

41.3.1.4 MTF Provider Administration of MTF Reservations—sets forth a few basic rules the MTF Provider must follow when implementing MTF Reservations. This section requires the MTF Provider to reduce available MTF Reservations when the MTF is subject to a derate that the MTF Provider anticipates will continue for at least one month. Reductions are applied on a *pro rata* basis if there are several MTF Reservation holders.

41.3.1.5 Availability of MTF Reservations—this provision (a) requires the MTF Provider to calculate and post an ATC that is used to determine available MTF Reservations in accordance with proposed Section 41.21 of the OATT; (b) explains the methods by which MTF Reservations can be acquired, and (c) explains that the NYISO will only validate Bids that are associated with MTF Reservations that the MTF Provider timely posts on its OASIS (except when the MTF Provider is unable to post reservations, or the NYISO is unable to view posted reservations).

41.3.1.6 Energy Schedules and Curtailment of Energy Schedules on the MTF—this section sets forth or describes the rules that the NYISO follows: (a) when scheduling Energy on the MTF based on its evaluation of Bids that are associated with valid and sufficient MTF Reservations, and (b) when the NYISO needs to curtail schedules on the MTF. The proposed rules are largely consistent with the NYISO’s existing Tariff rules. Curtailments on the MTF are implemented similar to curtailments on A/C interfaces (primarily considering the economics of Bids), which is different from how some curtailments are implemented for Scheduled Lines.³⁴ Additionally (1) similar to Scheduled Lines, a Transmission Customer’s Bid MW may not exceed its MTF Reservation, and (2) the NYISO may elect to impose Ramp Capacity limits on the MTF to prevent abrupt changes in MTF Energy schedules.

41.3.1.7 Scheduling Imports of Energy to the NYCA over the MTF—provides an overview of the process of scheduling Imports to New York over the MTF in the NYISO’s Day-Ahead and Real-Time Markets, including timing of Bid submission and E-Tagging requirements. North American Electric Reliability Corporation (“NERC”) E-Tags for Imports over the MTF are required to reference one MTF Reservation ID that is posted on the MTF Provider OASIS.³⁵

41.3.1.8 Curtailment of Energy schedules on the MTF—addresses some settlement implications of curtailed MTF schedules. The rules are the same as apply to other External Transactions.

41.4 Registration of Transmission Customers

Proposed OATT Sections 41.4.1 and 41.4.2 address the MTF Provider’s registration of Transmission Customers that are eligible to acquire MTF Reservations. The requirements proposed in Section 41.4.2 of the NYISO’s OATT are based on and similar to the Commission-accepted requirements in Section 4.1 of Schedule 18 to ISO-NE’s OATT.

Proposed Section 41.3 makes clear that it is the responsibility of the Transmission Customer to arrange transmission service in Quebec and other Balancing Authority Areas that is necessary to effectuate an Import to New York on the MTF. Because the NYISO does not accept Capacity that must be wheeled across Quebec from a different Balancing Authority Area, it requires the Transmission Customer to comply with notification requirements so that the NYISO is aware of the source of transactions.

³⁴ See, e.g., Section 3.1.6 of the OATT which sets forth non-standard curtailment rules for some Scheduled Lines.

³⁵ The same NERC E-Tag requirement applies to Scheduled Lines that employ Advance Reservations.

41.5 Procedures for Obtaining MTF Reservations

Section 41.5 sets forth the MTF Provider procedures that must be followed to obtain a blanket MTF Reservation Service Agreement,³⁶ which will enable the eligible Transmission Customer to acquire, use and sell MTF Reservations. The rules proposed in this Section are similar to, but not entirely the same as, the rules in Section 5 of Schedule 18 to the ISO-NE OATT that address requests for transmission service on the Cross-Sound Cable.³⁷

Proposed OATT Section 41.5.2.3 sets forth the information that must be submitted in the application to the MTF Provider. Each application requires a proposed \$1,000 processing fee to cover the MTF Provider's administrative costs and discourage the submission of multiple applications by an eligible Transmission Customer.³⁸ Because the result of completing the application process is the execution of a (re-usable) *pro forma* blanket MTF Reservation Service Agreement,³⁹ the NYISO does not expect it should be necessary for a Transmission Customer to repeatedly incur the application fee. A security deposit provision in proposed NYISO OATT Section 41.5.3 mirrors the Commission-accepted requirement in Section 5.4 of Schedule 18 to the ISO-NE OATT.

