

May 16, 2025

Submitted Electronically

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

**Re: Docket No. ER25-____-000, *New York Independent System Operator, Inc.*;
Proposed Revisions to Installed Capacity Accreditation Rules for Fuel
Supply Constraints**

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 further enhance its modeling of fossil fuel-fired Generators with and without fuel constraints.²

The NYISO respectfully requests that the proposed revisions become effective July 16, 2025 (*i.e.*, the day following the end of the statutory 60-day notice period). The NYISO will begin using the revisions proposed herein in determining Capacity Accreditation Factors (“CAFs”)³ for the 2026-2027 Capability Year. A timely Commission order will enable NYISO Market Participants to make informed business decisions by November 1, 2025, for the upcoming 2026-2027 Capability Year.

I. List of Documents Submitted

The NYISO submits the following with this filing letter:

¹ 16 U.S.C. § 824d.

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

³ CAFs are “[t]he factors, set annually by the ISO in accordance with Section 5.12.14.3 and ISO Procedures, that reflect the marginal reliability contribution of the ICAP Suppliers within each Capacity Accreditation Resource Class [“(CARC”)] toward meeting [New York State Reliability Council (“NYSRC”)] resource adequacy requirements for the upcoming Capability Year.” Services Tariff § 2.3. A CARC is “[a] defined set of Resources and/or Aggregations, as identified in accordance with ISO Procedures, with similar technologies and/or operating characteristics which are expected to have similar marginal reliability contributions toward meeting NYSRC resource adequacy requirements for the upcoming Capability Year.” *Id.*

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

In 2022, the Commission accepted the revisions to the Services Tariff to establish the NYISO’s capacity accreditation framework, which values a Resource’s capacity based on its marginal contribution to resource adequacy.⁴ Section 5.12.14.3 of the Services Tariff requires the NYISO to annually review the CAFs for the upcoming Capability Year (*i.e.*, May 1 through April 30 the following calendar year). Section 5.12.14.3 also requires the NYISO to use the New York Control Area (“NYCA”) Installed Reserve Margin (“IRM”) and Locational Minimum Installed Capacity Requirement study models for the upcoming Capability Year as a starting database and to develop CAFs for all CARCs that reflect the marginal reliability contributions toward meeting NYSRC resource adequacy requirements.⁵

In 2024, the Commission accepted enhancements to the NYISO’s capacity accreditation framework to incorporate certain winter fuel availability considerations.⁶ Those enhancements were designed to more accurately value certain Installed Capacity (“ICAP”) Supplier’s contributions to resource adequacy by accounting for natural gas and fuel oil constraints during periods of high winter demand. Specifically, the market design enhancement created two new CARCs: one for fossil fuel Generators that have firm access to natural gas or fuel oil and a second for fossil fuel Generators that do not have firm access (*i.e.*, utilize interruptible contracts in fuel-constrained areas). The rules permit an ICAP Supplier that operates by utilizing natural gas and/or fuel oil to elect to fully or partially participate in a firm fuel CARC based on its ability to obtain firm access to fuel.

The NYISO developed this market design enhancement in response to the transition that the New York State electric system is experiencing. While historically a summer peaking system, the NYCA is expected to become a winter peaking system in the late 2030s.⁷ The market design enhancements proposed in 2024 will help to improve the capacity accreditation

⁴ *N.Y. Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,102 (2022).

⁵ Services Tariff §§ 5, 5.12.

⁶ *N.Y. Indep. Sys. Operator, Inc.*, 188 FERC ¶ 61,051 (2024) (July 2024 Order); *see also N.Y. Indep. Sys. Operator, Inc.*, Docket No. ER24-2096-001 (Oct. 24, 2024) (delegated order) (accepting modified implementation timeline from the 2025-2026 Capability Year to the 2026-2027 Capability Year, as directed in the July 2024 Order).

⁷ *See NYISO 2025 Load & Capacity Data Report*, at 17, <https://www.nyiso.com/documents/20142/2226333/2025-Gold-Book-Public.pdf/088438e1-02f1-5316-211b-dbca17c01b4b>

processes and resource adequacy analysis to reflect these ongoing system changes.⁸ Accounting for these factors is intended to more accurately reflect an affected Generator's marginal contribution to resource adequacy.

