UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York State Reliability Council, L.L.C. Docket No. ER22-675-000

MOTION TO INTERVENE AND COMMENTS OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure,[1] the New York Independent System Operator, Inc. ("NYISO") respectfully moves to intervene in this proceeding and offers its comments in support of the filing made by the New York State Reliability Council ("NYSRC Filing").[2] The NYISO believes that an Installed Reserve Margin ("IRM") of 19.6 percent for the New York Control Area ("NYCA") for the upcoming 2022-2023 Capability Year,[3] which runs from May 1, 2022 through April 30, 2023, falls within a range of reasonable levels of installed capacity ("ICAP") required to maintain the reliability of the NYCA bulk power system. Accordingly, the NYISO supports the NYSRC's request that the Commission approve the proposed IRM of 19.6 percent.

The NYISO also requests that the Commission accept and approve the NYSRC Filing effective February 15, 2022. As indicated by the NYSRC in its filing, such an effective date is necessary to provide sufficient time for the NYISO to calculate and post the minimum capacity requirements, and for Market Participants to prepare for the first ICAP auction that must be conducted for the Summer 2022 Capability Period that is scheduled to begin March 29, 2022.[4]

[1] 18 C.F.R. §§ 385.212, 385.214.

[2] *New York State Reliability Council, L.L.C.*, Filing of Installed Capacity Requirement for the New York Control Area, Docket No. ER22-675-000 (December 16, 2021) ("NYSRC Filing").

[3] Capitalized terms have the meaning ascribed to them in the NYISO's Open Access Transmission Tariff and its Market Administration and Control Area Services Tariff ("Services Tariff").

[4] Section 5.13.2 of the Services Tariff requires that the Capability Period Auction "be conducted no later than thirty (30) days prior to the start of each Capability Period ...."

Without this necessary information, the efficient operation of the NYISO's Summer 2021 ICAP auction could be seriously impaired.

Finally, as in prior years, the NYISO respectfully suggests that the Commission coordinate its decision in this proceeding with the actions that the New York Public Service Commission ("NYPSC") may soon take in response to the NYSRC Filing. Inconsistent determinations by the Commission and NYPSC would create uncertainty about what IRM the NYISO should use and, potentially, subject the NYISO to contradictory regulatory mandates. The NYISO also respectfully requests that the Commission not allow jurisdictional considerations to delay the timely implementation of its ICAP auction process.

I. Communications and Correspondence

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II. Background

Section 3.03 of the New York State Reliability Council Agreement, which was approved by the Commission in connection with the formation of the NYISO and the NYSRC, obligates the NYSRC to submit any proposed revisions of the NYCA IRM to the Commission for

approval before the beginning of the Capability Year to which the change would apply.[5] The following chart presents the NYSRC determinations and Commission approvals of the NYCA IRM since 2000:

Capability Year	IRM Percentage	Commission Approval
2000 – 2001	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2001 – 2002	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2002 – 2003	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2003 - 2004	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2004 – 2005	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2005 – 2006	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2006 – 2007	18.0%	*New York State Reliability Council*, 90 FERC ¶ 61,313 (2000).
2007 – 2008	16.5%	*New York State Reliability Council*, Letter Order, 118 FERC ¶ 61,179 (2007).
2008 – 2009	15.0%	*New York State Reliability Council*, Letter Order, 122 FERC ¶ 61,186 (2008).
2009 – 2010	16.5%	*New York State Reliability Council*, Letter Order, Docket No. ER09-437-000 (February 6, 2009).
2010 – 2011	18.0%	*New York State Reliability Council*, Letter Order, Docket No. ER10-416-000 (January 28, 2010).
2011 – 2012	15.5%	*New York State Reliability Council*, Letter Order, Docket No. ER11-2392-000 (January 24, 2011).
2012 – 2013	16.0%	*New York State Reliability Council*, Letter Order, Docket No. ER12-597-000 (February 3, 2012).
2013 – 2014	17.0%	*New York State Reliability Council*, Letter Order, Docket No. ER13-572-000 (February 5, 2013).
2014 – 2015	17.0%	*New York State Reliability Council*, Letter Order, Docket No. ER14-916-000 (February 21, 2014).
2015 – 2016	17.0%	*New York State Reliability Council*, Letter Order, Docket No. ER15-821-000 (March 3, 2015).
2016 – 2017	17.5%	*New York State Reliability Council*, Letter Order, Docket No. ER16-623-000 (February 12, 2016).
2017 – 2018	18.0%	*New York State Reliability Council*, Letter Order, Docket No. ER17-613-000 (January 31, 2017).
2018 – 2019	18.2%	*New York State Reliability Council*, Letter Order, Docket No. ER18-524-000 (February 6, 2018).
2019 – 2020	17.0%	*New York State Reliability Council*, Letter Order, Docket No. ER19-659-000 (February 8, 2019).
2020 – 2021	18.9%	*New York State Reliability Council*, Letter Order, Docket No. ER20-655-000 (February 7, 2020).
2021 – 2022	20.7%	*New York State Reliability Council*, Letter Order, Docket No. ER21-671-000 (February 3, 2021).