Proposed OATT Section 41.5.8 addresses the filing and reporting of MTF Reservation Service Agreements. The NYISO proposes to treat them the same as other Commission-jurisdictional Service Agreements. The NYISO, acting in its role as administrator of the OATT, will file non-conforming agreements on the MTF Provider's behalf.

41.5.9 Treatment of Confidential and Protected Information—the NYISO proposes to require the MTF Provider to comply with the standards set forth in the NYISO's own Code of Conduct when it receives Confidential Information or Protected Information submitted by an applicant for a MTF Reservation, a Transmission Customer, HQT or the NYISO. The MTF Provider is authorized to share Confidential Information with the NYISO and its MMU without providing notice of the disclosure. The MTF Provider may share Confidential or Protected Information with the Commission, the Commodities and Futures Trading Commission and their respective staffs consistent with the NYISO's own information sharing authority. The MTF Provider may share Transmission System Information with HQT and the Transmission Owners' control centers. Finally, the NYISO is authorized to share Confidential and Protected

³⁶ The NYISO's proposed *pro forma* MTF Reservation Service Agreement is set forth in Section 41.19 of its OATT and described below.

³⁷ Differences between the NYISO and ISO-NE rules arise for several reasons including: (a) the ISO-NE process awards transmission service while the NYISO process grants a MTF Reservation, and (b) the ISO-NE rules allow applications for firm and non-firm transmission service; there is no non-firm transmission service in New York (including on the MTF). *See, e.g.*, NYISO OATT Section 3.2 ("Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.")

³⁸ *See* proposed OATT Section 41.5.3(h).

³⁹ *See* proposed OATT Sections 41.5.7.

Information with the MTF Provider that the MTF Provider requires to operate the MTF, including the quantities of Day-Ahead and Real-Time Bids MTF Reservation Holders submitted.⁴⁰

41.7 Payment for MTF Reservations—addresses MTF Provider collection of MTF Reservation Charges from Transmission Customers, most of which are ultimately paid to the MTF Reservation holder that owned the MTF Reservation that was sold, released or transferred.

41.8 Sale, Assignment or Transfer of MTF Reservations—a MTF Reservation Holder may sell, assign or transfer all or a portion of its rights to an Eligible Customer that has a blanket MTF Reservation Service agreement in place with the MTF Provider. If the sale is made via a bilateral agreement, then the participating parties transfer the funds and must timely record the change on the MTF Provider OASIS.⁴¹ If the MTF Reservation is posted for purchase at a price on the MTF Provider OASIS and an offer is submitted by a Transmission Customer, then the MTF Provider will participate in the fund transfer and the MTF Provider's creditworthiness requirements will apply to the purchasing entity.

41.9 Real Power Losses—Import schedules that the NYISO issues reflect the MW and MWh that the Transmission Customer is expected to deliver at the MTF's Point of Delivery in New York City. It is the responsibility of the scheduling Transmission Customer to provide sufficient Energy to enable HQT and the MTF Provider to deliver the scheduled quantity of Energy at the Point of Delivery.

41.10 Effect on Rates and Allocation of Revenues—the MTF will not affect the rates for service on the rest of the New York State Transmission System that are recovered under the OATT and the MTF Provider will not be allocated any revenues under the OATT for service on facilities other than the MTF. The MTF Provider is responsible for billing its customers.

41.12 Energy Imbalances and Payback of Inadvertent Energy—because the MTF is a fully controllable D/C line, actual Energy deliveries should not vary significantly from scheduled Energy deliveries. Inadvertent Energy will be determined and tracked for the MTF distinct from all of the other Quebec/New York scheduling interfaces (Chateauguay and the Dennison Scheduled Line). Inadvertent Energy obligations incurred on the MTF must be repaid on the MTF. Inadvertent Energy repayment schedules (which will be implemented as adjustments to Import schedules) will be determined by the NYISO and HQT and communicated to the MTF Provider.