III. Description of Proposed Tariff Revisions

After extensive engagement with stakeholders and the NYISO's Market Monitoring Unit, Potomac Economics, the NYISO proposes further refinement of its capacity accreditation framework for ICAP Supplier making a firm fuel CARC election.⁹ The proposed revisions seek to improve the firm fuel CARC election process and related requirements and settlements.

Specifically, the NYISO proposes revisions to the Services Tariff to (1) prescribe revised firm fuel CARC election performance requirements to replace the requirement to submit for *ex-ante* NYISO review supporting documentation to substantiate a firm fuel CARC election; (2) remove the Section 5.12.1.15 and 5.12.8 requirement to conduct alternative fuel testing for dual fuel resources that elect a firm fuel CARC using such dual fuel capability; (3) add an obligation to have an operating plan and related supply, transportation, and/or replenishment agreements supporting a firm fuel CARC election in place and effective by December 1 and throughout a defined "Winter Performance Period" (*i.e.*, December, January, and February);¹⁰ (4) establish notification requirements for operating plans and modifications thereto (including the referral of certain notification failures to the Commission's Office of Enforcement consistent with the NYISO's Market Monitoring Plan in Attachment O (Section 30) to the Services Tariff); (5) provide a new compensation adjustment structure to replace the prior deficiency charge construct in Section 5.14.2.3.5; and (6) remove the Section 23.4.5.4 exemption for offering mitigated Unforced Capacity ("UCAP") in each ICAP Spot Market Auction in accordance with Section 5.14.1.1 of the Services Tariff and applicable ISO procedures when an ICAP Supplier is no longer qualified to supply pursuant to Services Tariff Sections 5.12.15 and 5.14.2.3.5. Separately, the NYISO proposes ministerial, non-substantive revisions in Section 5.12, including removal of outdated tariff language and revisions to improve consistency of terminology.

The NYISO also proposes to modify the firm fuel CARC election deadline to November 1, 2025, for the 2026-2027 Capability Year only. As explained in Section III.A, the NYISO and its stakeholders propose delaying the upcoming August 1, 2025, election date to provide ICAP Suppliers with a reasonable amount of time to develop and implement business plans for the 2026-2027 Capability Year.

⁸ The NYISO has collaborated in parallel with the NYSRC to develop enhancements to the IRM model to better consider winter fuel availability concerns and the impacts thereof on resource adequacy.

⁹ As noted in the NYISO's initial filing, the NYISO expected that the requirements and documentation necessary to substantiate a firm fuel CARC election would evolve over time as the needs of the system changed, and it committed to working with stakeholders to refine the requirements for inclusion in the firm fuel CARC. *See* N.Y. Indep. Sys. Operator, Inc. May 24, 2024, Filing, Docket No. ER24-2096-000, at n.7. This proposal is a result of such further collaboration.

¹⁰ December, January, and February of the subject Capability Year are individually referred to as a "Winter Performance Month." *See* proposed Section 5.12.12.3 of the Services Tariff.

A. Firm Fuel CARC Election and Performance Requirements

Services Tariff Section 5.12.15 requires ICAP Suppliers to make a firm fuel CARC election by August 1 of the calendar year preceding a given Capability Year.¹¹ For example, for the 2027-2028 Capability Year that begins on May 1, 2027, the Services Tariff currently requires an ICAP Supplier to make its election to participate in the firm fuel CARC by August 1, 2026. Section 5.12.15 further requires an ICAP Supplier to substantiate its election by submitting, for *ex-ante* NYISO review, supporting documentation composed of firm fuel contracts or liquid fuel inventory documentation and a description of how its fuel procurement and operational characteristics allow the unit to meet the applicable requirements for its designated “firm fuel” MW level. Such substantiation is currently required to occur by December 1 of the applicable Capability Year.¹²

The NYISO proposes to refine the firm fuel CARC election requirements that will be implemented starting with the 2026-2027 Capability Year.¹³ The proposed enhancements will eliminate the requirement for the NYISO to conduct an *ex ante* review of the ICAP Supplier’s supporting documentation and instead utilize a trust-but-verify approach, whereby the ICAP Supplier will be responsible for procuring the appropriate commodity, transportation, and replenishment agreements that enable participation in the firm fuel CARC and will be subject to strict performance requirements.

