

September 30, 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-____-000, *New York Independent System Operator, Inc.*;
Automatic Resale of Surplus Unforced Capacity**

Dear Secretary Reese:

In accordance with Section 205 of the Federal Power Act (“FPA”)¹ 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 provide for the automatic resale of surplus Unforced Capacity (“UCAP”) in the NYISO-administered Installed Capacity (“ICAP”) Spot Market Auctions.² The NYISO’s Market Monitoring Unit has authorized the NYISO to state that it supports the NYISO’s proposal.

The NYISO respectfully requests that the proposed revisions become effective November 30, 2026 (i.e., the day following the end of the statutory 60-day notice period). The NYISO will first utilize the proposed enhancements for the 2027-2028 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-administered ICAP market is designed to support resource adequacy³ by seeking to procure the availability of sufficient generating capacity to supply energy needs while

¹ 16 U.S.C. § 824d.

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

³ Resource adequacy is “[t]he ability of the electric system to supply the aggregate electrical demand and energy requirements of the customers at all times, taking into account scheduled and

providing adequate operating reserves. The product bought and sold in the NYISO-administered ICAP market is called UCAP. 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.

The NYISO uses a UCAP methodology to determine the amount of capacity that each Resource is qualified to supply to the New York Control Area ("NYCA") and to determine the amount of capacity that Load Serving Entities ("LSEs") must procure to satisfy their respective portion of the minimum capacity procurement requirements in a given Obligation Procurement Period (or delivery month). Market Participants may buy and sell UCAP through the NYISO-administered ICAP market's Capability Period Auctions, Monthly Auctions, and/or Bilateral Transactions. In advance of each upcoming delivery month, the NYISO conducts an ICAP Spot Market Auction to purchase any UCAP offered economically. UCAP procured in the ICAP Spot Market Auction may be used to meet an LSE's respective portion of the minimum capacity procurement requirement not procured prior to the ICAP Spot Market Auction and/or cover any remaining ICAP Supplier shortfalls;⁴ it may also represent additional UCAP procured in excess of the minimum capacity procurement requirements.

Prior to each ICAP Spot Market Auction, LSEs must certify to the NYISO the amount of UCAP they have obtained for the upcoming delivery month.⁵ Similarly, each ICAP Supplier must certify its UCAP to the NYISO, including UCAP that was purchased through a Capability Period Auction, Monthly Auction and/or Bilateral Transaction.⁶

After the monthly certification period closes, the offer period opens for the ICAP Spot Market Auction for the upcoming delivery month. During the offer period, the NYISO receives offers of UCAP from qualified ICAP Suppliers for UCAP that has not previously been sold in prior auctions or through Bilateral Transactions.⁷ The NYISO also receives offers from any Market Participant for any amount of UCAP that the Market Participant has in excess of its minimum capacity procurement requirement.⁸ The ICAP Spot Market Auctions only accept offers to sell UCAP, not Bids. The NYISO submits Bids on behalf of all LSEs at a level per MW determined by the UCAP Demand Curves.⁹ The ICAP Spot Market Auctions are settled

reasonably expected unscheduled outages of system elements." *See* N.Y. State Reliability Council Reliability Rule & Compliance Manual, § 3.2 (italics omitted).

⁴ In the event that an ICAP Supplier sells more UCAP than it is qualified to sell in any specific month in the Capability Period or Monthly Auctions or through Bilateral Transaction(s), the ICAP Supplier will be deemed to have a shortfall for that month. *See* ICAP Manual, § 5.8.

⁵ *Id.* §§ 5, 5.4.

⁶ *Id.* §§ 4.7, 5.4.

⁷ *See* Services Tariff, § 5.14.1.1.

⁸ *Id.*

⁹ *Id.*

using the UCAP Demand Curves applicable to each respective LSE and the UCAP supply that was offered.¹⁰

Once the monthly certification period closes, the ICAP Automated Market System (“ICAP AMS”) identifies if a Market Participant is short on capacity or has surplus capacity going into the ICAP Spot Market Auction. Currently, the NYISO has authority to automatically purchase UCAP on behalf of an ICAP Supplier in an ICAP Spot Market Auction to cover a known capacity shortfall. Specifically, if an ICAP Supplier (1) does not cover a shortfall through capacity purchased prior to an ICAP Spot Market Auction or (2) does not certify its UCAP to the NYISO in a timely manner, the NYISO will, to the extent the NYISO is aware of the shortfall, purchase UCAP on behalf of that ICAP Supplier in the ICAP Spot Market Auction.¹¹ To do so, the NYISO submits a price taking Bid to purchase the shortfall capacity on behalf of the ICAP Supplier that is deemed to have a shortfall.¹² That ICAP Supplier is required to pay the NYISO the applicable Market-Clearing Price of UCAP established in the given ICAP Spot Market Auction for the shortfall MW.

The NYISO does not have similar authority to automatically resell surplus capacity on behalf of a Market Participant that is identified as having excess capacity after the monthly certification period closes. Currently, when submitting an offer during the offer period, Market Participants must affirmatively select an option in the ICAP AMS offer screen to allow the NYISO to resell any surplus capacity that the Market Participant may have after the close of the offer window. When this option is not selected, often some quantity of surplus goes unoffered.