41.13 Transmission Congestion Contracts—for the reasons explained in Section III.B. of this filing letter, the MTF will be excluded from TCC auctions and the MTF is not eligible for an

⁴⁰ The MTF Provider will use the Bid information it receives from the NYISO to determine when to post Default Release MTF Reservations that are available to be acquired by eligible Transmission Customers.

⁴¹ Proposed OATT Sections 41.8.1, 41.8.3, 41.18.4 address the required timing of OASIS postings.

award of Incremental TCCs. The MTF Provider may be eligible for Incremental TCCs for certain other upgrades to the NYCA system it funds.

41.14 Communications Failure and Inability to Exchange Data

The NYISO proposes several rules to address how the NYISO, the MTF Provider and HQT will respond when foreseeable problems arise that disrupt the automated exchange of data or communications between the parties more generally.

41.14.1 MTF Provider Unable to Obtain Bids from NYISO—if the MTF Provider is not able to obtain the Day-Ahead and relevant Real-Time Bids submitted by MTF Reservation Holders to the NYISO for service on the MTF, then the MTF Provider shall not post any Default Release MTF Reservations for the affected time period.

41.14.2 NYISO Unable to Obtain MTF Reservations from MTF Provider OASIS—if the NYISO is unable to successfully query the MTF Provider OASIS to confirm the Bids it received are each tied to a MTF Reservation, then the NYISO will economically evaluate all of the Bids it received to schedule an Import on the MTF and issue schedules based on its economic evaluation. If the real-time schedule that the NYISO develops for the MTF is greater than the MTF or HQT can support, then reductions will be made in the check-out process between the NYISO and HQT. If an offer is submitted that is not supported by a MTF Reservation, then the NYISO may inform its MMU or the Commission Staff of the behavior.

41.14.3 NYISO Unable to Post Real-Time Schedules—if the NYISO's market software is unable to develop real-time schedules for the MTF, then the NYISO and HQT may agree on a schedule and the NYISO will inform the MTF Provider of the agreed-on schedule. The NYISO may assign Import schedules to Market Participants consistent with their Bids, e-tags, MTF Reservations, HQT's schedules and operation of its transmission system, and the NYISO's Tariffs and Procedures.

41.14.4 General Communications Failure—if communications fail (including telephonic communications) between and among the MTF Provider, the NYISO and HQT, then the MTF is expected to continue to operate at its current schedule until communications are restored. If a partial communications failure occurs the MTF Provider shall communicate any need to derate the MTF to the NYISO as soon as practicable, verbally on a recorded line or via electronic means. The NYISO may assign Import schedules to Market Participants consistent with their Bids, e-tags, MTF Reservations, HQT's schedules and operation of its transmission system, and the NYISO's Tariffs and Procedures.

41.14.5 Back-Up Operation—if the NYCA enters Back-Up Operation, the MTF Provider will be expected to follow Con Edison's operating instructions and Con Edison will be responsible for developing interchange schedules on the MTF with HQT.

41.15 NYISO Access to MTF Provider OASIS—as explained in Section III.F. of this filing letter, the NYISO will have read-only access to all areas of the MTF Provider OASIS, including Transmission Customer specific pages and information.

41.16 NYISO Date Requests to MTF Provider and MTF Reservation Holders—addressed in Section III.F. of this filing letter.

41.17 MTF Provider Filing Rights—proposed OATT Section 41.17 references the filing rights that NTOs possess under the *Form of Operating Agreement*⁴² they are each required to execute. The NYISO proposes to grant the MTF Provider FPA Section 205 filing rights similar, but not identical to the rights the NYISO’s current NTOs receive. In late November or early December 2025, the NYISO will submit a FPA Section 205 filing proposing to update the *Form of Operating Agreement* that all New York NTOs are required to execute that includes proposed changes that were developed to address transmission facilities that are financed using negotiated rates rather than traditional cost-of-service rates.

