

**Statement Regarding Identification of Near-Term Reliability Need**  
**For the 2023 Quarter 2 Short-Term Assessment of Reliability**  
**July 20, 2023**

The Short-Term Reliability Process (“STRP”), defined in Attachment FF of the NYISO’s Open Access Transmission Tariff, evaluates the first five years of the planning horizon, with a focus on needs arising in the first three years of the planning horizon. Section 38.3.6.2.2 of the NYISO OATT states that the NYISO “shall...Provide to Stakeholders and post on its website a full and supported written explanation of the ISO’s decision to solicit a regulated, non-generation Short-Term Reliability Process Solution solely from a Responsible Transmission Owner, including an explanation of the other transmission and non-transmission options that the ISO considered, but concluded would not sufficiently address the Near-Term Reliability Need, the circumstances that generated the need, and an explanation of why the need was not identified earlier.” Pursuant to OATT Section 38.3.6.2.3, the NYISO posts this statement to the Electric System Planning Working Group (“ESPWG”) and the Transmission Planning Advisory Subcommittee (“TPAS”) for stakeholder review and comments. **Comments may be submitted to the NYISO via email to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com). Please submit comments by July 28, 2023.**

The Short-Term Assessment of Reliability (“STAR”) for 2023 Quarter 2 finds a Short-Term Reliability Need<sup>1</sup> on the Bulk Power Transmission Facilities (“BPTF”) beginning in year 2025 arising in New York City within Con Edison’s Transmission District.<sup>2</sup> The reliability need is based on a deficient transmission security margin that accounts for expected generator availability, transmission limitations, and demand forecasts. The transmission security margin represents the balance between demand for electricity and the power supply available from generation and transmission to serve that demand.

The Short-Term Reliability Need is primarily driven by a combination of forecasted increases in peak demand and the assumed unavailability of certain generation in New York City affected by the “Peaker Rule.”<sup>3</sup> Combustion turbines known as “peakers” typically operate to maintain bulk power system reliability during the most stressful operating conditions, such as periods of peak electricity

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<sup>1</sup> OATT Section 38.1 contains the tariff definition of a Short-Term Reliability Process Need.

<sup>2</sup> Short-Term Assessment of Reliability: 2023 Quarter 2, July 14, 2023 ([here](#))

<sup>3</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” (<https://www.dec.ny.gov/regulations/116131.html>)

demand. As of May 1, 2023, 1,027 MW of affected peakers have deactivated or limited their operation. An additional 590 MW of peakers are expected to become unavailable beginning May 1, 2025, all of which are in New York City. With the additional peakers unavailable, the bulk power transmission system will not be able to securely and reliably serve the forecasted demand in New York City (Zone J). Specifically, the New York City zone is deficient by as much as 446 MW for a duration of nine hours on the peak day during expected weather conditions when accounting for forecasted economic growth and policy-driven increases in demand.

The STAR recognizes that there is uncertainty in the demand forecast due to uncertainties in key assumptions including population and economic growth, the proliferation of energy efficiency, the installation of behind-the-meter renewable energy resources, and electric vehicle adoption and charging patterns. These risks are accounted for in the transmission security margin calculations by incorporating the lower and higher bounds as a range of forecasted conditions during expected weather, specified in the Gold Book as the policy scenario forecasts. The lower and higher demand policy scenario forecasts reflect achievement of policy targets through alternative pathways and assume the same weather factors as the baseline demand forecast.

The primary reason that the NYISO identifies a transmission security margin deficiency within New York City for the first time in this assessment is due to increased demand forecasts for New York City. Prior reliability assessments, including the 2022 Reliability Needs Assessment, identified the possibility that the reliability margin within New York City would not be sufficient in 2025 if, among other reasons, the forecasted demand increased by as little as 60 MW. Comparing the baseline summer coincident peak demand forecast found for New York City (Zone J) in the 2022 Load and Capacity Data Report (“Gold Book”) to that included in the 2023 Gold Book issued April 2023, the baseline forecast increased by 294 MW.

The NYISO, in consultation with Con Edison, reviewed whether the adoption of alternative operating procedures could address the need identified in the Q2 2023 STAR and whether updates to Con Edison’s Local Transmission Owner Plan could address the need.<sup>4</sup> The review did not identify operating procedures or updates to Con Edison’s Local Transmission Owner Plan that would address the identified need. The NYISO also reviewed the status of tracked projects and did not identify other transmission or non-transmission solutions that would likely meet the need in

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<sup>4</sup> See OATT Section 38.3.5.2.

2025.<sup>5</sup>

“Near-Term Reliability Needs” are reliability needs that are observed within the first three years of the relevant STAR study period.<sup>6</sup> The Short-Term Reliability Need observed in 2025 arises in the first three years of the study period. The need arises in the Con Edison transmission district; therefore, Con Edison is the Responsible Transmission Owner that is responsible for developing a regulated solution.

Consistent with Sections 38.3.6 and 38.4 of the OATT, for the reasons explained in this Statement, beginning in August 2023, the NYISO plans to solicit a regulated solution solely from Con Edison for the Near-Term Reliability Need in 2025. The NYISO will also solicit market-based and other permitted solutions to the 2025 need consistent with Section 38.4.2 of its OATT.

In October and November 2023, after the solicitation window has closed, the NYISO will evaluate the proposed solutions to determine if they are viable and sufficient. If proposed solutions are not viable or sufficient to meet the identified reliability need, interim solutions must be in place to keep the grid reliable. One potential outcome could include relying on generators that are subject to the DEC’s Peaker Rule to remain in operation until a permanent solution is in place. The DEC’s Peaker Rule anticipated this possibility when it authorized the NYISO to designate peakers to remain in operation beyond 2025 on an as-needed basis for reliability. Based on findings from its Short-Term Reliability Process, the NYISO may designate certain units, in sufficient quantity to protect reliability, 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 that is needed to maintain reliability has been selected but is not yet online. The NYISO would only temporarily retain peakers as a last-step approach if it does not expect solutions to be in place by the time the identified reliability need is expected in 2025.

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<sup>5</sup> As part of its ongoing Reliability Planning Process, the NYISO monitors and tracks the progress of market-based projects and regulated backstop solutions, together with other resource additions and retirements, consistent with its obligation to protect confidential information under its Code of Conduct. *See* OATT Section 31.2.13.

<sup>6</sup> OATT Section 38.1 contains the tariff definition of a Near-Term Reliability Need. *See also*, OATT Section 38.3.6.