New York ISO
Independent System Operator

10 Krey Boulevard, Rensselaer, NY 12144
Ph: 518.356.6000 | **Fax:** 518.356.8899

April 28, 2026

Submitted Electronically

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

Re: Docket No. ER26-1431-00_, *New York Independent System Operator, Inc.*; Response to Request for Additional Information

Dear Secretary Reese:

On February 18, 2026, pursuant to Section 205 of the Federal Power Act[1] and Part 35 of the regulations of the Federal Energy Regulatory Commission ("Commission"), in Docket No. ER26-1431-000, the New York Independent System Operator, Inc. ("NYISO") filed proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff") to enhance its Installed Capacity ("ICAP") market rules in response to ongoing changes to New York's electric grid, including the emergence of near-term winter reliability risks that are projected to increase over the long-term as the New York Control Area ("NYCA") transitions to a winter peaking system.[2] On April 10, 2026, the Commission issued a letter requesting additional information regarding certain aspects of the NYISO's Winter Reliability Capacity Enhancements Filing ("Request for Additional Information").[3] The NYISO hereby submits responses to the questions set forth in the Request for Additional Information.

In addition to the response to the Request for Additional Information, the NYISO submits both clean and blacklined versions of the proposed Services Tariff Section 5.12 revisions that were submitted with the Winter Reliability Capacity Enhancements Filing, which are reflected in the updated base for that tariff section.[4] The NYISO respectfully requests that the Commission accept all of the proposed revisions in the Winter Reliability Capacity Enhancements Filing to become effective June 28, 2026 (i.e., the day following the end of the statutory 60-day notice

[1] 16 U.S.C. § 824d.

[2] NYISO Feb. 18, 2026 Filing, Docket No. ER26-1431-000 ("Winter Reliability Capacity Enhancements Filing"). Capitalized terms not otherwise defined herein shall have the meaning specified in Section 2 of the Services Tariff.

[3] Request for Additional Information, Docket No. ER26-1431-000 (Apr. 10, 2026).

[4] *See* Attachments B (clean version of the proposed revisions to Services Tariff Section 5.12) and C (blacklined version of the proposed revisions to Services Tariff Section 5.12). The updated Service Tariff Section 5.12 base, which became effective on March 1, 2026, reflects the proposed revisions accepted by the Commission in Docket No. ER26-713-000. *See N.Y. Indep. Sys. Operator, Inc.*, 194 FERC ¶ 61,151 (Feb. 27, 2026) (delegated order).

period for this filing). The NYISO will first utilize the proposed enhancements for the 2027-2028 Capability Year, which begins on May 1, 2027.[5]

I. Response to Request for Additional Information

The NYISO submits the responses below to the questions set forth in the Request for Additional Information.

Question No. 1:

> *Please confirm whether the proposed definition of NYCA Winter Installed Reserve Margin, specifically "the amount of additional Installed Capacity required by the NYISO" is based on the final IRM study case. Please explain how NYISO's proposed definition of NYCA Winter Installed Reserve Margin would ensure that the Winter NYCA Minimum ICAP Requirement will be consistent with the NYSRC-established resource adequacy criterion.*

Response:

The NYISO confirms that the proposed definition of NYCA Winter Installed Reserve Margin ("IRM"), specifically "the amount of additional [ICAP] required by the NYISO" is based on the final case of the IRM study conducted by the New York State Reliability Council, L.L.C. ("NYSRC"),[6] as described below.

To explain how the NYISO's proposed definition of NYCA Winter IRM would ensure that the Winter NYCA Minimum ICAP Requirement will be consistent with the NYSRC-established resource adequacy criterion, it is helpful to commence by explaining how the currently effective definition of the NYCA IRM[7] ensures that the NYCA Minimum ICAP Requirement is consistent with the NYSRC-established resource adequacy criterion.

Annually, the NYSRC, with assistance of the NYISO, conducts a probabilistic assessment of resource adequacy for the upcoming Capability Year. The NYSRC uses the

---

[5] August 1, 2026 is the deadline to submit elections to participate in the ICAP market during the 2027-2028 Capability Year. For that reason, the NYISO seeks the Commission's acceptance of the proposed tariff revisions prior to August 1, 2026.