41.18 Procedures for Reassignment of MTF Reservations

41.18.4 Voluntary assignment of MTF Reservations—assignments of MTF Reservations with a duration of one day or longer can occur via a bilateral agreement between a MTF Reservation holder (the “Reseller”) and an acquiring eligible Transmission Customer (the “Assignee”). Notice of the transfer must be posted by noon at least two calendar days before the MTF Reservation is transferred to the Assignee and service may commence. MTF Reservations may also be transferred by the MTF Reservation Holder posting them for sale on the MTF Provider OASIS. Real-time hourly releases can only be assigned by posting them on the MTF Provider OASIS. Voluntary transfers of MTF Reservations that occur through postings on the MTF Provider OASIS must occur consistent with the deadlines specified in proposed OATT Section 41.18.6.

41.18.6 Timing of voluntary releases—sets forth acquisition and posting deadlines for MTF Reservations that a MTF Reservation holder voluntarily post for sale on the MTF Provider OASIS. Provides deadlines by which Annual, Monthly, Weekly and Daily releases must be acquired, and timeframes for both posting and acquiring hourly releases of MTF Reservations that are posted on the MTF Provider OASIS.

41.18.7 Posting awards of MTF Reservations—MTF Reservations voluntarily posted for release (sale) on the MTF Provider OASIS are offered for release at a publicly posted rate, with the award of such MTF Reservations made by the MTF Provider on a first-come, first served basis to eligible Transmission Customers that meet the posted rate.

41.18.8 Default Release MTF Reservations—this provision tells the MTF Provider how to calculate the quantity of MTF Reservations to make available as hourly, real-time Default

⁴² See OATT Section 31.11.

Release MTF Reservations by posting their availability on the MTF Provider OASIS. The MTF Provider posts the default released MW at 12:30 p.m., the day before the real-time operating day. Default Release MTF Reservations are awarded by the MTF Provider on a first-come, first-served basis to eligible Transmission Customers that meet the posted rate.

An important difference between default releases and voluntary releases of MTF Reservations is that the MTF Reservation holder determines the price at which it offers voluntary releases. The MTF Provider makes Default Release MTF Reservations available at a posted price that it (not the MTF Reservation holder) determines. The NYISO will monitor the prices at which voluntary and default releases are made available for acquisition by eligible Transmission Customers.

41.18.11 Billing—the MTF Provider will be responsible for administering billing and payment related to the transfer of MTF Reservations, including Default Release MTF Reservations.

41.19 Form of Blanket MTF Reservation Service Agreement

The NYISO proposes a *Form of Blanket MTF Reservation Service Agreement for the Champlain-Hudson Power Express Merchant Transmission Facility* that is similar to the *Form of Blanket Service Agreement for MTF Service over the Cross Sound Cable* that is included as Attachment A to Schedule 18 of the ISO-NE OATT. The NYISO's proposed agreement differs from ISO-NE's Commission-accepted form of agreement primarily to address differences between the NYISO and ISO-NE market rules. For example, (a) the NYISO's proposed form of agreement addresses MTF Reservations while ISO-NE's accepted form of agreement applies more broadly to transmission service over the Cross-Sound Cable, and (b) the ISO-NE Agreement addresses both firm and non-firm transmission service; the NYISO's proposed agreement does not include this distinction because non-firm service will not be available on the MTF.⁴³

41.20 Specifications For MTF Reservation Obtained via the MTF Provider OASIS and Related External Transaction Schedules

The service specifications the NYISO proposes in Section 41.20 of its OATT provide helpful information to eligible and potential MTF customers. The service specification addresses basic concepts and provides information that a MTF Reservation holder may require to schedule transmission service to and over the MTF, including the location of the MTF's Point of Delivery and Point of Receipt.

⁴³ See n.37 above and NYISO OATT Section 3.2 (“Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.”)

41.21 Method of Calculating TTC, CBM, TRM and ATC for the Champlain-Hudson Power Express Merchant Transmission Facility

The methods NYISO proposes for calculating TTC, Capacity Benefit Margin (“CBM”) and Transmission Reliability Margin (“TRM”) for the MTF are consistent with the Commission-accepted rules in Section 9 of the NYISO’s OATT. The NYISO expects that TRM and CBM for the MTF will ordinarily be zero MW.

