

**Via Electronic Portal**

January 17, 2024

Honorable Michelle L. Phillips  
Secretary to the Commission  
New York State Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, New York 12223-1350  
Email: [secretary@dps.ny.gov](mailto:secretary@dps.ny.gov)

**Re: Case 07-E-0088 – In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area**

Dear Secretary Phillips:

The New York Independent System Operator, Inc. (“NYISO”) submits comments for consideration in response to the notice of proposed rulemaking published on January 3, 2024 regarding the 22.0 percent installed reserve margin value adopted by the New York State Reliability Council, L.L.C. Executive Committee for the 2024-2025 capability year (*i.e.*, May 1, 2024 through April 30, 2025).

Respectfully submitted,

/s/ Garrett E. Bissell  
Garrett E. Bissell, Senior Attorney  
New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, New York 12144  
Telephone: 518-356-6000  
Email: [gbissell@nyiso.com](mailto:gbissell@nyiso.com)

## **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.

Dated at Rensselaer, NY this 17<sup>th</sup> day of January 2024.

/s/ *Elizabeth Rilling*

Elizabeth Rilling  
New York Independent System Operator, Inc.  
10 Krey Blvd.  
Rensselaer, NY 12144  
(518) 356-6177

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

**Case 07-E-0088 - In the Matter of the Adoption of an Installed Reserve Margin for the  
New York Control Area**

**COMMENTS OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

In response to the Notice of Proposed Rulemaking published by the New York State Public Service Commission (“Commission”) on January 3, 2024 (“Notice”),<sup>1</sup> the New York Independent System Operator, Inc. (“NYISO”) submits comments in support of the New York Control Area (“NYCA”) Installed Reserve Margin (“IRM”) value of 22.0 percent approved by New York State Reliability Council, L.L.C. (“NYSRC”) Executive Committee for the 2024-2025 Capability Year, as described in the filing submitted by the NYSRC in the above-referenced proceeding on December 18, 2023 (“2024-2025 IRM Filing”).<sup>2</sup>

The NYISO respectfully urges the Commission to take any action deemed required to approve the 22.0 percent IRM value adopted by the NYSRC Executive Committee for the 2024-2025 Capability Year at or before its March 2024 session. Timely action by the Commission will: (1) help ensure the efficient operation of the NYISO-administered capacity market auctions for the upcoming 2024 Summer Capability Period; and (2) provide adequate time for the NYISO

---

<sup>1</sup> Case 07-E-0088, *In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area*, Proposed Rulemaking: New York State Reliability Council’s Establishment of an Installed Reserve Margin, NYS Register, January 3, 2024 at 10.

<sup>2</sup> See Case 07-E-0088, *supra*, Comments of the New York State Reliability Council on the IRM for the 2024-2025 Capability Year (December 18, 2023). Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO Market Administration and Control Area Services Tariff (“Services Tariff”) and/or the NYISO Open Access Transmission Tariff (“OATT”).

to complete the necessary steps to conduct the Installed Capacity (“ICAP”) auctions for the upcoming 2024 Summer Capability Period.<sup>3</sup>

## **I. BACKGROUND**

The NYSRC was established as part of the restructuring of New York’s electricity market and formation of the NYISO. The NYSRC’s mission is to promote and preserve the reliability of New York’s power grid through the development and maintenance of reliability requirements applicable to the NYISO’s operation of the grid and administration of the wholesale electricity markets. Among its responsibilities, the NYSRC is obligated to annually determine the IRM necessary to meet the established resource adequacy criterion of a system loss of load expectation of no greater than 0.1 loss of load event days per year.<sup>4</sup>

The NYISO is the independent body responsible for providing open access transmission service, maintaining reliability, and administering open and competitive wholesale energy markets in New York. The NYISO-administered wholesale markets include New York’s capacity market that is designed to procure sufficient levels of capacity to maintain system reliability. The IRM is a critical input for several fundamental components of the NYISO-administered capacity market, including the minimum capacity procurement requirements for the NYCA, as well as the establishment of Locational Minimum Installed Capacity Requirements for New York City, Long Island, and the G-J Locality.

---

<sup>3</sup> The NYISO begins preparation for the 2024 Summer Capability Period ICAP auctions in February 2024. The NYISO needs certainty with respect to the IRM that will apply for the 2024-2025 Capability Year to facilitate timely completion of its auction-related administrative duties. The Capability Period Auction for the upcoming summer period is currently scheduled to commence on March 27, 2024.

<sup>4</sup> The IRM represents an additional quantity of capacity that must be procured above the forecasted peak load requirement to maintain the reliability of New York’s bulk power system.

The NYSRC Installed Capacity Subcommittee (“ICS”) oversees an annual study to determine an appropriate IRM value for each Capability Year. The NYISO coordinates with the NYSRC and ICS to assist with the completion of these annual studies. The IRM study, among other considerations, evaluates forecasted demand, supplier performance, transmission capability, and factors such as extreme weather to assess the grid’s ability to maintain reliability.