Consistent with the existing requirements, and except for the 2026-2027 Capability Year as explained below, an ICAP Supplier that elects to fully or partially participate in the firm fuel CARC must notify the NYISO of the MW capability it elects for participation by August 1 of the calendar year preceding the subject Capability Year (*e.g.*, by August 1, 2026 for the 2027-2028 Capability Year).¹⁴ An ICAP Supplier that operates on natural gas and/or fuel oil that does not elect to enter some or all of its MW capability in the firm fuel CARC (or any other CARC for which it is eligible)¹⁵ shall have its undesignated MW capability included in the non-firm fuel

¹¹ This is a common deadline for making elections in order to obtain timely information to develop the assumptions for the final base case of the IRM study. *See, e.g.*, Services Tariff §§ 5.12.1.12 (requiring Behind-the-Meter Net Generation Resources to make a participation model election by August 1 of the calendar year preceding a Capability Year); 5.12.13.1 (requiring Aggregators to notify the NYISO by August 1 of the calendar year preceding a Capability Year if its Aggregation type changes); 5.12.14.2 (requiring a Resource that wants to change its Energy Duration Limitation to notify the NYISO by August 1 of the year preceding a Capability Year).

¹² For example, for the 2026-2027 Capability Year, the required substantiation would need to occur on or before December 1, 2026.

¹³ *See* proposed revisions to Section 5.12.15 of the Services Tariff.

¹⁴ *See* proposed Section 5.12.15.1 of the Services Tariff.

¹⁵ For example, a natural gas turbine that has run-time limitations due to its air permit restrictions may be required to enter the four (4)-hour Energy Duration Limited CARC, rather than the firm fuel CARC.

CARC. Based on the current conditions of the New York electric system, the NYISO intends to establish the following initial performance requirements for electing firm MW: by selling UCAP based on a firm fuel CARC election, ICAP Suppliers are committing to have fuel available to run for 56 hours over any consecutive seven-day period from December through February of the subject Capability Year.¹⁶

The NYISO will provide the implementation details regarding these performance requirements in ISO Procedures (*e.g.*, the NYISO ICAP Manual). This is consistent with the Commission's "rule of reason" that permits the inclusion of additional implementation details and technical specifications, especially those that implement complex processes that require reasonable flexibility, in ISO Procedures instead of the Services Tariff.¹⁷ In this instance, reasonable flexibility is needed to appropriately tailor the performance requirements applicable to Resources electing the firm fuel CARC to the natural gas system and fuel oil replenishment conditions of the unit's particular location and to enable the NYISO to adjust the technical specifications of such performance requirements over time in response to the ongoing evolution of New York's electric system.

For consistency with the proposed performance requirements, the NYISO proposes to eliminate the requirement for dual fuel units that make a firm fuel CARC election relying on that dual fuel capability to conduct a test to demonstrate their production capability using their alternative fuel.¹⁸ Pursuant to the refinements proposed herein, ICAP Suppliers will have discretion to elect any firm fuel MW value and must satisfy the requirements associated with such election. Failure to comply with such requirements will subject the ICAP Supplier to the potential imposition of an "Annual Firm Fuel Reconciliation Amount," as described in Section III.C below.¹⁹

¹⁶ The NYISO expects that the performance requirements for a firm fuel CARC election will evolve over time as the needs of the New York system change and commits to working with stakeholders to refine the requirements for inclusion in the firm fuel CARC.

¹⁷ The Commission's long-established "rule of reason" recognizes that there are an "infinite of practices affecting rates and service" so the "statutory directive must reasonably be read to require the recitation of only those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous." *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985). The Commission has also recognized that implementation details and technical specifications need not be on file under the "rule of reason," especially in contexts where ISOs/RTOs are implementing complex processes that require reasonable flexibility. *See, e.g., Hecate Energy Greene County 3 LLC v. N.Y. Indep. Sys. Operator, Inc.*, 177 FERC ¶ 61,121, at P 46 (2021).

¹⁸ This testing requirement is currently set forth in Sections 5.12.1.15 and 5.12.8 of the Services Tariff.

