

## **NOTICE**

### **SHORT-TERM RELIABILITY PROCESS SOLUTION SOLICITATION REGARDING NEAR-TERM RELIABILITY NEED *Responses due October 3, 2023***

August 4, 2023

The New York Independent System Operator, Inc. (“NYISO”) requests the submission of proposed Short-Term Reliability Process Solutions to address the Near-Term Reliability Need<sup>1</sup> identified in the 2023 Quarter 2 Short-Term Assessment of Reliability (“STAR”)<sup>2</sup> that the NYISO issued on July 14, 2023.<sup>3</sup> As further described in this notice, proposed solutions must be submitted on or before October 3, 2023. Questions regarding this solicitation should be addressed to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com).

#### **Determination of the Short-Term Reliability Process Need**

The NYISO performed the STAR for the second quarter of 2023 under its Short-Term Reliability Process.<sup>4</sup> The STAR assessed Short-Term Reliability Needs arising in 2023-2028, with a focus on needs arising in 2023-2026. The 2023 Quarter 2 STAR found a Short-Term Reliability Process Need (“Need”) on the Bulk Power Transmission Facilities (“BPTF”) beginning in summer 2025. The observed Need is within three years of the posting of the STAR in which the need was identified (July 14, 2023), so the need is also a Near-Term Reliability Need.

The Need is based on a deficient transmission security margin in the New York City locality (Zone J) that accounts for expected generator availability, transmission limitations, and updated demand forecasts using the data published in the 2023 Load & Capacity Data Report (“Gold Book”). The Need is primarily driven by a combination of forecasted increases in peak demand and the assumed unavailability of generation in New York City affected by the New York State Department of Environmental Conservation’s (“DEC’s”) “Peaker Rule.”<sup>5</sup> Specifically, the New York City locality is deficient by as much as 446 MW for a duration of nine hours on the peak summer day under expected weather conditions, after accounting for forecasted economic growth and policy-driven increases in demand for electricity.

A detailed description of the Need is provided in the posted STAR report.<sup>6</sup> Consistent with its Short-Term Reliability Process, the NYISO issues this solicitation to identify and select solutions to address the identified Need beginning in 2025. Parties interested in submitting solutions should review the 2023 Quarter 2 STAR to understand the identified Need and submit any related questions to the NYISO at [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com).

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<sup>1</sup> 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.

<sup>2</sup> OATT § 38.3.5.

<sup>3</sup> The STAR for the second quarter of 2023 is posted on the NYISO’s web site [here](#).

<sup>4</sup> OATT Attachment FF, §§ 38.1 – 38.27.

<sup>5</sup> In 2019, the New York State Department of Environmental Conservation adopted a regulation to limit nitrogen oxides (NOx) emissions from simple-cycle combustion turbines, referred to as the “Peaker Rule” ([here](#))

<sup>6</sup> See STAR Report pages 20-25.

## Project Submission Requirements

In accordance with Section 38.4 of the Open Access Transmission Tariff (“OATT”), the NYISO hereby solicits a proposed permanent solution from the Responsible Transmission Owner, Consolidated Edison Company of New York, Inc., and proposed generation and market-based solutions from other interested Developers to address the Need.

For the reasons the NYISO stated in its posted *Statement Regarding Identification of Near-Term Reliability Need for the 2023 Quarter 2 Short-Term Assessment of Reliability*, the NYISO is only soliciting a regulated transmission solution from Consolidated Edison Company of New York, Inc., the Responsible Transmission Owner.<sup>7</sup> Other Developer(s) may propose a temporary regulated generation solution or a market-based solution, but may not submit a proposed regulated transmission solution.<sup>8</sup> Proposed market-based solutions may include generation, transmission, and/or demand-side solutions that are capable of satisfying, in whole or in part, the identified Need. Market-based solutions are not eligible for cost recovery under Rate Schedule 8 to the ISO Services Tariff or Rate Schedules 14 or 16 to the ISO OATT.<sup>9</sup> Generators that are subject to the Peaker Rule are not eligible to be considered as solutions to the Short-Term Reliability Need in this solicitation unless they are Initiating Generators<sup>10</sup> that are being evaluated in the STAR,<sup>11</sup> or are in an ICAP Ineligible Forced Outage or a Mothball Outage.<sup>12</sup>

As discussed in the 2023 Quarter 2 STAR, after the solicitation window has closed, the NYISO will evaluate the proposed solutions it receives to determine if they are viable and sufficient, as provided in Section 38.6 of the OATT. The NYISO evaluates all proposed solutions to determine whether each is viable and sufficient to satisfy the identified Need individually, or in conjunction with other solutions. In addition to complying with the information requirements set forth in Section 38.4.2 of the OATT and summarized below, the NYISO encourages Developers to demonstrate that their solution satisfies the Base Case Inclusion Rules in Section 3.2.1 of its Reliability Planning Process Manual, as applicable. As necessary, the NYISO will coordinate with Con Edison in performing the viability and sufficiency evaluation.