The NYISO, acting as the Transmission Operator (“TOP”), will determine the TTC for the MTF consistent with Section 9.5 of its OATT. The NYISO posts the TTC for the MTF and other external interfaces in the *Available Transfer Capability Implementation Document* that is publicly available on the NYISO’s web site. The MTF Provider will be required to post on its OASIS the most up-to-date TTC information that it is able to obtain from the ISO’s OASIS for informational purposes.

The NYISO and the MTF Provider will each calculate ATC; the two ATC calculations will be used for different purposes. The NYISO will calculate and post MTF ATC in accordance with Section 9 of its OATT. The MTF Provider will also calculate and post MTF ATC. The NYISO will use the ATC it calculates to determine the quantity, in MW, of transmission service (Imports) it can schedule. The MTF Provider will use the ATC it calculates to determine available MTF Reservations.

All transmission service in the NYCA, including service on the MTF, is firm service. The MTF Provider does not need to calculate Non-Firm ATC because, consistent with OATT Sections 6.8 and 9.2, Non-Firm Point-to-Point Transmission Service is not available in the markets that the NYISO administers.

The NYISO proposes that the MTF Provider perform and post both a long-term ATC calculation, that applies to the Day-Ahead Market timeframe and all periods that are further out in the future (up to 13 months out), and a real-time ATC calculation that applies to the relevant Real-Time Market Day. The real-time calculation is expected to be more granular and precise, as the MTF Provider will have more data to inform its real-time ATC calculation.

In reviewing the proposed ATC calculation for the MTF Provider it is important to remember that its purpose is to track available MTF Reservations, *not* transmission service schedules on the MTF. As explained above, the MTF provider administers MTF Reservations, the NYISO grants transmission service on the MTF to MTF Reservation holders that submit Bids that are evaluated and scheduled by the NYISO as components of the solution its Security Constrained Unit Commitment (“SCUC”) or Real-Time Commitment (“RTC”) develop to serve NYCA Load at least production cost.

Section 41.22 MTF Creditworthiness Practices

Proposed Section 41.22 of the OATT provides a high-level overview of the practices the MTF Provider will follow in determining the eligibility of Transmission Customers to acquire

MTF Reservations. More detailed information is expected to be provided in the posted MTF Provider Business Practices. The proposed creditworthiness practices are similar to, but in some cases allow the MTF Provider more discretion than, the Commission-accepted Creditworthiness Procedures for the Cross-Sound Cable that are posted in Attachment L to Schedule 18 of the ISO-NE OATT. The NYISO anticipates that it will be in the MTF Provider's financial interest to allow broad participation by third parties on the MTF. Allowing broad third-party participation should enable HQUS (the anchor tenant) to reduce its costs or gain value by selling MTF Reservations that it is unable to use. The NYISO will evaluate any claims it receives from applicants and eligible Transmission Customers that the MTF Provider's credit practices present an unjust or unduly discriminatory barrier to third parties acquiring MTF Reservations for their own use.

B. Proposed Revisions to Existing Sections of the NYISO's OATT

This section of the NYISO's transmittal letter addresses proposed revisions to the NYISO's OATT that are needed to implement the MTF that do not appear in proposed new Attachment II to/Section 41 of the OATT.

Definitions (OATT Section 1)

The NYISO proposes to add new defined terms **Champlain Hudson Power Express Merchant Transmission Facility ("CHPE MTF")** and **MTF Reservation**.

The NYISO proposes a minor change to Section 1.17 of the OATT to make clear that the MTF is eligible to apply to become a **Qualified Non-Generator Voltage Support Resource**.

The NYISO proposes to revise the definition of **Real-Time Scheduling Window** in Section 1.18 of the OATT to make clear that real-time Bids to Import Energy on the MTF must be submitted 85 minutes before the relevant scheduling hour. The same timeframe for submitting Bids applies to Scheduled Lines that employ Advance Reservations.