[6] *See* NYISO, *Winter Reliability Capacity Enhancements* (presented at the Nov. 20, 2025 NYISO Management Committee meeting) at Slide 20, https://www.nyiso.com/documents/20142/55191864/2025%20Winter%20Reliability%20-%20November%2020%20MC.pdf.

[7] The NYCA IRM is the "[t]he ratio of the amount of additional [ICAP] required by the NYSRC in order for the NYCA to meet NPCC reliability criteria to the forecasted NYCA upcoming Capability Year peak Load, expressed as a decimal." *See* Services Tariff Section 2.14 (Definitions – N).

results of this annual study to inform its establishment of the NYCA IRM.[8] The IRM study uses the GE Multi-Area Reliability Simulation software program ("MARS"), which uses a full sequential Monte Carlo simulation, to perform a chronological simulation of the NYCA system—comparing the hourly load demand to the total available generation in the NYCA—adjusted to account for outages and derates.[9] The model captures summer and winter seasonal assumptions for the NYCA system, including the annual load forecast developed by the NYISO (including consideration of forecast uncertainties), seasonal capability and performance of generation resources, system topology and limitations, firm external transactions, and available emergency operating procedures.[10]

For the 2026-2027 Capability Year, the NYSRC Executive Committee adopted an NYCA IRM of 24.5%.[11] Once the NYCA IRM is adopted, the NYCA Minimum ICAP Requirement is then set by "multiplying the NYCA peak Load forecasted by the ISO by the quantity one plus the NYCA [IRM]."[12] By incorporating the NYCA IRM into the calculation of the NYCA Minimum ICAP Requirement, the NYISO ensures that the NYCA Minimum ICAP Requirement meets the NYSRC-established resource adequacy criterion of 0.1 LOLE per year.

Starting with the 2027-2028 Capability Year, the NYSO proposed to calculate NYCA Minimum ICAP Requirements for each Capability Period of the upcoming Capability Year.[13] Because the IRM study model captures assumptions for the NYCA system, including the annual load forecast developed by the NYISO, which historically has forecasted NYCA peak load to occur in the summer period,[14] the NYISO proposes to use the NYCA IRM to calculate the NYCA Minimum ICAP Requirement for the Summer Capability Period. Therefore, for the Summer Capability Periods, the NYISO proposed to use the current method for calculating the NYCA Minimum ICAP Requirement (i.e., by multiplying the NYCA Peak Load Forecast for the

[8] *See* NYISO Apr. 1, 2026 Answer, Docket No. ER26-1431-000, Attach. I, Affidavit of Yan Huang, at P 11 ("Huang Affidavit") (attached herein as Attachment A).

[9] *See id.* (citing https://www.gevernova.com/consulting/planos/resource-adequacy).

[10] *See id.* at PP 11, 15.

[11] *See N.Y. State Reliability Council, L.L.C.*, FERC Docket No. ER26-885-000 (Feb. 12, 2026) (delegated order) (accepting NYCA IRM of 24.5% for the 2026-2027 Capability Year); *In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area*, NYPSC Case 07-E-0088 (2026) (adopting NYCA IRM for the 2026-2027 Capability Year); *In the Matter of the Reliability Rules of the New York State Reliability Council and the Criteria of the Northeast Power Coordinating Council*, NYPSC Case 05-E-1180) (2026) (same).

[12] *See* Services Tariff Section 2.14 (Definitions – N).

[13] *See* proposed revisions to Services Tariff Section 2.14 (Definitions – N).

[14] Huang Affidavit at P 10 (stating that, "[n]otably, because the NYCA forecasted peak load has historically occurred in the summer period, the minimum capacity requirements have reflected summer peak conditions.").

Summer Capability Period by the quantity one plus the NYCA IRM).[15]

NYCA system conditions are different in the summer and winter seasons, particularly with respect to the peak load forecast and generation capabilities. Because the NYCA IRM determined by the NYSRC currently addresses NYCA summer peak load conditions, it is not reasonable to use that reserve margin to establish a separate and distinct NYCA Minimum ICAP Requirement for the Winter Capability Period. For that reason, starting with the 2027-2028 Capability Year, the NYISO proposes to calculate a specific NYCA Winter IRM, which would account for NYCA winter system conditions when calculating the NYCA Minimum ICAP Requirement for the Winter Capability Periods.