[5] New York State Reliability Council Agreement § 3.03 (December 2, 1999), *available at* http://www.nysrc.org/pdf/Agreements/NYSRC%20Agreement%20signed.PDF.

The current IRM of 20.7 percent means that Load Serving Entities ("LSEs") in the NYCA must procure capacity equal to 120.7 percent of their forecast peak load. In addition, there are separate location-specific ICAP requirements for LSEs in New York City, Long Island, and, collectively, Load Zones G, H, I, and J (the "G-J Locality") that reflect the existence of transmission constraints in those areas. These location-specific requirements are determined by the NYISO, given the NYSRC's recommended IRM.

At the request of the NYSRC and in accordance with the Agreement Between the New York Independent System Operator and the New York State Reliability Council, the NYISO conducted a technical study that provided parameters for determining an IRM necessary to meet all applicable reliability criteria in the NYCA in the upcoming Capability Year. The NYISO employed General Electric's Multi-Area Reliability Simulation ("GE-MARS") model to determine the amount of ICAP that is required NYCA-wide to meet the governing resource adequacy criterion that the probability of an unplanned disconnection of firm load does not exceed one occurrence in ten years.[6] The NYISO's base case evaluation yielded a NYCA IRM of 19.6 percent for the 2022-2023 Capability Year.

The NYISO reported its results to the NYSRC's Installed Capacity Subcommittee ("ICS"), which reviewed the results of the study, together with verification of the data inputs and modeling from General Electric, Consolidated Edison of New York, Inc., and PSEG Long Island. The results are reflected in the Technical Study Report ("2022 IRM Study") prepared by the ICS and issued by the NYSRC on December 10, 2021, which is attached to the NYSRC Filing, dated December 16, 2021.[7]

[6] This criterion is known as the "Loss of Load Expectation" or "LOLE" and is the standard prescribed in the reliability rules of the Northeast Power Coordinating Council ("NPCC") and the NYSRC.

[7] NYSRC Filing, Attachment A, "Technical Study Report: New York Control Area Installed Capacity Requirement for the Period May 2022 to April 2023."

The NYSRC Filing highlights portions of the 2022 IRM Study.[8] As described in its filing, the NYSRC Executive Committee relied on the base case results, its identification and evaluation of modeling and assumption changes that drove the decrease in the 2022 IRM Study from the prior 2021 IRM Study base case value, and the numerous sensitivity studies that resulted in a range of IRMs that were higher and lower than the base case IRM.[9] Based upon the study results and its experience and expertise, the NYSRC adopted the 19.6 percent base case value as the IRM for the 2022-2023 Capability Year.[10] On December 16, 2021, the NYSRC filed with the Commission its proposed NYCA IRM of 19.6 percent for the 2022-2023 Capability Year, requesting that the Commission accept its filing and issue an order no later than February 15, 2022.[11]

On December 17, 2021, the NYSRC filed for the consideration of the NYPSC the 2022 IRM Study Report and appendices, and the resolution of the NYSRC Executive Committee adopting the 19.6 percent IRM for the 2022-2023 Capability Year.[12] Also, on January 5, 2022, the NYPSC published a notice under the State Administrative Procedure Act of its consideration of the proposed 19.6 percent IRM with a 60-day public comment period running until March 6, 2022.[13] The NYISO intends to file comments similar to those herein with the NYPSC in support of the NYSRC's adoption of an IRM of 19.6 percent for the 2022-2023 Capability Year.

[8] *Id.* at pp 8–12.

[9] *Id.* at pp 9–12.

[10] NYSRC Filing, Attachment B, Resolution by the NYSRC Executive Committee Approving the IRM for the 2021-2022 Capability Year.