¹⁹ The NYISO will continue to monitor the performance of dual fuel units that make a firm fuel CARC election. If necessary, the NYISO may, in collaboration with its stakeholders, consider the potential implementation of further refinements to the firm fuel CARC election requirements such as testing of production capability using a dual fuel unit's alternative fuel source.

With respect to the firm fuel CARC election deadline for the 2026-2027 Capability Year, the NYISO proposes tariff revisions to extend the deadline from August 1, 2025, to November 1, 2025. Although August 1 of the calendar year preceding a given Capability Year is the common deadline for elections in order to obtain timely information to develop the assumptions for the final base case of the IRM study,²⁰ the NYSRC Executive Committee has approved the use of historical firm natural gas availability data, rather than Resource-specific firm fuel CARC election data, to develop the final base case for the 2026-2027 IRM study.²¹ In addition, the NYISO already has the necessary historical firm MW data to develop the assumptions for the final base case for the 2026-2027 IRM study. Therefore, electing a firm fuel CARC for the 2026-2027 Capability Year by August 1, 2025, is not necessary. As such, the NYISO proposes to extend the election deadline for the 2026-2027 Capability Year to November 1, 2025, to provide market participants with a reasonable amount of time to develop business plans that align with the proposed market design enhancements. In case the Commission rejects this FPA Section 205 filing or does not accept the filing by the requested July 16, 2025, effective date, the NYISO is concurrently submitting to the Commission a request for waiver of the existing August 1 election deadline for the 2026-2027 Capability Year in Services Tariff Section 5.12.15.

B. Operating Plan and Notification Requirements

To help ensure alignment between the firm fuel CARC performance requirements and the agreements necessary to effectuate these requirements, the NYISO proposes that an ICAP Supplier that elects to enter all or part of its MW capability in the firm fuel CARC have an operating plan and related fuel supply, transportation, and/or replenishment agreements in place and effective by December 1 of the subject Capability Year. Such plan and associated agreements must be sufficient to provide firm fuel capability at the elected MW level.²² The operating plan is intended to detail how the ICAP Supplier will satisfy the performance requirements associated with a firm fuel CARC election. For a Generator utilizing natural gas as its fuel, the associated agreements to support the plan include supply and/or transportation agreements (or equivalent). For a Generator utilizing fuel oil, such agreements include supply and replenishment agreements (or equivalent).

The ICAP Supplier must maintain a sufficient operating plan and agreements for the entire Winter Performance Period and, if and where necessary, (i) make any such modifications or updates to its operating plan and any such agreements throughout the Winter Performance Period if necessary and (ii) notify the NYISO thereof within five (5) business days. Specifically, the ICAP Supplier shall notify the NYISO (i) by December 1 of the subject Capability Year, if the ICAP Supplier fails to establish the necessary operating plan and related supply, transportation, and/or replenishment agreements; (ii) if changes to the ICAP Supplier's operating plan and related supply, transportation, and/or replenishment agreements occur during the Winter

²⁰ See *supra* note 11.

²¹ NYSRC EC Minutes of Meeting No. 312 (Apr. 11, 2025), <https://www.nysrc.org/wp-content/uploads/2025/05/2.1-EC-Meeting-312-Minutes-Rev-4-5-4-2025-Attachment-2.1-clean.pdf>

²² See proposed Section 5.12.15.2 of the Services Tariff.

Performance Period; and/or (iii) if the ICAP Supplier is no longer able to meet its firm fuel CARC election and cannot implement modifications to its plan to continue to support its elected firm MW amount for the remainder of the Winter Performance Period.²³

If an ICAP Supplier fails to comply with these requirements, the NYISO proposes that the ICAP Supplier shall be subject to an Annual Firm Fuel Reconciliation Amount, as described in Section III.C below.²⁴ Additionally, if (i) an ICAP Supplier fails to meet these notification requirements or (ii) the NYISO, in consultation with its Market Monitoring Unit, suspects that an ICAP Supplier's operating plan and related supply, transportation, and/or replenishment agreements are insufficient to support its elected firm MW amount, such failure will be referred to the Commission's Office of Enforcement consistent with the NYISO's Market Monitoring Plan set forth in Attachment O (Section 30) of the Services Tariff.²⁵ If the NYISO determines that the ICAP Supplier's operating plan and/or agreements do not support its elected firm MW amount, the ICAP Supplier shall also be subject to an Annual Firm Fuel Reconciliation Amount.