As explained above, the IRM study model captures the NYCA system conditions for both summer and winter seasons. The proposed NYCA Winter IRM would be calculated using the winter system conditions reflected in the IRM study model.[16] The NYISO proposes to derive the NYCA Winter IRM (which would be used to calculate the NYCA Minimum ICAP Requirement for the Winter Capability Period) using the same methodology and study results that were the basis for establishing the NYCA IRM (which would be used to calculate the NYCA Minimum ICAP Requirement for the Summer Capacity Period). The NYSRC's annual IRM study process ensures that the NYCA IRM meets the 0.1 LOLE per year criterion. Deriving the NYCA Winter IRM from the same final IRM study case used to establish the NYCA IRM for the Summer Capability Period ensures that the NYCA Minimum ICAP Requirements for both the Summer and Winter Capability Periods will meet the NYSRC-established resource adequacy criterion of 0.1 LOLE per year.

In summary, under the proposal, starting with the 2027-2028 Capability Year, the NYCA Minimum ICAP Requirement for the Summer Capability Period of the upcoming Capability Year would be established by multiplying the NYCA Peak Load Forecast for the Summer Capability Period by the quantity one plus the NYCA IRM.[17] The NYCA Minimum ICAP Requirement for the Winter Capability Period of the upcoming Capability Year would be established by multiplying the NYCA Peak Load Forecast for the Winter Capability Period by the quantity one plus the NYCA Winter IRM, which is derived from the winter conditions reflected in the IRM study model.[18]

Question No. 2:

> *Please explain in more detail the meaning of the phrase "new transmission projects to which the NYISO has granted UDRs." Specifically, how NYISO would*

[15] *See* Winter Reliability Capacity Enhancements Filing at 4; proposed revisions to Services Tariff Section 2.14 (Definitions – N); proposed Services Tariff Section 5.10.2.

[16] *See id.*

[17] *See* proposed revisions to Services Tariff Section 2.14 (Definitions – N), proposed Services Tariff Section 5.10.2.

[18] *See id.*

> *identify "new" transmission projects, including in situations where the described new transmission projects are online before or after the August 1 election deadline prior to the Capability Year. If before, please explain whether, under NYISO's proposal, the described "new transmission projects" would be able to submit seasonal elections for UDRs for the subject Capability Year.*

Response:

The tariff language at issue is included in existing Services Tariff Section 5.10.1 and proposed Service Tariff Section 5.10.2 related to the NYCA Minimum ICAP Requirements:

> The ISO shall determine the amount of Unforced Capacity [("UCAP")] that must be sited within the NYCA, and within each Locality, and the amount of [UCAP] that may be procured from areas External to the NYCA, in a manner consistent with the Reliability Rules. *New transmission projects to which the NYISO has granted UDRs* will not affect the determination by the ISO of the amount of [UCAP] that must be located within the NYCA or within each Locality of the NYCA.[19]

The ICAP market is designed to maintain resource adequacy through the availability of sufficient generating capacity available to supply energy needs while providing adequate reserves.[20] The product bought and sold in the ICAP market is called UCAP.[21] UCAP represents the amount of ICAP that is available at a particular time, adjusted for periods when a resource is not available due to a forced outage or other limitations on a resource's operating capability.[22]

The IRM study model incorporates several types of resource capacity used to serve Load in the NYCA, including Unforced Capacity Deliverability Rights ("UDRs") and External-to-ROS Deliverability Rights ("EDRs").[23] UDRs are "rights, as measured in MWs, associated with (i) new incremental controllable transmission projects, and (ii) new projects to increase the capability of existing controllable transmission projects that have UDRs, that provide a transmission interface to a Locality."[24] When combined with UCAP that is deliverable to the NYCA interface in the Locality in which the UDR transmission facility is electrically located,

---

[19] *See* Services Tariff Section 5.10.1; *see also* proposed Services Tariff Section 5.10.2 (emphasis added).