The failure to offer UCAP surplus for resale in an ICAP Spot Market Auction reduces the amount of capacity available in that auction, which may result in higher Market-Clearing Prices and, in turn, place upward pressure on charges to LSEs.

III. Description of Proposed Tariff Revisions

After extensive engagement with stakeholders and the NYISO’s Market Monitoring Unit, the NYISO proposes enhancements to the NYISO-administered ICAP market rules to allow the NYISO to automatically resell unoffered surplus capacity on behalf of a Market Participant.¹³

Specifically, the NYISO proposes that, if a Market Participant does not timely certify to the NYISO, consistent with ISO Procedures, that it has sold its UCAP surplus, the NYISO will, to the extent the NYISO is aware of the surplus, submit a price taking offer (i.e., \$0.00/kW-month) for the UCAP surplus in the ICAP Spot Market Auction on behalf of the Market

¹⁰ *Id.* §§ 5.14.1.1; 2.9.

¹¹ *See* Services Tariff, § 5.14.2.1; ICAP Manual, § 5.8.

¹² *Id.*

¹³ The NYISO also proposes minor revisions to the Services Tariff to clarify the description of certain section titles. *See* proposed revisions to Services Tariff, §§ 5.14, 5.14.2, 5.14.2.1, 5.14.3.

Participant.¹⁴ The price taking offer obligates the NYISO to pay the given Market Participant the applicable UCAP Market-Clearing Price established in the given ICAP Spot Market Auction for any UCAP sold.¹⁵

The NYISO further proposes that, whether a Market Participant is deemed to have a UCAP surplus in each capacity region will be based on consideration of the Market Participant's net UCAP position after the deadline for Market Participants to certify their UCAP to the NYISO for the ICAP Spot Market Auction for a subject delivery month.¹⁶ For each Market Participant, this determination would be based on consideration of the quantity of UCAP the Market Participant has purchased in the Capability Period Auction, in the Monthly Auctions, through Bilateral Transactions, acquired by self-supply from qualified sources, or through a combination of these methods less the sum of (i) the UCAP the Market Participant has previously sold in the Capability Period Auction, in the Monthly Auctions, through Bilateral Transactions, or through a combination of these methods and (ii) the UCAP the Market Participant is obligated to procure to satisfy its share of the minimum capacity procurement requirements.¹⁷ To the extent that this calculation results in a remaining positive and non-zero quantity of UCAP, such Market Participant will be deemed to have a UCAP surplus in the NYCA and/or the applicable Locality.¹⁸

ICAP Suppliers, LSEs, and ICAP Marketers may have a UCAP surplus in the following circumstances:

- If it is determined after the close of the certification period that an ICAP Supplier purchased UCAP (over and above its UCAP associated with a single point identifier ("PTID")), any of that purchased UCAP that is excess would be considered UCAP surplus that the NYISO would automatically resell in the applicable ICAP Spot Market Auction. Notably, any unoffered UCAP associated with a PTID would not be subject to automatic resale but may be subject to the NYISO's Market Power Mitigation Measures.¹⁹
- If it is determined after the close of the certification period that an LSE purchased UCAP that exceeds its UCAP purchase obligation(s) in the NYCA and/or a Locality, that excess would be considered UCAP surplus that the NYISO would automatically resell in the applicable ICAP Spot Market Auction.

¹⁴ See proposed Services Tariff, § 5.14.4.

¹⁵ See *id.* All UCAP surplus shall be measured in MW in increments of 0.1 MW. *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ See Services Tariff, § 23, Attach. H.

- As with an LSE, if it is determined after the close of the certification period that an ICAP Marketer purchased UCAP, any of the purchased UCAP that is excess would be considered UCAP surplus that the NYISO would automatically resell in the applicable ICAP Spot Market Auction.

Any capacity located outside of the NYCA, including UCAP exported from the NYCA, for which a Market Participant is responsible would not be considered part of the Market Participant's UCAP surplus for purposes of this proposal (i.e., such external capacity would not be subject to the potential for automatic resale in ICAP Spot Market Auctions).²⁰ Also, all capacity available for sale by External ICAP Suppliers would not be considered UCAP surplus for purposes of this proposal because it is associated with a PTID (i.e., consistent with the treatment of capacity associated with a PTID for an ICAP Supplier within the NYCA).

IV. Effective Date

The NYISO respectfully requests that the proposed revisions become effective November 30, 2026 (i.e., the day following the end of the statutory 60-day notice period). The NYISO will first utilize the proposed revisions for the 2027-2028 Capability Year.

V. Stakeholder Approval

On May 27, 2026, the proposed tariff revisions were approved by the Management Committee without opposition. On June 16, 2026, the NYISO Board of Directors approved the proposed revisions.

VI. Correspondence

Please direct all communications and service in this proceeding to:

Robert E. Fernandez, Executive Vice President, General Counsel & Chief Compliance Officer

Karen G. Gach, Deputy General Counsel

Stephanie Amann, Senior Manager, Regulatory & Government Affairs

*Heidi S. Nielsen, Senior Attorney

New York Independent System Operator, Inc.

10 Krey Boulevard

Rensselaer, New York 12144

Telephone: 518-356-6000

Email: hnielsen@nyiso.com

*Person designated for receipt of service.

²⁰ See proposed Services Tariff, § 5.14.4.

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 November 30, 2026.

Respectfully submitted,

/s/ Heidi S. Nielsen

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

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