

December 10, 2025

Submitted Electronically

Honorable Debbie-Anne A. Reese, Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20426

**Re: Docket No. ER26-____-000, *New York Independent System Operator, Inc.*;
Proposed Revisions to the Installed Capacity Market Participation Model for
Control Area System Resources**

Dear Secretary Reese:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), the New York Independent System Operator, Inc. (“NYISO”) submits proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) to revise the rules related to the participation of Control Area System Resources (“CASRs”) in the NYISO’s Installed Capacity (“ICAP”) market.²

The NYISO respectfully requests that the proposed revisions become effective March 1, 2026. The NYISO will first utilize these proposed revisions for the upcoming 2026-2027 Capability Year.

I. List of Documents Submitted

The NYISO submits the following with this filing letter:

1. A clean version of the proposed revisions to the Services Tariff (“Attachment I”); and
2. A blacklined version of the proposed revisions to the Services Tariff (“Attachment II”).

II. Background

The NYISO’s ICAP market includes participation rules for CASRs, a type of External ICAP Supplier. A CASR is “[a] set of Resources owned or controlled by an entity within a Control Area that also is the operator of such Control Area.”³ Unlike other ICAP Suppliers, the

¹ 16 U.S.C. § 824d.

² Capitalized terms not otherwise defined herein shall have the meaning specified in Section 2 of the Services Tariff.

³ Services Tariff § 2.3 (Definitions - C).

“entities supplying Unforced Capacity [(“UCAP”)] using [CASRs] will not designate particular Resources as the suppliers of [UCAP].”⁴ The fact that a CASR is treated as a single pool of Resources, without visibility into the individual Resources supplying the UCAP, is unique. All other ICAP Suppliers must identify the specific Resource(s) that supply the UCAP sold.

The CASR ICAP market participation model has been part of the NYISO’s ICAP market design since its inception.⁵ Historically, CASRs have been subject to distinct rules compared to all other External ICAP Suppliers. While such distinct rules, in part, reflect the unique nature of CASRs, this differentiation can present operational and reliability concerns. These concerns arise from the NYISO’s lack of visibility into the Resources supporting the UCAP sold by a CASR. These concerns have become more acute with the evolving nature of New York’s electric system, including tightening supply margins, changes in load and generation patterns, and increasing reliance on weather-dependent generation.

The June 2025 heatwave provided a recent example of the New York Control Area’s (“NYCA’s”) tightening system conditions and evolving nature of risks to maintaining reliability. During that heatwave, New York experienced challenges with approximately 7,000 MW of capacity unavailable during peak periods.⁶ During similar past high demand events, the NYISO had been able to coordinate with neighboring grid operators to import additional electricity to compensate for the loss of in-state generation.⁷ However, as the heatwave peaked on June 24, 2025, neighboring grid operators curtailed approximately 2,000 MW of scheduled exports to New York to maintain their own reserves.⁸ This reduction prompted NYISO grid operators to initiate emergency energy purchases in order to maintain NYCA system reliability.⁹ To maintain adequate operating reserve levels, NYISO grid operators were required to purchase emergency electricity from Canada and the Midwest.¹⁰ Pursuant to Section 5.12.1.10 of the Services Tariff, the NYISO also issued Supplemental Resource Evaluation (“SRE”) requests to External ICAP

⁴ *Id.*

⁵ See *N.Y. Indep. Sys. Operator, Inc.*, 90 FERC ¶ 61,319 (2000) (accepting transitional ICAP market design subject to condition), *granting compliance filing*, 95 FERC ¶ 61,406 (2001); *N.Y. Indep. Sys. Operator, Inc.*, 94 FERC ¶ 61,357 (Mar. 28, 2001) (delegated letter order) (accepting modification to the transitional ICAP market design); *N.Y. Indep. Sys. Operator, Inc.*, 96 FERC ¶ 61,251 (2001) (accepting permanent ICAP market design), *reh’g denied*, 98 FERC 61,180 (2002), *reh’g denied*, 99 FERC 61,072, *vacated and remanded on other grounds*, *Keyspan-Ravenswood, LLC v. FERC*, 348 F.3d 1053 (2003).

