



Responses to Questions About the 2023 Quarter 2 Short-Term Reliability Process Solution Solicitation

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Introduction

On August 4, 2023, the NYISO requested the submission of proposed Short-Term Reliability Process Solutions¹ to address the Near-Term Reliability Need² identified in the 2023 Quarter 2 Short-Term Assessment of Reliability (“STAR”)³ that the NYISO issued on July 14, 2023.⁴ As further described in the notice, proposed solutions must be submitted to the NYISO on or before October 3, 2023. Questions regarding this solicitation should be addressed to DeveloperSolution@nyiso.com.

In response to this solicitation, the NYISO has received questions regarding the solicitation. This document provides to all developers a summary of the questions provided by potential Developers and responses from the NYISO for consideration in the continued development of solutions.

Questions and Answers

1. To whom should questions on the Quarter 2 STAR solicitation be directed in writing?

Questions regarding the 2023 Quarter 2 solution solicitation should be submitted in writing to developersolution@nyiso.com. They may be addressed to Keith Burrell.

2. What are the rules and requirements to enroll one or more standalone energy storage systems projects into the NYISO as a proposed solution?

There are two ways batteries could be reflected as a partial solution to the identified reliability need if they will be in-service by May 1, 2025 and are determined to be viable solutions. The first option is as a market-based solution that is not seeking compensation from the NYISO. Market-based solutions are described in Section 38.4.2.2 of the NYISO’s Open Access Transmission Tariff (OATT).

If you are looking for compensation from the NYISO to accelerate the in-service date of resources, then they would need to be offered as new Generators that will operate temporarily as Reliability Must Run (“RMR”) Generators. RMR Agreements for new Generators are described in Section 38.4.2.3 of the OATT.

The NYISO specifies the information and data that must be submitted with each type of proposal in its Tariffs. For a proposed RMR Generator, key provisions include OATT 31.2.4.8.1, OATT 31.2.4.8.2,

¹ Short-Term Reliability Process Solution Solicitation Regarding Near-Term Reliability Need (here).

² Capitalized terms in this letter refer to defined terms in the NYISO’s Open Access Transmission Tariff (“OATT”). See OATT Article 1, Section 38.1 and Section 31.1.1.

³ OATT § 38.3.5.

⁴ The STAR for the second quarter of 2023 is posted on the NYISO’s web site [here](#).

OATT 38.4.2.3, and OATT 38.25.3.3.

For a proposed Market-Based Solution, key provisions include OATT 31.2.4.6, OATT 38.4.2.2, OATT 38.4.2.3, OATT 38.4.3, and OATT 38.25.3.

RMR Generators are required to operate consistent with the NYISO market rules and are expected to participate in the energy and capacity markets. Obligations that apply to RMR Generators are explained in Sections 23.4.5.8 (a high-level overview of an RMR Generator's capacity market obligation) and 23.6 (a more detailed explanation of an RMR Generator's energy and ancillary service market obligations) of the NYISO's Market Administration and Control Area Services Tariff (Services Tariff).

Rules for compensating RMR Generators are in Section 15.8 of the NYISO's Services Tariff and in Section 38.9 of the NYISO's OATT.

3. Per section 31.2.5.1 of the OATT, "Any Developer that has not been determined by the NYISO to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.2.4.1.1 within 30 days after a request for solutions is made by the ISO." Does this pertain to the STRP solicitation and if so, what is the deadline?

Section 38.4.2.4 of the OATT provides that only Developers that wish to submit a regulated transmission solution must be qualified in accordance with Section 31.2.4.1.1.2 of the OATT. Other developers may propose a temporary regulated generation solution (e.g., a new RMR Generator) or a market-based solution, and are not required to be qualified in accordance with Section 31.2.1.1.2 of the OATT.

4. Are distribution-connected projects that have a New York State Standardized Interconnection Requirements (NYSSIR) Coordinated Electric System Interconnection Review (CESIR) study subject to any other NYISO studies; i.e., with a CESIR and interconnection agreement in which there are no adverse system impacts found by the connecting utility after distribution-level upgrades are made, can all other potentially required NYISO studies be waived?

