NEW YORK STATE | NY Power Authority

# Large Load Departure

## 2026 Market Project Proposal

Tony Abate, New York Power Authority
anthonyabate@nypa.gov

# Project Candidate Template

## 1 Large Load Departure Requested by NYPA

### 1.1 Problem / Opportunity

NYPA has found that MST 5.11.1, which coordinates annual Unforced Capacity (UCAP) requirements and obligations with monthly changes to the customer makeup within a Transmission District, can have unanticipated consequences for customers when a Large Load happens to cease operation. The potential of a Large Load ceasing operation mid-capability year creates a substantial financial risk under Install Capacity (ICAP) market rules that reallocate responsibility for the Large Load's UCAP requirement to other loads in a Transmission District.

MST 5.11.1 and ICAP Manual 3.5.3. have rules on how the obligation to procure UCAP, including the mid-capability year reallocation of UCAP obligations within in a Transmission District in the circumstance of "Load Lost due to Departing Customers." Transmission Owners (TOs) report monthly to NYISO customers gained and lost by LSEs in their Transmission District, which is typically loads switching between LSEs but also would include loads that cease operation. The NYISO then adjusts each LSE's portion of the New York Control Area (NYCA) Minimum Unforced Capacity Requirement. For a load that ceases operation (aka "leaves the Transmission District"):

1) the load-losing LSE's UCAP obligations is lowered,
2) the load-losing LSE can sell any excess UCAP, and
3) NYISO will adjust each LSE in the Transmission District's portion of the NYCA Minimum Unforced Capacity Requirement so that the total Transmission District's share of the NYCA Minimum Unforced Capacity Requirement remains constant.

Since the NYCA Minimum UCAP Requirement is constant, any remaining capacity obligation (i.e., the departing customer's ICAP tag) is spread over all remaining load in the Transmission District for the remainder of the Capability Year. Typically, the amount of load departing is small when compared to the whole of the remaining load of all LSEs in the Transmission District. However, when a Large Load, either of an LSE or a bulk load serving as its own LSE, ceases operation a large burden would be spread over the customers in the Transmission District, which could be especially large in some small Transmission Districts. Other LSEs in the Transmission District with no connection to the Large Load may not have mechanisms to protect themselves from risk associated with a UCAP reallocation to their load.

Under current ICAP market rules, loads in other Transmission Districts (i.e., within the same capacity zone or NYCA) remain unimpacted by the reallocation of the departing Load's UCAP obligation, despite arguably benefitting from the resource adequacy provided by the reallocated UCAP. The solution, to be discussed with stakeholders, could include i) requiring Large Loads to post collateral connected to their annual UCAP obligation and/or ii) establishing a threshold size for Large Loads above which the reallocation of the remaining UCAP requirement is spread over more than one Transmission District.

### 1.2 Project Objective(s) & Anticipated Deliverable(s)

The objective is to have ICAP market rules that assign or reallocate the UCAP requirement that results from a Large Load departing in a manner that does not create a large burden on a small amount of remaining customer load and treats capacity customers within a capacity zone equally. Having tariff provisions that address this rare but possible circumstance will enable TOs to interconnect Large Load customers without inadvertently risking a potentially large burden on other customers. The proposed 2026 deliverables would include i) a Market Design that mitigates this risk, ii) tariff and manual changes that provide certainty to the market and iii) a Functions

Requirements Specification for any implementation and/or software necessary to handle this rare but possible occurrence.

### 1.3 Project Justification

It's important to have a complete set of ICAP market rules for all aspects of accommodating the large economic development that New York State is encouraging; however, current market rules do not anticipate how a Large Load ceasing operation mid-capability year can create a substantial financial risk to other LSEs and loads in a Transmission District. Unfortunately, this situation may not be addressed outside the market through commercial terms for all potentially impacted LSEs and may require a new approach in tariff to address this rare but possible circumstance.

# The problem:

## Current ICAP market rules did not anticipate how a ‘large load customer’ ceasing operation mid-Capability Year can create a substantial financial risk to other LSEs and loads in the same Transmission District.

