

March 31, 2023

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: New York Independent System Operator, Inc., Conforming Changes to
Tariff Required Hourly Bidding in the Day-Ahead Market for ICAP
Suppliers with Energy Duration Limitations, Docket No. ER23-____-000**

In accordance with Section 205 of the Federal Power Act (“FPA”),¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“the Commission” or “FERC”), the New York Independent System Operator, Inc. (“NYISO”) respectfully submits proposed tariff revisions (the “NYISO Proposal”) to its Market Administration and Control Area Services Tariff (“Services Tariff”). The purpose of the NYISO Proposal is to conform the currently effective market obligation for Installed Capacity (“ICAP”) Suppliers with Energy Duration Limitations to offer their obligated Installed Capacity megawatts in the Day-Ahead Market within the Peak Load Window hours to the marginal capacity accreditation market design and extend such obligation for ICAP Suppliers with Energy Duration Limitations that extend beyond the duration of the applicable Peak Load Window.²

The NYISO Proposal is a just, reasonable, and not unduly discriminatory change to bidding requirements for ICAP Suppliers with Energy Duration Limitations that have duration limitations in excess of the Peak Load Window, which will be annually established by the NYISO beginning with the Capability Year starting on May 1, 2024.³ The NYISO Proposal was recommended by the Business Issues Committee and Management Committee actions in December 2022. The Commission should make the tariff revisions proposed herein effective after the standard statutory sixty-day notice period, *i.e.*, on May 31, 2023. By its own terms, the actual conforming change will not be implemented in the market until the start of the Capability Year that begins May 1, 2024, to coincide with the NYISO’s administration of its marginal capacity

¹ 16 U.S.C. §824d (2021).

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

³ The NYISO proposes to make this rule change consistent with the changes made to the tariff accepted by the Commission in the May 10, 2022 Order, which accepted NYISO’s proposal to set the Peak Load Window annually, rather than every four years, as part of the NYISO marginal capacity accreditation market design. See *N.Y. Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,102 at P 114 (2022). The implementation details and administrative procedures for establishing the Peak Load Window annually were developed through the NYISO stakeholder process and accepted by its Business Issues Committee as part of the NYISO’s Phase 2 project work for the marginal capacity accreditation design. The NYISO filed its Phase 2 Informational Report with the Commission in ER22-772-000 on March 14, 2023. (“Phase 2 Report”)

accreditation market design approved by the Commission on May 10, 2022. This requested effective date will provide all stakeholders the greatest possible certainty moving forward.

I. SUMMARY

The NYISO Proposal would fill a potential gap in the bid/schedule/notify obligations that would otherwise be possible as a result of changing the Peak Load Window setting process from a quadrennial process to an annual process for the start of the 2024-2025 Capability Year. This potential mismatch was identified during the Phase 2 project work the NYISO conducted to establish the technical and implementation details of the marginal capacity accreditation market design.⁴ The NYISO and stakeholders observed a possibility for a Peak Load Window to be set under the new annual process that may be two or four hours shorter than the longest Energy Duration Limitation that an ICAP Supplier may currently elect. For example, it may be possible for an ICAP Supplier to elect to participate as an eight-hour resource when the Peak Load Window has been established at six hours. Similarly, a four-hour Peak Load Window creates mismatches for both six and eight-hour resources.

This is not a current concern as the NYISO's tariff establishes either a six-hour Peak Load Window or an eight-hour Peak Load Window.⁵ Eight-hour resources are subject to the eight-hour Peak Load Window bidding requirements, while two, four, or six-hour resources can never exceed the Peak Load Window established by the current rule. However, if no changes were made to the offer requirements for ICAP Suppliers with an Energy Duration Limitation going forward under the marginal capacity accreditation market framework, an ICAP Supplier seeking to maximize its capacity value by electing to participate with an Energy Duration Limitation longer than the Peak Load Window would have no obligation to offer in the Day-Ahead Market, schedule a Bilateral Transaction, or notify the ISO of any outages for the number of hours of the Supplier's Energy Duration Limitation that exceed the length of the Peak Load Window. This would cause a misalignment with the capacity value assigned to the resource and the actual resource adequacy value the resource is providing in the market.

The proposed revisions to section 5.12.7 of the Services Tariff prevent this possible misalignment by requiring ICAP Suppliers with an Energy Duration Limitation longer than the Peak Load Window to offer to sell energy in the Day-Ahead Market, schedule a Bilateral Transaction, or notify the ISO of any outages for the entirety of the Peak Load Window and for additional hours immediately preceding and following the Peak Load Window covering the remaining hours of the Supplier's Energy Duration Limitation that are not captured in the Peak Load Window. This also ensures comparable bid, schedule, and notification obligations for all ICAP Suppliers, except for the NYISO's Special Case Resources and Intermittent Power Resources which do not have bid, schedule, and notification obligations.

Additionally, ICAP Suppliers that are Energy Storage Resources with an Energy Duration Limitation are currently required to bid to buy energy in the Day-Ahead Market, schedule a

⁴ See Phase 2 Report at pp. 19-20.

⁵ The Peak Load Window for the Capability Year beginning May 1, 2023, is in fact a six-hour period.