The IRM value for the 2023-2024 Capability Year is 20.0 percent.<sup>5</sup> On December 8, 2023, following review of the recently completed IRM study and consideration of various factors addressed therein, the NYSRC Executive Committee approved an IRM value of 22.0 percent for the 2024-2025 Capability Year.<sup>6</sup>

## **II. COMMENTS**

The NYSRC, with assistance from the NYISO, conducted the required annual study to determine an appropriate IRM value for the 2024-2025 Capability Year. The study was conducted in accordance with the applicable requirements and specifications established by the NYSRC to determine the quantity of capacity required statewide to meet the governing resource adequacy criterion that the probability of an unplanned disconnection of firm load does not exceed one occurrence in ten years.<sup>7</sup> The study results were reviewed by the ICS and

---

<sup>5</sup> Case 07-E-0088, *supra*, Comments of the New York State Reliability Council on the IRM for the 2023-2024 Capability Year (December 22, 2022); Case 07-E-0088, *supra*, Order Adopting Installed Reserve Margin for the New York Control Area for the 2023-2024 Capability Year (issued and effective March 16, 2023); FERC Docket No. ER23-821-000, *New York State Reliability Council, L.L.C.*, Revised Installed Capacity Requirement of the New York Control Area for the 2023-2024 Capability Year (December 22, 2022); and FERC Docket No. ER23-821-000, *supra*, Letter Order (February 14, 2023).

<sup>6</sup> 2024-2025 IRM Filing at Exhibit 3.

<sup>7</sup> *Id.*

documented in a study report for review and consideration by the NYSRC Executive Committee.<sup>8</sup>

**A. The 22.0 Percent IRM Value Approved by the NYSRC Executive Committee for the 2024-2025 Capability Year is Reasonable and Adequately Supported**

The base case results of the required technical study identified an IRM value of 23.1 percent for the 2024-2025 Capability Year.<sup>9</sup> Several factors were identified as significant drivers of the increase to the IRM compared to the current value for the 2023-2024 Capability Year, including modeling enhancements that reduced the assumed availability of emergency assistance from neighboring regions (especially during peak load periods), an increase in the historical forced outage rates of thermal generation resources, and increases in the quantity of utility-scale solar generation included in the study.<sup>10</sup> The study also identified several factors placing downward pressure on the IRM as compared to the base case results from the study for the 2023-2024 Capability Year, such as an increase in the quantity of behind-the-meter solar generation, an updated peak load forecast, and updates to the load forecast uncertainty modeling assumptions.<sup>11</sup> In aggregate, these factors identified a net increase to the IRM of 3.2 percent compared to the base case results of the study for the 2023-2024 Capability Year.<sup>12</sup>

The study also includes a series of sensitivities and identified other considerations that produced IRM values lower and higher than the base case results.<sup>13</sup> Such additional analysis

---

<sup>8</sup> *Id.* at Exhibits 1 and 2.

<sup>9</sup> *Id.* at Exhibits 1 and 3.

<sup>10</sup> *Id.* at Exhibit 1, pp. 3-4 and 24-27.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at Exhibit 1, pp. 11-12 and 28-31.

identified a range of potential IRM values between 16.3 percent and 29.2 percent depending on the system conditions and other modeling assumptions utilized.<sup>14</sup>

Based on consideration of the study results and other relevant considerations identified in the study report, the NYSRC Executive Committee adopted a 22.0 percent IRM value for the 2024-2025 Capability Year.<sup>15</sup> The proposed value is within the range of outcomes identified in the study conducted for the 2024-2025 Capability Year and represents a reasonable outcome that is designed to satisfy the applicable resource adequacy criterion.<sup>16</sup> The NYISO respectfully requests that the Commission take any action deemed necessary to approve the 22.0 percent IRM value approved by the NYSRC Executive Committee for the 2024-2025 Capability Year.

#### **B. Timely Commission Action is Necessary**

The comment deadline established by the Notice should permit the Commission to take any necessary action to approve the IRM value for the 2024-2025 Capability Year at or before the March 2024 session, which is currently scheduled to occur on March 14, 2024. The NYISO respectfully requests that the Commission take any required action to approve the IRM value for the 2024-2025 Capability Year at or before its March 2024 session. Timely Commission action will facilitate the NYISO's ability to complete the necessary activities to administer the upcoming capacity market auctions for the 2024 Summer Capability Period.

---

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at Exhibit 3.

<sup>16</sup> The Commission has previously held that, because of the NYSRC's experience and expertise, the NYSRC's determinations regarding the appropriate IRM value are afforded "considerable weight." *See, e.g.,* Case 07-E-0088, *supra*, Order Adopting Installed Reserve Margin for the New York Control Area for the 2023-2024 Capability Year at 11 (issued and effective March 16, 2023). Given that the IRM study for the 2024-2025 Capability Year was conducted consistent with applicable requirements and the IRM value adopted by the NYSRC Executive Committee reflects the results of the study (including various sensitivities and other relevant factors relating thereto), the IRM value adopted by the NYSRC Executive Committee satisfies the standard previously applied by the Commission when evaluating the IRM.