[20] *See* Huang Affidavit at P 8.

[21] *Id.*

[22] *Id.*

[23] *Id.* at P 16 (citing NYSRC Policy No. 5-19, § 3.5.2).

[24] Services Tariff Section 2.21.

UDRs allow such UCAP to be treated as if it were located in the Locality, thereby contributing to a Load Serving Entity's Locational Minimum Installed Capacity Requirement ("LCR").[25]

A qualifying transmission project must submit a formal request to the NYISO to be awarded UDRs or EDRs.[26] The amount of UDRs and EDRs awarded by the NYISO to a new incremental transmission facility, and any future adjustments there to, will be based on the transmission capability, reliability, availability of the facility, and appropriate studies.[27] Projects seeking UDRs or EDRs must meet the NYISO Deliverability Interconnection Standard, in accordance with the rules and procedures set forth in the NYISO's Open Access Transmission Tariff.[28]

An incremental transmission project may be awarded UDRs after a formal request to the NYISO that includes the pertinent technical information needed to determine such award.[29] The formal request may be made any time after submittal of the studies required to support the NYISO's interconnection process or, if the NYISO is conducting those studies, after the NYISO has completed the studies.[30] The required evaluations as part of the interconnection process and project tracking associated therewith provide the NYISO awareness of new projects that may qualify for the award of UDRs or EDRs and provides an opportunity for the NYISO to coordinate with such projects to ensure project developers are aware of the timing and other requirements for requesting awards of UDRs or EDRs. If a formal request is received by the NYISO after August 1, the request for UDRs will not be granted for the upcoming Capability Year. [31] A rights holder may use timely requested and newly awarded UDRs or EDRs for the upcoming Capability Year.[32]

For example, in May 2025, the Champlain Hudson Power Express ("CHPE") project, a 1,250 MW high-voltage direct current transmission project connecting Hydro Quebec to Load Zone J, formally requested UDRs to facilitate use of the project's capability to supply capacity in Load Zone J. Prior to the August 1, 2025 election deadline for the 2026-2027 Capability Year, the NYISO awarded CHPE the requested UDRs.[33] Following the UDR award, the designated

---

[25] *See id.*

[26] *See* NYISO Apr. 1, 2026 Answer, Docket No. ER26-1431-000, Attach. II, Affidavit of Zachary T. Smith, at P 7 ("Smith Affidavit") (attached herein as Attachment A); ICAP Manual Section 4.14.2.

[27] *See* ICAP Manual Section 4.14.1.

[28] *See id.*

[29] *See* ICAP Manual Section 4.14.2.

[30] *Id.*

[31] ICAP Manual Section 4.14.2.

[32] *See id.*

[33] *See* ICAP Manual Section 4.9.6 (listing currently effective UDR awards, including CHPE's award of 1,250 MW).

rights holder timely submitted its election for use of the CHPE UDRs for the 2026-2027 Capability Year.

Annually, by August 1, the holders of UDRs and EDRs (including new facilities granted UDRs or EDRs for the upcoming Capability Year prior to August 1) may return a quantity of their awarded UDRs or EDRs for the upcoming Capability Year.[34] These elections effectively represent a decision by a rights holder to forego use of all or a portion of its available rights for the upcoming Capability Year.[35] The elections made by UDR and EDR rights holders are used to inform assumptions regarding capacity supply from UDRs and EDRs used in the annual NYCA IRM study conducted by the NYSRC.[36] Specifically, the capacity supplied using UDRs (i.e., the elected MW quantity) is typically modeled as a firm capacity import.[37] Any remaining capability on the transmission line associated with the UDR can be used to support emergency assistance, which may reduce the IRM and minimum capacity requirements.[38] The modeling assumptions for emergency assistance (including consideration of any returned UDRs and EDRs) are determined by the NYSRC in its establishment of the appropriate assumptions for each IRM study.[39]

The election assumptions from the IRM study are also used in the NYISO's annual LCR determination process.[40]

The Services Tariff describes how the NYISO uses the NYCA Minimum ICAP Requirement to determine the NYCA Minimum UCAP Requirement. Specifically, for each Capability Period,

> the NYCA Minimum [UCAP] Requirements shall equal the product of the respective Capability Period's NYCA Minimum [ICAP] Requirement and the ratio of (1) the total amount of [UCAP] that the specified Resources are qualified to provide during such Capability Period, as of the time the NYCA Minimum [UCAP] Requirement is determined as specified in the ISO Procedures, to (2) the sum of the [ICAP] values used to determine the Unforced Capacities of such Resources for such Capability Period.[41]

---

[34] Smith Affidavit at P 7 (citing proposed Services Tariff Section 5.12.2.5); *see also* ICAP Manual Section 4.14.3.