If the NYISO does not receive sufficient, viable solutions in response to this solicitation, it may instead be required to temporarily rely on the continued operation of generators that are subject to the DEC’s Peaker Rule until solutions that address the Need are in service. The DEC’s Peaker Rule anticipated this possibility when it authorized the NYISO to designate peaker generators to temporarily remain in operation beyond May 1, 2025, on an as-needed basis for reliability. Depending on the viable solutions it receives in response to this solicitation, in order to protect system reliability, the NYISO may need to designate peaker generators, in sufficient quantity, to remain in operation for an additional two years (until May 1, 2027) with the potential of an additional two-year extension (to May 1, 2029) if a permanent solution is not yet online. The

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<sup>7</sup> See *Statement Regarding Near-Term Reliability Need for the 2023 Quarter 2 Short-Term Assessment of Reliability* (July 14, 2023), posted on the NYISO’s web site ([here](#)).

<sup>8</sup> See OATT Sections 38.4.2.2 and 38.4.2.3.

<sup>9</sup> See OATT Section 38.4.2.2.

<sup>10</sup> OATT Section 38.1 “**Initiating Generator**: A Generator with a nameplate rating that exceeds 1 MW that submits a Generator Deactivation Notice for purposes of becoming Retired or entering into a Mothball Outage or that has entered into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, which action is being evaluated by the ISO in accordance with its Short-Term Reliability Process requirements in this Section 38 of the ISO OATT.”

<sup>11</sup> See OATT Section 38.10.1.

<sup>12</sup> See OATT Section 38.5.

NYISO would only temporarily retain peakers as a last resort if, after evaluating all of the solutions it receives in response to this solicitation, it does not anticipate sufficient solutions will be in place when the identified Need is expected in 2025. Peakers would only be designated to remain available until adequate solutions are in-service to address the Need.

Key data submission requirements for proposed solutions specified in Section 38.4 of the OATT are identified in the table below:

| <b>Data Submission Requirements</b>               |  |
|---|--|
| <b>Solution Type</b>                              | <b>Tariff References</b>   |
| Responsible Transmission Owner Regulated Solution | OATT Sections 31.2.4.4.1, 31.2.4.4.2, 31.2.6.5.1.1, 38.4.2.1, 38.4.3 and 38.25<br><br>and<br><br>Reliability Planning Process Manual Attachment C  |
| New Generator                                     | Any Developer may submit a proposed new Generator that requires an RMR Agreement to operate as a temporary Short-Term Reliability Process Solution. <i>See</i> OATT Sections 38.4.2.3 and 38.25. |
| Market-Based Solution*                            | OATT Section 31.2.4.6, 38.4.2.2, 38.4.2.3, 38.4.3 and 38.25  |

\* Market-Based Solutions are not eligible to seek cost recovery under the NYISO’s Tariffs as an RMR Generator or any other type of regulated solution.<sup>13</sup>

Please use the NYISO’s posted Generator Deactivation Process/Reliability Must Run (RMR) Input Template<sup>14</sup> to submit cost data to the extent possible.

The NYISO may publicly disclose project information contained in the proposals, except as provided in Section 38.4.5 of the OATT. If Developers, including the Responsible Transmission

<sup>13</sup> See OATT Section 38.4.2.2.

<sup>14</sup> The template is available on the NYISO market Monitoring webpage [here](#)

Owner(s), desire eligible information to be maintained as confidential, they are responsible for designating such information as “Confidential Information.”<sup>15</sup>

**Proposed solutions, together with all required project information, must be submitted electronically on or before October 3, 2023 to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com), including in the subject line, “Proposed Short-Term Reliability Solutions for Q2 2023 STAR.”** Due to file size restrictions, e-mail attachments should not exceed 40 MB for any single e-mail. Any supplemental hard copy information that could not be sent via e-mail can be sent to Keith Burrell, Manager of Reliability Studies, New York Independent System Operator, 10 Krey Boulevard, Rensselaer, New York 12144. Questions about the submission of proposals or about the 2023 Quarter 2 Short-Term Assessment of Reliability should be addressed to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com).

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<sup>15</sup> See OATT Section 38.4.5.