- Today, ICAP tariff provisions function as a mid-Capability Year ‘true-up’ for changes, typically small, in load with relatively small reallocations of Capacity costs if load leaves the system.
- Proportionally reallocating the monthly ICAP obligation of a Large Load that has ceased operation (aka left the system) could create very large reallocation of UCAP obligation.
- The potential for large reallocations can create a substantial risk to other LSEs and loads in that Transmission District with no way to mitigate the potential of a large reallocation.
- NYISO and TOs are working on 3,000+ MW of interconnection requests for large economic development loads and do not want to create this inadvertent risk.
- Unfortunately, this situation may not be addressed outside the market through commercial terms for all potentially impacted LSEs/load and may require a new approach in tariff to address this rare but possible circumstance.

*Note: ‘Large Loads’ in the context of NYISO Load interconnection procedures are “a) greater than 10 MW connecting at a voltage level of 115 kV or above, or b) 80 MW or more connecting at a voltage level below 115 kV”*

# The mechanics of “Load Lost due to Departing Customers”

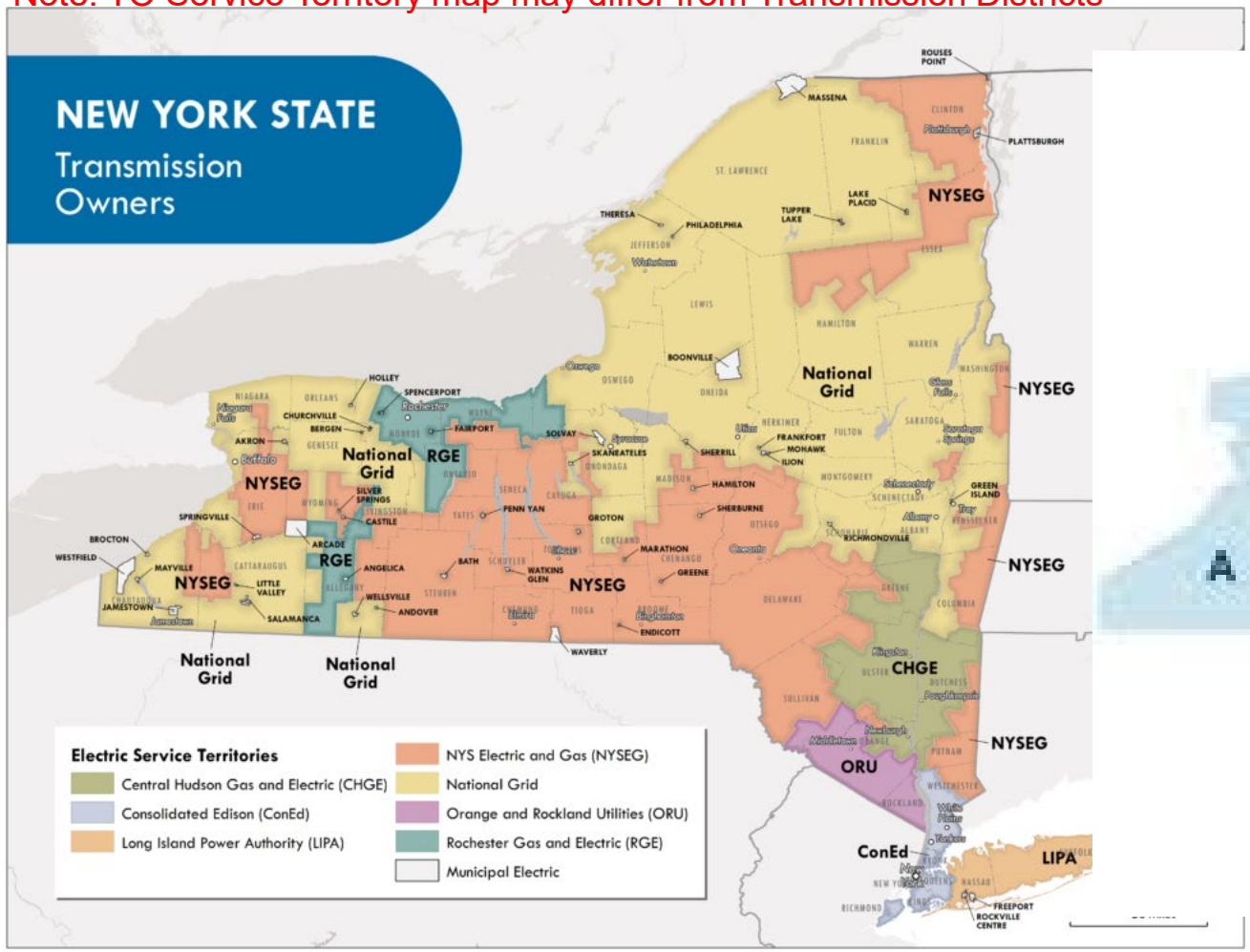
- NYISO Capacity Market sets annual requirements to meet Resource Adequacy (NYCA Minimum Unforced Capacity Requirement).
- Those annual MW quantities are allocated to LSEs/load as monthly obligations.