[35] Smith Affidavit at P 7.

[36] *Id.*

[37] Huang Affidavit at P 17.

[38] *Id.*

[39] *Id.* at P 19.

[40] Smith Affidavit at P 7.

[41] *See* existing Services Tariff Section 5.10; proposed revisions to Services Tariff Sections 5.10.1; proposed Services Tariff Section 5.10.2.

Because UDRs are accounted for in the final IRM study case, they are incorporated into the calculation of the NYCA Minimum ICAP Requirements.

With respect to the ability to submit seasonal elections under the proposed enhancements, if a new transmission project has been awarded new UDRs *before* the August 1 election deadline, the rights holder would be able to submit seasonal elections for the UDRs for the upcoming Capability Year.[42] For example, if the NYISO awarded a new transmission project new UDRs before August 1, 2026, the UDR rights holder could commence submitting seasonal elections by the August 1, 2026 deadline for the 2027-2028 Capability Year. If, however, the required request for new UDRs is not received by the NYISO by August 1, the request for UDRs would not be granted for the upcoming Capability Year.[43] As a result, assuming that new UDRs were awarded *after* August 1, the newly awarded UDR rights holder could commence submitting seasonal elections the subsequent Capability Year. For example, if the NYISO awarded new UDRs to a new transmission project after August 1, 2026 but before August 1, 2027, the UDR rights holder could commence submitting seasonal elections by the August 1, 2027 deadline for the 2028-2029 Capability Year.

Question No. 3:

> *In proposed Services Tariff section 5.12.12.4, the penalty for failure to offer or certify UCAP associated with UDR or EDR is applied for the duration of a Capability Period (i.e. 6 months). In Services Tariff section 23.4.5.4.2, the penalty for the failure to offer or sell Mitigated UCAP or External Sale UCAP appears to be calculated by "Comparison Period," which may be one or more months of the Capability Period. Please clarify over which time period NYISO proposes to compare the two penalties to determine which is larger.*

Response:

Under the Winter Reliability Capacity Enhancements proposal, if a UDR or EDR rights holder fails to offer or certify UCAP associated with a UDR or EDR that has not been returned to the NYCA in any ICAP Spot Market Auction during the subject Capability Period, it shall pay the NYISO an amount for all months of the subject Capability Period equal to the product of (i) 1.5 times the applicable ICAP Spot Market Auction price and (ii) the quantity by which the UCAP associated with the given UDR or EDR that has not been returned to the NYCA exceeds the minimum amount of UCAP associated with the given UDR or EDR that has not been returned to the NYCA that is offered or certified during any month of the subject Capability

[42] *See* ICAP Manual Section 4.14.2.

[43] *See id.*

Period.[44]

If the NYISO determines that the UDR or EDR rights holder is required to pay the NYISO for (1) the failure to offer or certify the UCAP associated with a UDR or EDR that has not been returned to the NYCA in any ICAP Spot Market Auction during the subject Capability Period as described in Services Tariff Section 5.12.12.4 ("UDR Must Offer Penalty") as well as (2) the failure to offer or sell Mitigated UCAP or External Sale UCAP as described in Services Tariff Section 23.4.5.4.2 ("Mitigated UCAP Penalty"), the NYISO proposes that the applicable UDR or EDR rights holder shall pay the larger of these two sanction amounts.[45]

The NYISO would compare these two penalties for each month of a Capability Period following the completion of the Capability Period, notwithstanding that the proposed UDR Must Offer Penalty is calculated at the end of the Capability Period and applies for the duration of the Capability Period and the existing Mitigated UCAP Penalty is calculated and assessed on a monthly basis during the Capability Period. Specifically, the proposed UDR Must Offer Penalty, which would be calculated at the end of the Capability Period, would be applied across all months of the subject Capability Period based on the largest MW insufficiency in the Capability Period.[46] The Mitigated UCAP Penalty, which is calculated on a monthly basis during the Capability Period, is applied only in those months of the Capability Period in which a sanctionable violation occurs.[47] Any Mitigated UCAP Penalty amount is reflected in the monthly settlement for the month in which the violation occurred.