Consistent with the Commission's "rule of reason,"²⁶ the NYISO will provide additional implementation details regarding the proposed requirements related to an operating plan and related supply, transportation, and/or replenishment agreements and the associated notification requirements in the NYISO ICAP Manual. The NYISO will include these details and technical specifications in the ISO Procedures because they implement complex processes that require reasonable flexibility. For example, what constitutes a reasonable operating plan will vary depending on the facts specific to a resource (for example, the Resource's location on natural gas transportation or distribution networks), and the NYISO may need to adjust the operating plan implementation details over time as New York's electric grid evolves.

C. Annual Firm Fuel Reconciliation Amount

Services Tariff Section 5.14.2.3.5 requires the NYISO to assess a Shortfall for Failure to Validate or Maintain Elected Firm Fuel Capability against ICAP Suppliers that make a firm fuel CARC election and fail to meet the requirements of such election. The NYISO's proposed tariff revisions eliminate that financial sanction and propose new rules that address non-performance that are tailored to the revised firm fuel CARC election rules.

To mitigate against an ICAP Supplier making a firm fuel CARC election that does not align with its ability to satisfy the applicable performance requirements, the NYISO proposes a new compensation adjustment structure to help ensure that the revenues generated by electing the firm fuel CARC and failing to perform do not exceed the revenue generated through the non-firm CARC. This remedial structure is intended to create an incentive for an ICAP Supplier to make a firm fuel CARC election consistent with its ability to procure firm fuel supply.

²³ See proposed Section 5.12.15.3 of the Services Tariff.

²⁴ See proposed Section 5.12.15.4 of the Services Tariff.

²⁵ See proposed Section 5.12.15.5 of the Services Tariff; *see also* proposed Section 30.4.5.3.2.8.

²⁶ See *supra* note 17.

Under this proposal, if the NYISO determines that an ICAP Supplier that elected the firm fuel CARC for all or part of its MW capability has not provided service that meets the requirements associated therewith, the ICAP Supplier shall be subject to an Annual Firm Fuel Reconciliation Amount.²⁷

Specifically, the NYISO proposes that an ICAP Supplier that has elected to enter any amount of MW in the firm fuel CARC may be subject to a Firm Fuel Sanction or Settlement Adjustment if it experiences a Forced Outage(s) and/or de-rate(s) due to lack of fuel during one or more of the months of Winter Performance Period for any MW level it has elected.²⁸ The NYISO shall determine whether to assess either a Firm Fuel Sanction or a Settlement Adjustment based on whether such Forced Outage(s) and/or de-rate(s) due to lack of fuel were *within* or *outside* the ICAP Supplier's control.²⁹ A Settlement Adjustment shall be applied if an ICAP Supplier fails to establish or maintain an operating plan and related supply, transportation, and/or replenishment agreements for any MW level it has elected for the firm fuel CARC. Any Firm Fuel Sanction and Settlement Adjustment assessed shall be a component of an Annual Firm Fuel Reconciliation Amount.

If an ICAP Supplier (i) experiences a Forced Outage(s) and/or derate(s) due to lack of fuel in a Winter Performance Month and/or (ii) the ICAP Supplier fails to establish or maintain the required operating plan and related supply, transportation, and/or replenishment agreements for the MW level it has elected, the NYISO shall calculate an UCAP base differential amount ("Base Differential Amount") for each month in the subject Capability Year.³⁰ The Base Differential Amount for a given month ("month *m*") shall be calculated by multiplying (i) the ratio of the UCAP the ICAP Supplier sold in month *m* to the amount of UCAP the ICAP Supplier was qualified to sell in month *m* and (ii) the amount of UCAP the ICAP Supplier was

²⁷ See proposed Section 5.12.15.4 of the Services Tariff; *see also* proposed Section 5.12.15.3 of the Services Tariff.

²⁸ See proposed Section 5.12.12.3 of the Services Tariff.

