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New York Independent System Operator, Inc.) **Docket No. ER24-2096-000**
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On May 24, 2024, the New York Independent System Operator, Inc. (“NYISO”) submitted tariff revisions proposing four sets of changes that will improve administration of its Installed Capacity (“ICAP”) market (“May 2024 Filing”).¹ Ravenswood Operations, LLC (“Ravenswood”) and Independent Power Producers of New York, Inc. (“IPPNY”) submitted timely comments addressing one aspect of the NYISO’s proposed revisions: the implementation timeline for new rules regarding capacity accreditation for fossil fueled Generators² with fuel constraints (the “Fuel Constraints Rules”). Specifically, Ravenswood and IPPNY request that the Federal Energy Regulatory Commission (“Commission”) direct the NYISO to delay implementation of the Fuel Constraints Rules from the 2025-2026 Capability Year to the 2026-2027 Capability Year.³ The NYISO does not oppose Ravenswood and IPPNY’s request.⁴

⁴ In the interest of limiting the scope of these Reply Comments, the NYISO does not address all issues raised in Ravenswood and IPPNY's comments. The fact that the NYISO is not responding to all issues raised by the parties should not be construed as agreement therewith.

I. BACKGROUND

The May 2024 Filing proposed four sets of Services Tariff revisions that will enhance the operation of the NYISO's ICAP market: (i) new rules to amend the Capacity Accreditation framework for Generators with fuel constraints, (ii) ICAP Supplier Day-Ahead Market bidding obligations, (iii) elimination of a type of Generator known as "Capacity Limited Resources," and (iv) modification of certain rules related to the treatment of Energy Limited Resources in the Day-Ahead and Real-Time Energy Markets. The NYISO proposed an effective date of July 24, 2024, for the complete suite of tariff revisions,⁵ but certain tariff revisions, including the Fuel Constraints Rules, are proposed to apply beginning with the 2025-2026 Capability Year.⁶ Ravenswood and IPPNY's comments relate solely to the proposed implementation date of the Fuel Constraints Rules.

Starting in 2022, the NYISO worked with its stakeholders and its independent Market Monitoring Unit ("MMU") to identify enhancements to the New York Control Area ("NYCA") resource adequacy analysis, including an analysis of winter season electric reliability. The resource adequacy framework, in combination with the NYISO's capacity accreditation market rules, are used to establish New York State's Installed Reserve Margin ("IRM") and serves as the basis for determining Capacity Accreditation Resource Classes ("CARC") and Capacity Accreditation Factors ("CAF"). The existing framework does not address seasonal impacts to reliability caused by winter season fuel unavailability for fossil fueled Resources with non-firm fuel procurement arrangements.

⁵ May 2024 Filing at 12.

⁶ *See, e.g.*, Proposed Services Tariff Section 5.12.1.15 ("Starting with the Capability Year beginning May 1, 2025,"). Although the NYISO proposes to have these tariff revisions apply beginning with the 2025-2026 Capability Year, the NYISO proposed the July 24, 2024, effective date in order to (i) incorporate certain information in the applicable 2025-2026 planning studies, and (ii) complete the processes necessary to administer the ICAP market for the 2025-2026 Capability Year.

In conjunction with its stakeholders and the New York State Reliability Council (“NYSRC”), the NYISO has worked to develop one or more methodologies to model fuel constraints in the IRM and Locational Capacity Requirements (“LCR”) study models. These efforts are ongoing. Once implemented, the IRM and LCR modeling enhancements, combined with the Fuel Constraints Rules, will more accurately represent the reliability value of Resources with firm and non-firm fuel procurement arrangements.

The NYISO, NYSRC, and stakeholders have not yet completed the modeling refinements that will allow development of CARCs and CAFs that reflect the distinct marginal contribution to reliability provided by fossil fueled units with firm and non-firm fuel procurement arrangements. The May 2024 Filing advised the Commission that the NYISO did not expect the NYSRC to finalize the modeling refinements for inclusion in the 2025-2026 Capability Year IRM base case, and therefore the NYISO would not create new CARCs and associated CAFs differentiating Resources with firm vs. non-firm fuel arrangements for the 2025-2026 Capability Year.⁷ The NYSRC has now confirmed that those refinements will not be included in the 2025-2026 IRM base case.

II. COMMENTS

The tariff revisions proposed in the May 2024 Filing are just and reasonable and not unduly discriminatory. The NYISO’s proposals will enhance the NYISO’s ICAP market rules and capacity accreditation framework and are designed to complement existing rules and practices. The Commission should accept the substantive tariff revisions as filed and without imposing any substantive conditions or modification or initiating further procedures.

⁷ May 2024 Filing at 4.

Ravenswood and IPPNY, however, request that the Commission issue an order directing the NYISO to delay the application of the Fuel Constraints Rules from the 2025-2026 Capability Year to the 2026-2027 Capability Year. The requested delay to the Fuel Constraints Rules is discrete and will not materially alter the NYISO's proposal. Therefore, the NYISO does not object to the request.

The NYISO previously advised the Commission that the modeling enhancements necessary to effectuate the Fuel Constraints Rules were unlikely to be completed in time for application in the 2025-2026 Capability Year.⁸ That assessment was confirmed when the NYSRC recently determined that those enhancements would not be included in the 2025-2026 IRM base case. Only after those modeling enhancements are included in an IRM base case will the NYISO be able to create specific CARCs and related CAFs that account for the marginal contribution to reliability for resources with firm and non-firm fuel procurement arrangements.

Ravenswood and IPPNY's request to delay implementation of the Fuel Constraints Rules will not materially impact the NYISO's implementation of any of the tariff revisions proposed in the May 2024 Filing. Should the Commission grant commenters requests, the NYISO proposes to submit revised tariff sections reflecting the delayed implementation date from the 2025-2026 Capability Year to the 2026-2027 Capability Year within thirty (30) days of a Commission Order in this proceeding.

III. CONCLUSION

WHEREFORE, the New York Independent System Operator, Inc. respectfully requests that the Commission accept these reply comments and accept the substantive provisions of the May 2024 Filing in the above-captioned proceeding with an effective date of July 24, 2024.

⁸ *Id.*

Should the Commission grant commenters requested one-year delay to the implementation of the Fuel Constraints Rules, the NYISO respectfully requests that the Commission direct the NYISO to submit tariff revisions reflecting such change within thirty (30) days of the issuance of its order in this proceeding.

Respectfully submitted,

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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 28th day of June 2024.

/s/ Elizabeth Rilling

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