The NYISO intends to incorporate implementing details related to this reconciliation process in ISO Procedures as part of developing, in collaboration with its stakeholders, the necessary NYISO manual changes to support the implementation of the proposal. For purposes of this response, below, the NYISO provides a description of its intended implementation approach, which is subject to further development and adjustments based on the NYISO's collaboration with its stakeholders.

At the end of the Capability Period, the NYISO would conduct a reconciliation of the penalties, comparing on a monthly basis (1) any UDR Must Offer Penalty that was due for a violation during a month of the subject Capability Period and (2) any Mitigated UCAP Penalty that was assessed for a violation during a month of the Capability Period. If the amount of any monthly Mitigated UCAP Penalties that had been assessed exceeds the amount of any monthly UDR Must Offer Penalty that is due, then no additional penalty amount would be due for that

[44] Winter Reliability Capacity Enhancements Filing at 7 (citing proposed Services Tariff Section 5.12.12.4).

[45] *See id.* (citing proposed Services Tariff Section 5.12.12.4; proposed revisions to Services Tariff Section 23.4.5.4.2).

[46] *See* Smith Affidavit at P 23.

[47] *See* Services Tariff Section 23.4.5.4.2.

applicable month of the subject Capability Period.

The examples below illustrate this reconciliation process. While any annual UDR election is made in ICAP terms, the associated UDR must offer obligation is described in terms of the UCAP associated with that elected ICAP amount. For simplicity, the examples below are in UCAP terms.

The examples assume the following:

- The UDR makes an election in ICAP terms that equates to 1,000 MW of UCAP for the relevant Capability Period.
- The UDR has no Affiliates (i.e., the total UCAP MW under "common control" by the UDR is the 1,000 MW associated with its annual election) but is deemed to be a Pivotal Supplier for the Locality in which it sinks.[48] Notably, pursuant to Services Tariff Section 23.4.5.4, unoffered MW may qualify for an exemption from application of the Mitigated UCAP Penalty in a given month. The examples also consider the impacts of such potential for such exemption.
- The market clearing prices, and changes in market clearing prices, are hypothetical and have been selected solely for the purpose of illustrating the reconciliation process through these stylized examples.

The examples use the equations below. Note that, in these equations, the market clearing price ("MCP") stated in $/kW-month is multiplied by 1,000 to apply on a MW basis.

Equation 1*	$$UDR\ Must\ Offer\ Penalty = 1.5 \times MCP\ for\ that\ month \times 1000 \times (Elected\ UCAP - minimum\ offered\ UCAP\ for\ the\ season)$$
Equation 2**	$$Mitigated\ UCAP\ Penalty = 1.5 \times Change\ in\ MCP for\ that\ month \times 1000 \times (Unoffered\ UCAP + All\ other\ capacity\ under\ common\ control)$$

* Equation 1 is used to calculate the UDR Must Offer Penalty **for each month in the Capability Period**. Equation 1 is only executed at the end of the applicable Capability Period. The monthly UDR Must Offer Penalty calculations would be summed at the end of the Capability Period to determine the total UDR Must Offer Penalty amount for such Capability Period.