²⁹ The NYISO intends to use North American Electric Reliability Corporation ("NERC") guidance on "Outside Management Control" to determine whether a loss or reduction in firm fuel MW was within or outside of the ICAP Supplier's control. For example, NERC guidance specifies that "outside of management control" includes failure of a fuel supplier to fulfill contractual obligations or a pre-arranged deal due to physical fuel disruptions or operational impairments (*e.g.*, force majeure on a pipeline or compressor down making the pipeline incapable of making its firm deliveries). NERC Generating Availability Data System (GADS) Data Reporting Instructions, append. K (Outside Management Control), https://www.nerc.com/pa/RAPA/gads/DataReportingInstructions/Appendix_K_Outside_Management_Control_2025_DRI.pdf NERC guidance also specifies that lack of fuel due to contractual or tariff provisions that allow for service interruption or price fluctuations during peak demand periods are not considered "outside of management control." *Id.* The NYISO may also consider other factors when determining if loss of fuel was outside an ICAP Supplier's control. These implementation details will be included in ISO Procedures.

³⁰ See proposed Section 5.12.12.3.1 of the Services Tariff.

qualified to sell in month m minus the amount of UCAP the ICAP Supplier would have been qualified to sell in month m if the ICAP Supplier had not elected to enter any MW in the firm fuel CARC.

For each month in which a Base Differential Amount is calculated, the NYISO shall calculate an “Incremental Firm Fuel Revenue” specific to month m .³¹ The Incremental Firm Fuel Revenue shall be calculated as the Base Differential Amount for month m multiplied by the applicable Market-Clearing Price as determined in the ICAP Spot Market Auction for month m .

For each month encompassed by the Winter Performance Period (each month is referred to as a “Winter Performance Month”) in which an ICAP Supplier elects to participate in the firm fuel CARC and fails to comply with the requirements associated therewith, the NYISO shall assign a multiplier of a value equal to either 1.0 or 1.5 as further described herein.³² If an ICAP Supplier had one or more Forced Outage(s) and/or de-rate(s) due to lack of fuel in a Winter Performance Month that the NYISO determines were *within* the ICAP Supplier’s control, the NYISO shall apply a multiplier for that month equal to 1.5 (“Firm Fuel Sanction Multiplier”).³³ If an ICAP Supplier had one or more Forced Outage(s) and/or de-rate(s) due to lack of fuel in a Winter Performance Month in the subject Capability Year, but the NYISO determines that none of the Forced Outage(s) and/or de-rate(s) due to lack of fuel were *within* the ICAP Supplier’s control, the NYISO shall apply a multiplier for that month equal to 1.0 (“Settlement Adjustment Multiplier”).³⁴

If the NYISO determines that an ICAP Supplier failed to establish an operating plan and related supply, transportation, and/or replenishment agreements for the MW level it has elected by December 1 of a given Capability Year, the NYISO shall apply a Settlement Adjustment Multiplier (*i.e.*, a value equal to 1.0) for all three months of the Winter Performance Period. However, if the ICAP Supplier experiences one or more Forced Outage(s) and/or de-rate(s) due to lack of fuel within any month of such Winter Performance Period that the NYISO determines were *within* the ICAP Supplier’s control, the ICAP will be subject to a Firm Fuel Sanction Multiplier (*i.e.*, a value equal to 1.5) for that month.³⁵

If the NYISO determines that an ICAP Supplier fails to maintain an operating plan and related supply, transportation, and/or replenishment agreements for the MW level elected, the NYISO shall apply a Settlement Adjustment Multiplier (*i.e.*, a value equal to 1.0) for that Winter Performance Month and any remaining Winter Performance Months within the Winter Performance Period. If, however, the ICAP Supplier experiences one or more Forced Outage(s) and/or de-rate(s) due to lack of fuel during any such affected month that the NYISO determines

³¹ See proposed Section 5.12.12.3.2 of the Services Tariff.

³² See proposed Section 5.12.12.3.3 of the Services Tariff.

³³ See proposed Section 5.12.12.3.3.1 of the Services Tariff.

³⁴ See proposed Section 5.12.12.3.3.2 of the Services Tariff.