[11] *Id.* at p 12.

[12] NYPSC Case No. 07-E-0088, NYSRC IRM (December 17, 2021).

[13] *See* Notice of Proposed Rulemaking, "New York State Reliability Council's Establishment of an Installed Reserve Margin of 19.6%," N.Y. Reg., I.D. No. PSC 01-22-00018-P (January 5, 2022).

III. Motion to Intervene

The NYISO is the independent body responsible for providing open access transmission service, maintaining reliability, and administering competitive wholesale markets for electricity, capacity, and ancillary services in New York State. Pursuant to its Commission-approved tariffs, the NYISO is also responsible for administering the ICAP auctions for the NYCA, including the Summer Capability Period Auction scheduled to begin March 29, 2022.[14] The NYISO's Services Tariff also requires LSEs within the NYCA to procure sufficient levels of capacity, including locational ICAP requirements for New York City, Long Island, and the G-J Locality.

Together with the ICAP Demand Curves, the NYCA IRM is a critical input into the NYISO's ICAP auctions because it is used to calculate each LSE's minimum NYCA-wide capacity requirement, and because the IRM and its data inputs are used to calculate Locational Capacity Requirements ("LCRs"). Specifically, the NYISO uses the adopted IRM to determine the capacity requirements for the NYCA as a whole for the upcoming Capability Year. It then uses the data underlying the determination of the base case for the IRM and the IRM established by the NYSRC as a starting point in calculating the LCRs for LSEs. Those LCRs, together with the demand curve, determine the minimum amount of capacity that LSEs must procure. The NYISO informs the LSEs of their minimum capacity requirements and conducts auctions for each Capability Period (*i.e.*, summer and winter six-month capability periods), as well as monthly and spot market auctions.[15] Because the NYISO cannot fulfill its tariff obligations without the IRM, the NYISO has a unique interest in this proceeding that cannot be adequately

[14] The ICAP auction processes are described in Sections 5.13 and 5.14 of the Services Tariff.

[15] *See* Sections 5.12–5.14 of the Services Tariff.

represented by any other entity and should, therefore, be permitted to intervene with all of the rights of a party.

IV. Comments

A. The NYSRC's Proposal to Establish a NYCA IRM of 19.6 Percent for the 2022-2023 Capability Year is Reasonable

As explained above, the NYSRC has requested the Commission's approval to decrease the NYCA IRM from 20.7 percent to 19.6 percent for the upcoming Capability Year. The NYISO believes that the proposed 19.6 percent IRM falls within a range of reasonable IRM levels because that value is the base case IRM value reported in the 2022 IRM Study. The 2022 IRM Study also provided results of numerous sensitivity studies producing a range of reasonable IRM levels that are consistent with maintaining reliability in New York State for the upcoming 2022-2023 Capability Year.

As provided by the NYISO-NYSRC Agreement, the NYISO assisted the NYSRC in conducting the 2022 IRM Study, including calculating the 19.6 percent base case value and sensitivity cases.[16] Seven factors drove increases in the base case IRM between the 2021 and 2022 IRM Studies by a total of 1.7%. The two most significant factors are the addition of 158 MW of wind and 183 MW of solar generation units, which increased the IRM by 0.6%, and the partial outage of the Neptune Cable connecting Long Island to New Jersey in PJM, which increased the IRM by 0.5%.[17] Reduced availability of subterranean cables serving New York City and Long Island increased the IRM by 0.2%. Four other factors each drove an IRM

[16] NYISO-NYSRC Agreement § 3.03.

[17] The Neptune cable UDR transfer capability was previously derated to 375 MW from 660 MW due to a transformer replacement required at Newbridge Road that was initially scheduled to return to full capability on April 8, 2022. On November 16, 2021, the outage was extended to July 15, 2022, and on November 30, 2021, it was extended to August 1, 2022, well into the 2022 Summer Capability Period.

increase of 0.1%; (i) wind shapes; (ii) new reserve allocation to NYISO Zones; (iii) summer maintenance; and (iv) special case resources.

Seven parameters in combination decrease the IRM from the 2021 base case by 2.8%. Of these seven drivers, the most significant are a lowering of several of the high load bins that are drawn from in the updated Load Forecast Uncertainty (LFU) model, which resulted in a 1.0% IRM reduction, and a lower load forecast, which resulted in a reduction of 0.7%. Five other factors resulted in a combined reduction of 1.1%; (i) changed dependable maximum net capability (DMNC) values for generation (-0.3%); (ii) improved thermal outages rates in downstate New York (-0.3%); (iii) emergency operating procedures (EOPs) with slightly more MWs available (-0.3%); (iv) run-of-river (ROR) hydro resource shapes (-0.1%); and (v) updated energy limited resource (ELR) units (-0.1%).