** Equation 2 is used to calculate the Mitigated UCAP Penalty **for each applicable month,**

[48] For purposes of the Mitigated UCAP Penalty, the MW quantity subject to penalty is 1,000 MW in the examples (i.e., the unoffered MW plus the remainder of the UDR's available 1,000 MW that is impacted by the change in price from the unoffered quantity).

which is assessed on a monthly basis during the Capability Period.[49]

Example 1: Monthly Mitigated UCAP Penalties Assessed Exceeded UDR Must Offer Penalties Due

Month in Capability Period	Elected MW (in UCAP terms) (MW)	Market Clearing Price (MCP) ($/kW-mo)	Offer UCAP (MW)	Unoffered UCAP (MW)	Change in MCP (due to unoffered UCAP ($/kW-mo)	Subject to Mitigated UCAP Penalty?	Subject to UDR Must Offer Penalty	Mitigated UCAP Penalty Amount (assessed each month during Capability Period) (A)	UDR Must Offer Penalty Amount (due based on calculation at the end of Capability Period (B)	Additional Penalty Amount Due Based on the Monthly Reconciliation Process (ensures that the larger penalty is assessed for each month) (if A < B)
1	1,000	$2.00	900	100	$1.00	Yes	Yes	$1,500,000	$600,000	$0
2	1,000	$3.00	800	200	$2.00	Yes	Yes	$3,000,000	$900,000	$0
3	1,000	$3.00	800	200*	$2.00	No	Yes	$0	$900,000	$900,000
4	1,000	$2.00	900	100*	$1.00	No	Yes	$0	$600,000	$600,000
5	1,000	$1.00	1,000	0	N/A	No	Yes	$0	$300,000	$300,000
6	1,000	$1.00	1,000	0	N/A	No	Yes	$0	$300,000	$300,000
										========== $2,100,000

* Unoffered UCAP (MW) that is not subject to Mitigated UCAP Penalty because it qualifies for an exemption pursuant to Services Tariff Section 23.4.5.4.

In Example 1, with respect to the Mitigated UCAP Penalty, the MW offered by the UDR was less than its elected capacity (in UCAP terms) in four of the six months of the Capability Period (i.e., Months One through Four). However, Months Three and Four are not considered in the calculation of the Mitigated UCAP Penalty because, for purposes of this example, the UDR is deemed to have qualified for an exemption in those months pursuant to Services Tariff Section 23.4.5.4. In Months Five and Six, all MW were offered in each month, so no Mitigated UCAP Penalty was assessed in those months. Therefore, during the Capability Period on a month-by-month basis, the NYSO would have assessed the following Mitigated UCAP Penalty amounts: $1.5 million penalty for Month One, $3.0 million penalty for Month Two, and no penalty ($0) for Month Three through Month Six.

Unlike the Mitigated UCAP Penalty, there are no exemptions from the proposed UDR Must Offer Penalty, and the UDR Must Offer Penalty is assessed at the end of the Capability Period. Therefore, when calculating any monthly UDR Must Offer Penalty at the end of the Capability Period, the NYISO would consider the UDR's conduct in each of the six months.

[49] *See supra* note 47.

Also, the penalty amount for each month would be based on the largest unoffered MW value that occurred in any month of the Capability Period (i.e., 200 MW).[50]

In this example, during the reconciliation process at the end of the Capability Period, the NYISO would find the following: (1) the Mitigated UCAP Penalty amounts assessed in Month One and Month Two, respectively, *exceeded* the UDR Must Offer Penalty that would be due in each of those respective months at the end of the Capability Period, and (2) the Mitigated UCAP Penalty amounts assessed in Month Three through Month Six (i.e., zero ($0)) were *less than* the UDR Must Offer Penalty that would be due in each of those respective months. Based on (1) Month One and Month Two in which the assessed Mitigated UCAP Penalty exceeded the UDR Must Offer Penalty that would be due and (2) Month Three through Month Six in which a UDR Must Offer Penalty would be due, the UDR would be assessed an additional penalty amount of $2.1 million after the reconciliation process, so that the larger penalty amount in each month of the Capability Period is assessed.