⁶ See NYISO Summer 2025 Hot Weather Operations Presentation, Operating Committee, at Slide 15 (Oct. 16, 2025), at https://www.nyiso.com/documents/20142/54426374/05_Summer%202025%20NYISO%20Hot%20Weather%20Operating%20Conditions%20OC.pdf/6118ee5b-4810-5f21-bd55-21768afd6b62

⁷ “June Heatwave Tests Electric Grid in New York,” NYISO Blog (July 28, 2025), at <https://www.nyiso.com/-/june-heatwave-tests-electric-grid-in-new-york>

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

Suppliers, including Hydro-Quebec (currently the only CASR participating in the NYISO's ICAP market).

III. Description of Proposed Tariff Revisions

For the reasons discussed above, the NYISO seeks to enhance the CASR ICAP market participation model to provide improved parity with the requirements for other External ICAP Suppliers (i.e., an External ICAP Supplier that is a Generator and an External Generator associated with a UCAP sale using Unforced Capacity Deliverability Rights (“UDRs”) or External-to-Rest-of-State Deliverability Rights (“EDRs”)). These proposed changes will facilitate the ability of CASRs to continue supporting the bulk power system as the NYCA system and nature of reliability risks evolve in response to changing conditions. The proposed enhancements also seek to ensure that UCAP supplied by a CASR remains valued consistent with its contribution to resource adequacy.

Specifically, the NYISO proposes revisions to the Services Tariff related to (1) SRE request requirements for CASRs and (2) deliverability and curtailment priority rules for UCAP supplied by CASRs.¹¹

A. SRE Request Requirements

Services Tariff Section 5.12.1.10 sets forth the requirements that apply when the NYISO issues an SRE¹² request. Among other things, it sets forth the steps that External ICAP Suppliers (including CASRs) must take for each hour of an SRE request. It also describes exemptions from the obligations to take such required actions. Specifically, if an External ICAP Supplier is a Generator or an External Generator is associated with a UCAP sale using UDRs or EDRs, it is exempt

to the extent such a Generator is unable to Bid in response to the SRE request due to an outage as defined in the ISO Procedures, due to physical operating limitations affecting the Generator, or due to other operational issues that are outside the [ICAP] Supplier's control, *as determined by the ISO* (emphasis added).

¹¹ In separate, ongoing initiatives, the NYISO is collaborating with its stakeholders to assess the potential for additional enhancements to the requirements for External ICAP Suppliers (e.g., the Winter Reliability Capacity Enhancements project).

¹² An SRE is “[a] determination of (i) the least cost selection of additional Generators or Aggregations, which are to be committed to meet changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to meet the reliability requirements of the Transmission Owner's local system or to meet Load or reliability requirements of the ISO; or (ii) the least cost selection of additional Generators, which are committed to meet forecast Load and reserve requirements over the six-day period that follows the Dispatch Day.” Services Tariff § 2.19 (Definitions - S).

A similar exemption applies to CASRs. Services Tariff Section 5.12.1.10 states that, if an External ICAP Supplier is a CASR, then it is exempt

to the extent it is unable to Bid in response to the SRE request due to an outage as defined in the ISO Procedures or due to operational issues that are outside the [ICAP] Supplier's control

However, unlike the provision above for External ICAP Suppliers other than CASRs, this provision does not describe the NYISO's role in evaluating whether operational issues are outside the control of a CASR.

To provide the same level of accountability for a CASR as all other External ICAP Suppliers, the NYISO proposes to clarify the NYISO's role in determining whether operational issues are outside the control of a CASR and, therefore, qualify for an exemption from the bidding requirements in response to an SRE request. Specifically, the NYISO proposes to add, "as determined by the ISO," to the relevant paragraph to mirror the language that applies to other External ICAP Suppliers. The revised provision would read as follows:

If an External Installed Capacity Supplier is a Control Area System Resource then, except to the extent it is unable to Bid in response to the SRE request due to an outage as defined in the ISO Procedures or due to operational issues that are outside the Installed Capacity Supplier's control, *as determined by the ISO*, it must take all of the following actions for each hour of an SRE request (x) Bid an Import in a MW quantity equal to the ICAP equivalent of the UCAP sold, at the approved Proxy Generator Bus, at the applicable minimum Bid Price, and (y) obtain all reservations and transmission service necessary to deliver the ICAP equivalent of the UCAP sold from the Control Area System Resource to the NYCA at the approved Proxy Generator Bus. (emphasis added).¹³

The NYISO also proposes to revise Services Tariff Section 5.12.1.10 to clarify that a CASR's failure to Import the quantity of Energy equal to the ICAP Equivalent of the UCAP sold due to a transmission outage will not be considered a reason that is outside the control of a CASR. Instead, such failure shall be deemed a Forced Outage in determining the amount of UCAP that may be supplied by the CASR. Because a CASR does not designate specific Resources and its supply is considered as coming from a single pool of Resources, the NYISO proposes to account for transmission outages within a CASR's Control Area to more accurately value a CASR's availability and resource adequacy contribution. Accounting for transmission outages that may impact the operation of Resources within the CASR's Control Area and the resulting aggregate quantity of supply from all Resources within the CASR's "pool" of supply provides for a reasonable valuation of the availability of supply from a CASR.

B. Deliverability and Curtailment Priority Rules

¹³ See proposed Section 5.12.1.10 of the Services Tariff.

Services Tariff Section 5.12.2.1 provides that External Generators, External System Resources, and CASRs qualify as ICAP Suppliers if they demonstrate to the satisfaction of the NYISO that the ICAP Equivalent of their UCAP is deliverable to the NYCA with curtailment priority rules specific to the type of External ICAP Supplier. For example, an entity using a UDR to meet a Locational Minimum Installed Capacity Requirement must demonstrate that it is deliverable to the NYCA interface associated with that UDR transmission facility and will not be recalled or curtailed by an External Control Area to satisfy its own load. By comparison, currently, a CASR must only demonstrate that the External Control Area will afford NYCA Load the same curtailment priority that it affords its own load.

To provide improved comparability between CASRs and other External ICAP Suppliers, the NYISO proposes to revise Services Tariff Section 5.12.2.1 to require that the capacity supplied by CASRs will not be recalled or curtailed by an External Control Area to satisfy its own load.

Consistent with the above-described change, the NYISO proposes to remove the provision explaining how a CASR's proportionate curtailment to satisfy its own load would be reflected in the calculation of a CASR's UCAP. Because the NYISO proposes to require that the ICAP Equivalent of CASR's UCAP sold will not be recalled or curtailed by the External Control Area to satisfy its own load, such accounting is no longer necessary.

The NYISO also proposes to revise Services Tariff Sections 5.12.1, 5.12.12.1, and 5.12.12.2 to prohibit a CASR from recalling or curtailing, for the purposes of satisfying its own resource adequacy needs, exports from that External Control Area to the NYCA of an amount of Energy equal to the ICAP Equivalent of the amount of UCAP sold by the CASR to the NYCA.

IV. Effective Date

The NYISO respectfully requests that the proposed tariff revisions become effective on March 1, 2026. The NYISO intends to first utilize the proposed enhancements for the upcoming 2026-2027 Capability Year, starting May 1, 2026. Allowing the proposed revisions to become effective on March 1, 2026 will facilitate market certainty ahead of the upcoming Capability Year.

V. Requisite Approvals

On September 24, 2025, the proposed Services Tariff revisions were unanimously approved by the Management Committee. On October 21, 2025, the NYISO Board of Directors approved the proposed revisions.

VI. Correspondence

Please direct all communications and service in this proceeding to:

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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 each participant on its stakeholder committees. The NYISO will also send an electronic copy of this filing to the New York State Public Service Commission and the New Jersey Board of Public Utilities.

VIII. Conclusion

The NYISO respectfully requests that the Commission accept the proposed revisions to the Services Tariff attached hereto with an effective date of March 1, 2026.

Respectfully submitted,

/s/ Heidi S. Nielsen

Heidi S. Nielsen, Senior Attorney

New York Independent System Operator, Inc.

cc: Janel Burdick
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