The net effect of the factors driving decreases (2.8%) and increases (1.7%) results in a 1.1% decrease in the base case IRM value from 20.7% to 19.6% in the 2022 IRM Study. The NYSRC Executive Committee determined, based upon the base case result, modeling and assumption changes, and numerous sensitivity studies, that the 19.6 percent base case IRM value best satisfies the resource adequacy criterion and should be adopted for the upcoming Capability Year.

B. The Commission Should Act Expeditiously

The NYISO requests that the Commission act in time to provide a decision by February 15, 2022.[18] Pursuant to its tariffs, the NYISO has scheduled the first ICAP auction for the six-month 2022 Summer Capability Period to begin on March 29, 2022. The outcome of this

[18] The NYISO similarly intends to ask the NYPSC to act promptly in considering the proposed IRM level for the same reasons discussed herein.

auction will affect the monthly and spot capacity auctions that the NYISO will conduct for May 2022.

Accordingly, the NYISO must know the NYCA IRM sufficiently ahead of the scheduled auction so that it can calculate the minimum NYCA-wide and LCRs and transmit the information to auction participants. If the Commission acts by February 15, 2022, the NYISO is confident that it could complete this work on time. In accordance with its manuals and past practices, the NYISO has informed Market Participants that the new minimum requirements will be available by March 25, 2022. This information is conveyed in advance of the capacity auction for the six-month Summer Capability Period to provide Market Participants with sufficient notice of their capacity requirements so that they may develop or adjust their bidding strategies. The NYISO would prefer to start making the necessary calculations as early as possible in advance of this deadline. Further, without timely information, it will be much harder for ICAP Suppliers and LSEs to make economically efficient capacity procurement decisions.

C. The Commission Should Coordinate with the NYPSC to Avoid Imposing Inconsistent IRM Requirements

As in previous years, the NYISO respectfully suggests that the Commission coordinate its review of the NYSRC's proposed revision of the NYCA IRM with the NYPSC's inquiry into the subject. To the extent that both the Commission and the NYPSC address common questions, the NYISO asks the Commission to take reasonable measures to ensure that its determination is compatible with the NYPSC's determination. If the two agencies were to issue conflicting or contradictory orders to the NYSRC concerning the IRM level, confusion may ensue as to what IRM level the NYSRC should provide to the NYISO to use in the Locational Capacity Requirements calculations. If the NYSRC received conflicting regulatory directives, it would be forced to choose between them, leaving its choice susceptible to almost certain litigation. The

probability of such litigation and the uncertainty as to its outcome would engender uncertainty about the LSEs' minimum requirements for the auction for the six-month Summer Capability Period (and possibly even the subsequent monthly and spot auctions). The resulting disruption and confusion would negatively affect the NYISO-administered markets and potentially threaten the reliability of the NYCA bulk power system.

Conflicting Commission and NYPSC rulings could also put the NYISO in the difficult position of being subject to inconsistent federal and state requirements. This would greatly complicate the NYISO's ability to fulfill its ICAP-related responsibilities under its tariffs. The NYISO could also be exposed to demands for refunds, and other potential legal claims, from either LSEs claiming that the NYISO unlawfully required them to over-procure capacity or generators alleging an unlawful under-procurement and lost revenues.

The NYISO recognizes that the parallel reviews of the NYSRC's proposed revisions to the NYCA IRM could lead to disagreement between the agencies as to whether the Commission or the NYPSC, or both, have jurisdiction over the NYCA IRM. If a jurisdictional dispute should arise, the NYISO respectfully submits that the Commission should not allow the possibility of such a dispute to interfere with the timely administration of its ICAP auctions.

V. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission: (i) accept its motion to intervene; (ii) approve the NYSRC's proposed revision to the NYCA IRM with an effective date of February 15, 2022; and (iii) coordinate with the NYPSC in order to avoid the possibility of inconsistent federal and state rulings.

Respectfully submitted,

/s/ *Carl Patka*

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January 6, 2022

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 6th day of January 2022.

/s/ Mitchell W. Lucas

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