The Services Tariff requires the NYISO to conduct the Capability Period Auction for the 2024 Summer Capability Period no later than 30 days prior to May 1, 2024.<sup>17</sup> The NYISO is currently scheduled to begin the Capability Period Auction for the 2024 Summer Capability Period on March 27, 2024. The NYISO typically provides all necessary information to the marketplace related to administration of the capacity market for a particular Capability Period approximately two weeks prior to the conduct of the Capability Period Auction. This includes determination of Locational Minimum Installed Capacity Requirements, the statewide minimum capacity procurement requirement, and the respective minimum capacity procurement requirements for each Load Serving Entity.

The IRM value for 2024-2025 Capability Year is required to determine the above-identified components of the NYISO-administered capacity market. Commission resolution of its review of the IRM at or before its March 2024 session will facilitate the NYISO's timely completion of the required activities and data postings in advance of the upcoming Capability Period Auction for the 2024 Summer Capability Period. Timely provision of relevant data and information to the marketplace will assist market participants in making economically efficient capacity procurement decisions.

### **C. The Commission Should Coordinate with the Federal Energy Regulatory Commission**

Because the 22.0 percent IRM value adopted by the NYSRC Executive Committee for the 2024-2025 Capability Year represents a change to the currently effective value, Section 3.03 of the New York State Reliability Council Agreement (“NYSRC Agreement”) requires the NYSRC to obtain approval thereof from the Federal Energy Regulatory Commission

---

<sup>17</sup> See Services Tariff § 2.3 (definition of “Capability Period Auction”).



(“FERC”).<sup>18</sup> On December 18, 2023, the NYSRC submitted its proposed IRM value for the 2024-2025 Capability Year to FERC for review.<sup>19</sup> On January 10, 2024, the NYISO submitted comments in support of the NYSRC’s proposal, urging FERC approval thereof by February 15, 2024.<sup>20</sup>

The NYISO respectfully suggests that, as necessary, the Commission coordinate with FERC in reviewing the IRM value for 2024-2025 Capability Year. To the extent that the Commission and FERC address common questions, the NYISO respectfully requests that the Commission take reasonable measures to ensure that any action it deems required to approve the IRM value adopted by the NYSRC Executive Committee for the 2024-2025 Capability Year is compatible with the determination made by FERC.

Conflicting determinations by the Commission and FERC could result in unnecessary marketplace confusion and uncertainty regarding the IRM value applicable for the 2024-2025 Capability Year. Such disruptive circumstances would negatively affect the NYISO’s administration of the capacity market and could potentially undermine the reliability of New York’s bulk power system. Such uncertainty would also adversely impact market participants’ determination of economically efficient capacity procurement decisions and their ability to develop reasonable projections as to the expected future value of capacity. The NYISO anticipates that such uncertainty may adversely impact participation and/or the pricing outcomes in upcoming capacity auctions, including the Capability Period Auction for the 2024 Summer

---

<sup>18</sup> The currently effective version of the NYSRC Agreement is also available at: <https://www.nysrc.org/wp-content/uploads/2023/03/Amended-NYSRC-Agreement-12.29.09.pdf>.

<sup>19</sup> FERC Docket No. ER24-753-000, *New York State Reliability Council, L.L.C.*, Informational Filing of the Revised Installed Capacity Requirement for the New York Control Area (December 18, 2023).

<sup>20</sup> FERC Docket No. ER24-753-000, *supra*, Motion to Intervene and Comments of the New York Independent System Operator, Inc. (January 10, 2024).

Capability Period. In addition to adversely impacting the NYISO-administered capacity auctions, any such uncertainty regarding the IRM value for the 2024-2025 Capability Year would likely have similar adverse impacts on bilateral market activity.

To mitigate the potential for such disruptive and detrimental outcomes, the NYISO respectfully urges the Commission to coordinate, as necessary, its review of the IRM value adopted by the NYSRC Executive Committee for the 2024-2025 Capability Year with FERC's consideration of the same matter.

### **III. CONCLUSION**

The IRM value approved by the NYSRC Executive Committee for the 2024-2025 Capability Year is reasonable and adequately supported by the results of the study relating thereto. The NYISO respectfully requests that the Commission: (1) take any action deemed required to approve the IRM value for the 2024-2025 Capability Year at or before its March 2024 session; and (2) as necessary, coordinate with FERC to mitigate the potential for inconsistent or incompatible determinations.

Respectfully submitted,

*/s/ Garrett E. Bissell* \_\_\_\_\_

Garrett E. Bissell

Senior Attorney

New York Independent System Operator, Inc.

10 Krey Boulevard

Rensselaer, New York 12144

Telephone: 518-356-6000

Email: [gbissell@nyiso.com](mailto:gbissell@nyiso.com)

Dated: January 17, 2024