Bilateral Transaction, or notify the ISO of any outages for all hours outside the Peak Load Window. The revisions to section 5.12.7 of the Services Tariff specify that ICAP Suppliers that are Energy Storage Resources with an Energy Duration Limitation longer than the Peak Load Window must bid to buy energy in the Day-Ahead Market, schedule a Bilateral Transaction, or notify the ISO of any outages during the hours that the ICAP Supplier is not required to offer to sell energy into the Day-Ahead Market.

II. COMMUNICATIONS

All communications, pleadings, and orders with respect to this proceeding should be directed to the following individuals:

Robert E. Fernandez, Executive Vice President, General Counsel, * Ted J. Murphy
& Chief Compliance Officer

Karen Georgenson Gach, Deputy General Counsel

Raymond Stalter, Director of Regulatory Affairs

* David Allen, Senior Attorney

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III. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents with this filing letter:

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

IV. DESCRIPTION OF THE NYISO’S PROPOSED TARIFF REVISIONS

The following sections summarize and describe the NYISO’s proposed revisions to section 5.12.7 of the Services Tariff. The first proposed revision is to add the sunseting language associated with the existing requirements for duration limited resources. The NYISO has added the phrase “Until the Capability Year that begins in May 2024,” before the paragraph in section 5.12.7 that describes the current bidding, scheduling, and notification requirements of ICAP Suppliers with Energy Duration Limitations. This same sunseting language is added to a later sentence in section 5.12.7 that currently addresses the requirements placed on Energy Storage

Resources to bid (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit such that the amount scheduled, Bid, and/or declared to be unavailable reflects the Energy Storage Resource's entire withdrawal operating range during the hours outside the Peak Load Window.

Two paragraphs are added that detail all the bid, schedule, notify obligations of ICAP Suppliers with Energy Duration Limitations starting with the 2024-2025 Capability Year. These are:

Starting with the Capability Year that begins in May 2024, Installed Capacity Suppliers with Energy Duration Limitations less than or equal in length to the number of hours comprising the applicable Peak Load Window, must on a daily basis during the Peak Load Window and for at least the number of consecutive hours that correspond to its Energy Duration Limitation, or for the entirety of the Peak Load Window for an Energy Storage Resource: (i) schedule a Bilateral Transaction; (ii) Bid Energy in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages. Installed Capacity Suppliers with Energy Duration Limitations greater in length than the number of hours comprising the Peak Load Window, must on a daily basis during the entirety of the applicable Peak Load Window and for additional hours immediately preceding and following the Peak Load Window covering the remaining hours of the Installed Capacity Supplier's Energy Duration Limitation that are not captured in the Peak Load Window, as specified in ISO Procedures: (i) schedule a Bilateral Transaction; (ii) Bid Energy in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages

Starting with the Capability Year that begins in May 2024, Energy Storage Resources with an Energy Duration Limitation less than or equal in length to the number of hours comprising the applicable Peak Load Window must, on a daily basis, and for each hour beyond the Peak Load Window: (i) Bid in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (ii) notify the ISO of any outages, the maximum of the Energy Storage Resource's (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit. Energy Storage Resources with an Energy Duration Limitation greater in length than the number of hours comprising the applicable Peak Load Window must, on a daily basis, and for each hour beyond the hours that the Energy Storage Resources must schedule, bid, or declare to be unavailable in accordance with paragraph three of Section 5.12.7 of this Tariff: (i) Bid in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (ii) notify the ISO of any outages, the maximum of the Energy Storage Resource's (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit. The amount scheduled, Bid, and/or declared to be unavailable must reflect the Energy Storage Resource's entire withdrawal operating range.

V. STAKEHOLDER REVIEW

This filing was developed through an extensive and comprehensive stakeholder process conducted under the NYISO's established shared governance procedures. Stakeholder

discussions that led directly to this filing took place as part of the NYISO's development of the implementation, technical and administrative details, rules, and procedures associated with the NYISO's marginal capacity accreditation framework that began in February 2022. The NYISO Proposal incorporates significant stakeholder review and input. The NYISO's stakeholder Management Committee approved the NYISO Proposal at its December 21, 2022 meeting.

No stakeholder exercised its right to appeal the Management Committee's approval to the NYISO's independent Board of Directors. The Board approved the NYISO Proposal at its March 21, 2023 meeting.

VI. REQUESTED EFFECTIVE DATE

The NYISO respectfully requests that the Commission issue an order within sixty days, making this filing effective one day after the expiration of the standard sixty-day statutory notice period, *i.e.*, on May 31, 2023. As noted above, a timely Commission order provides market participants and investors as much certainty as possible, as soon as possible, regarding the capacity market rules in New York.

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 State Public Service Commission and to the New Jersey Board of Public Utilities.

VIII. CONCLUSION

The NYISO respectfully requests that the Commission accept the NYISO Proposal without imposing conditions or initiating any further procedures. The Commission should make the NYISO's proposed revisions effective May 31, 2023.

Respectfully Submitted,

/s/ David Allen

David Allen

Senior Attorney

New York Independent System Operator, Inc.

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