Example 2: Monthly Mitigated UCAP Penalties Assessed were Less and More Than UDR Must Offer Penalties Due in Certain Months

Month in Capability Period	Elected MW (in UCAP terms) (MW)	Market Clearing Price (MCP) ($/kW-mo)	Offer UCAP (MW)	Unoffered UCAP (MW)	Change in MCP (due to unoffered UCAP ($/kW-mo)	Subject to Mitigated UCAP Penalty?	Subject to UDR Must Offer Penalty	Mitigated UCAP Penalty Amount (assessed each month during Capability Period) (A)	UDR Must Offer Penalty Amount (due based on calculation at the end of Capability Period (B)	Additional Penalty Amount Due Based on the Monthly Reconciliation Process (ensures that the larger penalty is assessed for each month) (if A < B)
1	1,000	$6.00	500	500	$2.00	Yes	Yes	$3,000,000	$4,500,000	$1,500,000
2	1,000	$3.00	800	200	$2.00	Yes	Yes	$3,000,000	$2,250,000	$0
3	1,000	$3.00	800	200*	$2.00	No	Yes	$ 0	$2,250,000	$2,250,000
4	1,000	$6.00	500	500*	$5.00	No	Yes	$ 0	$4,500,000	$4,500,000
5	1,000	$1.00	1,000	0	N/A	No	Yes	$ 0	$750,000	$750,000
6	1,000	$1.00	1,000	0	N/A	No	Yes	$ 0	$750,000	$750,000
										========== $9,750,000

* Unoffered UCAP (MW) that is not subject to Mitigated UCAP Penalty because it qualifies for an exemption pursuant to Services Tariff Section 23.4.5.4.

Like the prior example, with respect to the Mitigated UCAP Penalty, the MW offered by the UDR was less than its elected capacity (in UCAP terms) in four of the six months of the Capability Period (i.e., Months One through Four). Consistent with the prior example, Months Three and Four are not considered in the calculation of the Mitigated UCAP Penalty because, for

[50] *See supra* note 46.

purposes of this example, the UDR is deemed to have qualified for an exemption in those months pursuant to Services Tariff Section 23.4.5.4. Also, like above, in Months Five and Six, all MW were offered in each month, so no Mitigated UCAP Penalty was assessed in those months. Therefore, during the Capability Period on a month-by-month basis, the NYSO would have assessed the following Mitigated UCAP Penalty amounts: $3.0 million penalty for Month One, $3.0 million penalty for Month Two, and no penalty ($0) for Month Three through Month Six.

As noted above, unlike the Mitigated UCAP Penalty, there are no exemptions from the proposed UDR Must Offer Penalty, and the UDR Must Offer Penalty is assessed at the end of the Capability Period. Therefore, when calculating any monthly UDR Must Offer Penalty at the end of the Capability Period, the NYISO would consider the UDR's conduct in each of the six months. Also, the penalty amount for each month would be based on the largest unoffered MW value that occurred in any month of the Capability Period (i.e., 500 MW).[51]

In this example, during the reconciliation process at the end of the Capability Period, the NYISO would find the following: (1) the Mitigated UCAP Penalty amount assessed in Month One was *less than* the UDR Must Offer Penalty that would be due for that month, (2) the Mitigated UCAP Penalty amount in Month Two *exceeded* the UDR Must Offer Penalty that would be due for that month, and (3) the Mitigated UCAP Penalty amounts assessed in Months Three through Six (i.e., zero ($0)) were *less than* the UDR Must Offer Penalty that would be due in each of those respective months . Based on (1) Month One in which the assessed Mitigated UCAP Penalty was less than the UDR Must Offer Penalty that would be due, (2) Month Two in which the assessed Mitigated UCAP Penalty was more than the UDR Must Offer Penalty that would be due, and (3) Month Three through Month Six in which a UDR Must Offer Penalty would be due, the UDR would be assessed an additional penalty amount of $9.75 million after the reconciliation process, so that the larger penalty amount in each month of the Capability Period is assessed.

II. Service

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

III. Conclusion

The NYISO respectfully requests that the Commission issue an order accepting the proposed tariff revisions to the Services Tariff submitted in this proceeding with an effective date of June 28, 2026.

---

[51] *See id.*

Respectfully submitted,

/s/ Heidi S. Nielsen
Heidi S. Nielsen
Senior Attorney
New York Independent System Operator, Inc.

cc: Janel Burdick
Emily Chen
James Dawson
Jignasa Gadani
Leanne Khammal
Jaime Knepper
David Morenoff
Jason Rhee
Douglas Roe

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 28th day of April 2026.

/s/ Alexander Morse

Alexander Morse
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144
(518) 356-6177