2.4 Open-Access Same Time Information System ("OASIS")—proposed revisions to state that the MTF Provider will maintain an OASIS to manage MTF Reservations, but transmission service schedules for Imports on the MTF will be posted on the NYISO's OASIS.

3 Point-to-Point Transmission Service, Preamble—proposed revisions to state that Imports scheduled on the MTF will be subject to the MTF reservation and scheduling requirements in (proposed, new) Section 41 of the OATT.

3.1.6 Curtailment of Firm Transmission Service—this OATT provision states that curtailment priority for External Transactions on Scheduled Lines that employ Advance Reservations may be determined differently from the rest of the NYCA. The proposed OATT revision explains that Imports on the MTF will **not** be subject to the non-standard rules that apply to Scheduled Lines with Advance Reservations.

3.1.8.1 Scheduling Firm Point-to-Point Transmission Service in the Day-Ahead Market—the proposed change explains that Bids to schedule Imports on the MTF must be submitted by 4:50 a.m., similar to the time frame for Bids submitted on Scheduled Lines that employ Advance Reservations. The additional time is needed to validate that each Bid is backed by a MTF Reservation of sufficient (MW) size.

12.4.1 Information Provided to NYSERDA Consistent with Article 8, Title 9 of New York Public Authorities Law, Section 1854(19)—revised to clearly authorize NYISO to provide non-public revenue quality meter data to NYSERDA that NYSERDA demonstrates it requires to administer state REC programs. Some, but not all, Energy deliveries on the MTF will be eligible for REC payments from NYSERDA.

16.3.3.7 Scheduling External Transactions at the Proxy Generator Buses Associates with Scheduled Lines or the MTF—adds a cross-reference to Section 41 of the OATT to locate facility-specific rules for scheduling Imports on the MTF.

16.3.4 Bilateral Transaction Adjustments, Curtailments and Settlements—the proposed OATT revision explains that Imports on the MTF will **not** be subject to the non-standard curtailment priority rules that apply to Scheduled Lines with Advance Reservations.

19 Sale and Award of Transmission Congestion Contracts

The NYISO proposes to revise Sections 19.2.4.1, 19.8.3.4, 19.8.4, 19.8.5, 19.9.5, and 19.9.7 of the OATT to clarify either: (a) that the NYISO will not award Incremental TCCs for the MTF; or (b) that in determining Residual Transmission Capacity available to support the sale of TCCs in NYISO-administered TCC Auctions, the NYISO shall exclude consideration of transmission Capacity associated with the CHPE MTF.

The NYISO proposes revisions to Section 19.9.8 of the OATT to clarify that when conducting Centralized TCC Auctions and Reconfiguration Auctions: (a) the ISO shall exclude consideration of Designated Scheduled Lines and the CHPE MTF, and (b) the point identifiers (Proxy Generator Buses) associated with the “Designated Scheduled Lines” and the MTF will not be available as Points of Injection or Points of Withdrawal.

The NYISO explained the reasons for the proposed revisions to Section 19 of the OATT in Section III.B. of this filing letter.

35.23 Market-to-Market Coordination Process between NYISO and PJM Interconnection

The NYISO proposes to add the MTF to a table in Section 5.2 of the rules that govern the NYISO’s Market-to-Market Coordination process (“M2M”) with PJM. The table identifies Scheduled Lines, imports over which may be reflected in the M2M process. The MTF will be treated like a Scheduled Line for purposes of the M2M process with PJM. PJM has provided a Certificate of Concurrence assenting to the proposed change that is included as Attachment VII. to this filing letter.

C. Proposed Revisions to the Services Tariff

Definitions (Services Tariff Section 2)

The proposed changes to the definitions in Section 2 of the Services Tariff are the same as the changes to Section 1 of the OATT described above.

4.2.1.1 General Customer Forecasting and Bidding Requirements—the proposed change explains that Bids to schedule Imports on the MTF must be submitted by 4:50 a.m., similar to the time frame for Bids submitted on Scheduled Lines that employ Advance Reservations. The additional time is needed to validate that each Bid is backed by a MTF Reservation of sufficient (MW) size.