³⁵ See proposed Section 5.12.12.3.3.3 of the Services Tariff.

were *within* the ICAP Supplier's control, the ICAP Supplier will be subject to a Firm Fuel Sanction Multiplier (*i.e.*, a value equal to 1.5) for that month.³⁶

For each ICAP Supplier that has elected the firm fuel CARC and is subject to a Firm Fuel Sanction and/or Settlement Adjustment, the NYISO shall calculate an average multiplier for the subject Capability Year that is the sum of the applicable multiplier assigned to each Winter Performance Month, divided by the number of months in the Winter Performance Period ("Average Multiplier").³⁷ Such an ICAP Supplier's firm fuel reconciliation amount for a given month shall then be calculated as the Incremental Firm Fuel Revenue multiplied by its Average Multiplier ("Monthly Firm Fuel Reconciliation Amount").³⁸ The ICAP Supplier's Annual Firm Fuel Reconciliation Amount shall be calculated as the sum of the twelve (12) Monthly Firm Fuel Reconciliation Amounts for the subject Capability Year.³⁹

For consistency with the proposed compensation adjustment structure, the NYISO proposes to eliminate the existing exemption for Pivotal ICAP Suppliers offering mitigated UCAP in each ICAP Spot Market Auction.⁴⁰ Pursuant to the refinements proposed herein, Pivotal ICAP Suppliers, like other ICAP Suppliers, must satisfy the requirements associated with a firm fuel CARC election. Failure to comply with such requirements will subject the ICAP Supplier to the potential imposition of an Annual Firm Fuel Reconciliation Amount, as described herein.

D. Miscellaneous Proposed Tariff Revisions

The NYISO's proposed revisions to Section 5.12 of the Services Tariff include ministerial updates to remove outdated ICAP market rules and other *de minimis* formatting and punctuation clean-up.

³⁶ See proposed Section 5.12.12.3.3.4 of the Services Tariff.

³⁷ See proposed Section 5.12.12.3.4 of the Services Tariff. For example, if an ICAP Supplier was subject to a Settlement Adjustment Multiplier in the month of December and a Firm Fuel Sanction Multiplier in the months of January and February, its Average Multiplier would equal $(1 + 1.5 + 1.5) / 3 = 1.33$ (rounded to the nearest hundredth). For any Winter Performance Month not subject to a Settlement Adjustment Multiplier or Firm Fuel Sanction Multiplier, the "multiplier" for such month shall be deemed "zero" for purposes of determining the average multiplier value for the Winter Performance Period.

³⁸ See proposed Section 5.12.12.3.5 of the Services Tariff. For example, if an ICAP Supplier was subject to an Average Multiplier of 1.33 for a Capability Year and had an Incremental Firm Fuel Revenue value of \$150,000.00 for the month of January, the Monthly Firm Fuel Reconciliation Amount for January would equal $1.33 * \$150,000.00 = \$199,500.00$. If an ICAP Supplier's Average Multiplier is greater than zero, a Monthly Firm Fuel Reconciliation Amount will be calculated for each month of the affected Capability Year.

³⁹ If an ICAP Supplier fully complies with the requirements for a firm fuel CARC election, it will be assigned multiplier values equal to zero for all Winter Performance Months and have a resulting Annual Firm Fuel Reconciliation Amount of zero for the subject Capability Year.

⁴⁰ This requirement is currently set forth in Section 23.4.5.4 of the Services Tariff.

IV. Effective Date

The NYISO respectfully requests that the proposed revisions become effective July 16, 2025 (*i.e.*, the day following the end of the statutory 60-day notice period). The NYISO will first utilize the revisions proposed herein in determining CAFs for the 2026-2027 Capability Year.

V. Stakeholder Approval

On April 30, 2025, the proposed tariff revisions were unanimously approved by the Management Committee with limited abstentions. The NYISO's Market Monitoring Unit has authorized the NYISO to indicate that it supports the proposed tariff revisions. On May 8, 2025, the NYISO Board of Directors approved the proposed revisions contingent on no appeals on this topic being received. No appeals were received.

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

Kevin M. Lanahan, Vice President, External Affairs & Corporate Communications

*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.

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 July 16, 2025.

Respectfully submitted,

/s/ Heidi S. Nielsen

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

cc: Janel Burdick
Emily Chen
Jignasa Gadani
Jette Gebhart
Leanne Khammal
Jaime Knepper
Kurt Longo
David Morenoff
Jason Rhee
Douglas Roe