It depends. In general, distribution-connected projects that have a NYSSIR CESIR study and CESIR interconnection agreement are not subject to further interconnection studies by the NYISO unless certain circumstances apply (e.g., the existing interconnection agreement does not provide the applicable interconnection service or rights necessary for the proposed wholesale market participation by the resource). Facilities that intend to make wholesale sales are generally subject to the NYISO interconnection process requirements. Additional details are contained in Attachment A of

the NYISO's Transmission Expansion and Interconnection Manual about whether a project is subject to the NYISO's interconnection procedures. You can access the manual [here](#). In general, the steps in the NYISO interconnection process cannot be waived, but depending on the specifics of the interconnection request, particular steps in the interconnection process may or may not be applicable.

5. What fees apply for the application of projects to the NYISO for proposed solutions?

Developers that propose non-transmission solutions are not required to submit an application fee or a study deposit for consideration in the Short-Term Reliability Process. If a NYISO interconnection study is required, then there would be applications fees and study costs associated with the applicable interconnection procedures.

6. What is the timeline for application and approval from developer qualification to NYISO approval of the projects or aggregation?

As described in the response to #5, Developers that propose market-based or new RMR Generator solutions are not required to be qualified in accordance with Section 31.2.4.1.1.2 of the OATT. Following the close of the solicitation window, the NYISO will perform the viability and sufficiency assessment with an anticipated completion by the end of November 2023. If there are adequate viable and sufficient market-based and demand response Short-Term Reliability Process Solutions, the NYISO will conclude the Short-Term Reliability Process and track the progress toward completion of the selected projects. If the viable and sufficient market-based and demand response Short-Term Reliability Process Solutions do not fully address the need, the NYISO will then follow the resource selection process set forth in Section 38.10 of the OATT to consider viable and sufficient RMR Generators and any regulated solution Con Edison proposes.

7. What additional costs are there from NYISO to be a new market participant, including any ongoing costs?

Setting aside possible interconnection costs (which are addressed in other responses), the costs that you consider "additional" may depend on the configuration of your project(s), including their metering and telemetry arrangements. Ongoing, additional costs specifically related to participation in the NYISO's wholesale markets would include contribution towards NYISO's operating costs which are collected under Rate Schedule 1 of the NYISO's Tariffs. A fixed per MWh rate is calculated separately for actual energy Injections and actual energy Withdrawals. Withdrawals to charge a battery are assessed ISO and FERC fees at the lower rate that applies to energy Injections. The Rate Schedule 1 fees assessed will be based on the applicable fixed rate times the injection/withdrawal

MWh in each hour. Additional information on how each fee is determined, the 2023 fee, as well as the historic fee from prior years can be found on our website at the following link under Rate Schedule 1: <https://www.nyiso.com/billing-rates>.

8. What penalties would apply for unavailable capacity in proposed RMR solutions, should there be an unavoidable outage in one or more projects and what are those penalties?

Each RMR Generator is subject to all of the potential penalties, sanctions, deficiency charges and any similar charges, except for under-generation penalties, that may apply to Generators under the ISO Tariffs. See section 4.7 of the *pro forma* RMR Agreement for further information about penalties for RMR Generators.

Generally, timely reporting of Forced Outages is required for an RMR Generator, as it is for all Generators, and in particular for Generators that sell Installed Capacity (ICAP). Forced Outages may reduce the Availability Incentive, if any, provided to an RMR Generator. As with any ICAP supplier, failure to timely comply with daily (Day-Ahead) requirements to bid, schedule, or notify the NYISO of an outage may result in financial sanctions. For an RMR Generator that accepts an Availability and Performance Rate, penalty amounts are capped at cumulative amount of Performance and Incentive Payments. Forced Outages and the requirements to comply with the bid, schedule, any notify rules will be monitored by the ISO and the MMU. Please see section 7.2 of the *pro forma* RMR Agreement that can be found in Section 38.26 of the OATT for further information about how Forced Outages affect RMR Generators.

9. What advantages does proposing a future generator with an RMR provide?

RMR Generators can be compensated for additional costs they incur to provide Reliability-Must-Run (RMR) service. In some cases, an RMR Agreement may pay a rate that exceeds the market compensation a Generator would receive, or pays for costs that are not explicitly reimbursed by the markets. However, RMR Generators must assume additional obligations in return for the RMR compensation, and may be required to repay the compensation they receive if they elect to continue participating in the markets after the RMR Agreement ends.