4.4.4 Identifying the Pricing and Scheduling Rules That Apply to External Transactions—the NYISO proposes to add the MTF to the table of external Proxy Generator Buses in Section 4.4.4 of the Services Tariff. The NYISO also proposes to add a note explaining that although a “HQ_CHPE_Load” Export Bus is listed in the table, the MTF is a unidirectional transmission facility; only Imports of Energy to the NYCA are currently allowed on the MTF (the same is true for the Neptune and HTP Scheduled Lines). The NYISO proposes to designate the MTF as a Non-Competitive Proxy Generator Bus in the table. The proposed Non-Competitive Proxy Generator Bus designation is explained in **Section III.F.** of this filing letter, above.

17.1.5 Zonal LBMP Calculation Method and 17.1.6.3.2 Pricing Rules for Non-Competitive, Variably Scheduled Proxy Generator Buses—the NYISO proposes revisions to the identified sections of the Services Tariff to state that the NYISO will not include congestion costs due to ATC Interface Constraints in the Day-Ahead or real-time LBMPs it calculates for the MTF. The NYISO explained the reasons for its proposal not to price congestion costs caused by ATC Interface Constraints on the MTF in **Section III.B.** of this filing letter, above.

23.2.4.5 Monitoring of the MTF—the NYISO proposes a new Tariff rule that addresses the monitoring of the MTF for (a) physical or economic withholding of the opportunity to schedule transmission service, and (b) under-delivery of scheduled Energy in real-time, where such under delivery may have a material impact on prices or guarantee payments in the ISO-Administered Markets. If the NYISO identifies conduct that violates the proposed standards and appears inconsistent with competitive behavior, it must inform the MMU of the behavior for possible referral to the Commission’s Office of Enforcement. The proposed rule is also addressed in Section III.F. of this filing letter.

29 Attachment N Addressing External Transactions at the Proxy Generator Buses for Scheduled Lines—the NYISO proposes to add a cross-reference to Section 29.1 of the Services Tariff to make clear that the MTF is subject to Section 41 of the OATT, not Section 29 of the Services Tariff.

V. Effective Date

The NYISO respectfully requests that the Commission permit its proposed Tariff revisions to become effective 61 days after the date of this filing, on January 21, 2026. The NYISO currently anticipates that it will implement the MTF in its Energy market on or after May 1, 2026. However, NYISO, HQT and CHPE could begin to schedule test Energy over the MTF starting as early as February 2026, with the exact starting date dependent upon a variety of conditions, many of which are outside the NYISO's control including: (a) completion of construction of the MTF, (b) HQT progress testing other new transmission facilities connecting Quebec to New England, and (c) system conditions (for example, a colder than normal winter could delay the start of testing). From the date that the Tariff revisions proposed herein are permitted to become effective to the date that the NYISO fully implements the MTF in its Energy market, the NYISO and the MTF Provider will ordinarily post TTC and ATC of zero for the MTF, indicating that it is not available for scheduling.⁴⁴ The NYISO commits to provide at least two weeks notice to the Commission, to HQT, to CHPE LLC, and to all Market Participants before it fully implements the MTF in its Energy market.

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 and Market Issues Working Group. The proposed tariff revisions were approved unanimously, without any abstentions, by the NYISO's stakeholders at the September 17, 2025 Business Issues Committee and the September 24, 2025 Management Committee. On October 21, 2025 the NYISO's Board of Directors approved a motion directing the NYISO to file the proposed tariff revisions.

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.

⁴⁴ The NYISO and the MTF Provider may post an ATC or TTC greater than zero following the effective date of the proposed Tariff revisions attached hereto, but prior to full Energy market implementation of the facilities in order to test the MTF and the NYISO's software systems, including the associated Proxy Generator Bus. During scheduled tests the NYISO will post a notice on its OASIS that, while prices are being posted for the relevant Proxy Generator Bus, it is not available for the submission of market transactions. Transactions that are not part of the approved test schedule will be rejected or cut. The NYISO employed the same procedures when testing its Scheduled Lines, including Neptune and Dennison, before they were implemented in the NYISO's Energy market.

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 January 21, 2026.

Respectfully submitted,

/s/ Alex M. Schnell

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