In the solution selection process RMRs are always considered as a last resort to maintaining reliability, whereas market-based solutions are automatically included (and their progress toward completion is tracked by the NYISO) **if** the NYISO determines they are a viable solution to an identified need. As outlined in Section 38.4.2.23 of the OATT, any Developer may submit a proposed new Generator that requires an RMR agreement to operate as a temporary Short-Term Reliability Process

Solution.

10. Does FERC jurisdiction status matter for distribution-connected resources proposed as solutions?

A Developer would need to engage FERC counsel to determine its regulatory and compliance obligations, the NYISO cannot advise Developers in this regard. In addition to the FERC-jurisdictional interconnection requirements, which are addressed in other responses, at a very high level, not considering any of the specific circumstances that might apply to a specific generator, an RMR Generator and its owner/operator would be subject to FERC jurisdiction. A market-based generator solution that participates in the NYISO's wholesale markets would also be subject to FERC jurisdiction. The owner/operator of a Generator that participates in the NYISO's markets would need to have a valid FERC market-based rate Tariff in place⁵ and authority to operate as an Exempt Wholesale Generator.⁶ For an RMR Generator, the owner and/or the NYISO (or the two in combination) would file a specific RMR rate for FERC's approval. See Section 38.11 of the OATT for additional information about the filing of RMR Agreements for FERC's consideration. It would likely still be advisable to have market-based rate authority, as wholesale market participation after the RMR Agreement ends would require market-based rate authority, and the owner of an RMR Generator would likely need to qualify as an Exempt Wholesale Generator.

11. What are the telecommunications requirements for distribution-connected generators?

The telecommunication requirements are in the Control Center Requirements Manual (here). If applicable, additional details would be included in the 3-party interconnection agreement. These requirements apply to any Generator that participates in the NYISO's markets.

12. What assumptions are embedded in the NYISO's estimate of coincident peak demand in line A and line M of Figure 55 in the 2023 Quarter 2 STAR for each of the following categories of load modifiers:

The forecast published in the Gold Book is a highly collaborative effort with the New York Transmission Owners forecasting teams and is reviewed through the NYISO stakeholder process. The Gold Book baseline Zone J energy efficiency forecast is consistent with the energy efficiency projections listed in the 2022 Con Edison system peak forecast (provided by the Con Edison forecasting team). Overall, the NYISO does not break apart energy efficiency and codes & standards impacts in the published Gold Book. The split between programmatic energy efficiency and codes & standards in the Zone J baseline forecast is approximately 50/50. Please refer to the next question for

⁵ <https://www.ferc.gov/power-sales-and-markets/electric-market-based-rates>

⁶ <https://www.ferc.gov/industries-data/electric/power-sales-and-markets/exempt-wholesale-generators-ewg>

additional detail on the assumed breakout for energy efficiency and codes and standards.

- a. Energy Efficiency (note: this is not broken out in the Gold Book)
- b. Codes and standards (note: this is not broken out in the Gold Book)

Energy Efficiency and Codes & Standards

Demand Forecast	Year 2025 Zone J Value
Baseline Demand Forecast	371 MW
Higher Policy Demand Forecast	600 MW

- c. BTM Solar PV

Demand Forecast	Year 2025 Zone J Value
Baseline Demand Forecast	88 MW
Higher Policy Demand Forecast	88 MW

- d. BTM Energy Storage

Demand Forecast	Year 2025 Zone J Value
Baseline Demand Forecast	78 MW
Higher Policy Demand Forecast	78 MW

- e. Non-solar DG

Demand Forecast	Year 2025 Zone J Value
Baseline Demand Forecast	143 MW
Higher Policy Demand Forecast	143 MW

13. . Please provide a break-out of the MW assumed in lines A and M for Zone J of Figure 55 of the Q2 STAR report for each of the following categories:

- a. Con Edison energy efficiency programs
- b. Other energy efficiency programs (e.g., NYSERDA, NYPA etc.)
- c. Codes & standards
- d. Other

The following table shows the assumed breakout of 2025 energy efficiency peak reductions:

Assumed 2025 Energy Efficiency Peak Reductions		
Category	Zone J Baseline MW	Zone J High MW
Con Ed EE Programs	140	240
Other EE Programs	30	150
Codes & Standards	181	190
Building Shell Improvements	20	20
TOTAL	371	600

The values under “Zone J Baseline MW” show the assumed Zone J peak reductions from energy efficiency, codes and standards, and building shell improvements, which build up to the total baseline energy efficiency and codes and standards value of 371 MW. These values generally reflect the Con Ed system forecast values apportioned out to Zone J using a standard load share (New York City is approximately 87% of the Con Ed load, with the remaining 13% in Westchester). The 2023 Gold Book baseline Zone J energy efficiency forecast in effect accounts for all energy efficiency programs and the resulting energy savings assumed by Con Ed in their 2022 system peak forecast. The NYISO Zone J forecast also includes projected peak reductions attributable to building shell improvements.

The final column of values shows the assumed Zone J peak reductions building to the higher demand policy scenario forecast of 600 MW. The higher demand policy scenario assumes that all state policy energy efficiency targets are met in full. In order to meet these targets, there are significant increases assumed from both Con Edison and other energy efficiency programs (primarily NYSERDA) relative to the baseline forecast.

14. How will the NYISO determine whether demand-side solutions are incremental to the load modifiers captured in line A and line M of Figure 55 in the 2023 Quarter 2 STAR report?

A proposed solution would need to demonstrate the resource is new or identify the incremental change to the resources assumed in the development of the forecast. The development of the NYISO’s forecast included coordination of data with all Transmission Owners, including Con Edison.

15. What level of load reduction did the NYISO assume from demand response (e.g., SCR) in its Q2 STAR?

No load reduction from demand response is included in transmission security analysis under expected weather with normal transfer criteria. Special Case Resources (“SCR”) and Emergency Demand Response Program (“EDRP”) are corrective measures deployed when the NYS Power System

enters a condition other than the normal operating state, as noted in the NYISO's Emergency Operations Manual (Section 1.2.2).

16. What performance conditions would demand response resources need to meet in order to be considered a solution?

The NYISO's consideration of a proposed demand response solution is addressed in Sections 38.4.2.2, 31.2.4.6 and 38.6 of the OATT. To be considered a solution any resource needs to satisfy the viability and sufficiency criteria outlined in Sections 38.6, 31.2.5.3 and 31.2.5.4 of the OATT. The required performance characteristics of proposed demand response solutions would be considered in accordance with the capabilities established for these resources in the NYISO markets and how these resources may address the need.

17. Can a resource enrolled in SCR be offered as a solution? What limitations, if any, would apply to a resource acting as a short-term reliability solution and an SCR at the same time?

A resource enrolled in SCR is not an appropriate permanent solution to ensure the system is reliable during normal operating conditions. SCR and EDRP are corrective measures deployed when the NYS Power System enters a condition other than the normal operating state, as noted in the NYISO's Emergency Operations Manual (Section 1.2.2). Similar actions, such as manual voltage reduction and public appeals, are also not considered in the NYISO's reliability planning analysis. However, the use of SCRs may be considered as part of an interim solution until a permanent solution is in place. Should SCRs be offered as part of an interim solution, they would be considered in accordance with appropriate factors for their performance.

Any limitations to a resource acting as a short-term reliability solution and an SCR at the same time would be specific to the facts and circumstances affecting that resource, and would be considered during the evaluation.

Generally speaking, demand response resources that are made available in normal operations (e.g., demand response resources that will participate as Distributed Energy Resources), and resources that assume season-long obligations to respond when called upon, would be preferred.

18. What assumptions are made regarding each of the following resource types on lines G and H in Zone J of Table 55 in the Q2 STAR report:

- a. Solar PV

In 2025 there is 130 MW (nameplate) of bulk solar PV resources all of which is in Zone G. As

described in note 2 of Figure 55, solar generation is based on the ratio of solar PV nameplate capacity (2023 Gold Book Table I-9a) and solar PV peak reductions (2023 Gold Book Table I-9c). For 2025 this equates to about 16%.

b. Energy Storage

For reliability planning studies there are no bulk transmission energy storage resources in G, H, or J within the 10-year planning horizon.