## Current ICAP market tariff provisions in MST 5.11.1 and ICAP Manual 3.5.3

- As customer loads enter and leave, these changes are quantified monthly and are used to adjust each LSE’s portion of the Transmission District share of the NYCA Minimum Unforced Capacity Requirement which remains constant.
- If a 1 MW or a 500 MW customer departs the system in a month, those MWs of monthly UCAP obligation is proportionally reallocated to all LSEs in that same transmission district in all remaining months of the Capability Year.

# Transmission Districts and NYISO Load Zones are not identical

Note: TO Service Territory map may differ from Transmission Districts




# Simplified Example

Example Load Zone with 5,000 MW of load

**TO A's Transmission District with 4,400 MW share of min UCAP Requirement**

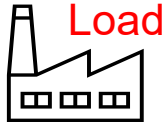
**LSE #1**
2,400 MW

**LSE #2**
1,000 MW

**LSE #3**
1,000 MW

**TO B's Transmission District with 600 MW share of min UCAP Requirement**

300 MW Load



**LSE #2**
100 MW

**LSE #3**
100 MW

**LSE #1**
300+100 MW

# Proposed Project Scope and Potential Solutions

- Develop tariff changes that protects loads by preventing large monthly UCAP reallocations that may result from a Large Load departure.
- Have at least the tariff complete in 2026 so there is commercial clarity, and appropriate terms can be in place as Large Loads interconnect.
- Address both LSEs of Large Loads and those that are their own LSE.

*Approaches may include*…..

- More equitable reallocation over more LSEs and load (zonally?) when Large Loads depart.
- New definition/threshold of “Large Load Customer” with a manner of treatment that avoids reallocation of their UCAP remaining months of their annual obligation (i.e., collateral).
- Provisions that motivate LSEs of Large Loads to include commercial terms that mitigates the potential reallocation risk to other LSEs and loads.

# Reference

**MST 5.11.1 (final paragraph)**

Each month, as Transmission Owners report customers gained and lost by LSEs through Load-shifting, the ISO will adjust each LSE's portion of the NYCA Minimum Unforced Capacity Requirement such that (i) the total Transmission District Installed Capacity requirement remains constant and (ii) an individual LSE's allocated portion reflects the gains and losses. If an LSE loses a customer as a result of that customer leaving the Transmission District, the Load-losing LSE shall be relieved of its obligation to procure Unforced Capacity to cover the Load associated with the departing customer as of the date that the customer's departure is accepted by the ISO and shall be free to sell any excess Unforced Capacity. In addition, when a customer leaves the Transmission District, the ISO will adjust each LSE's portion of the NYCA Minimum Unforced Capacity Requirement so that the total Transmission District's share of the NYCA Minimum Unforced Capacity Requirement remains constant.

**ICAP Manual: 3.5.3. Load Lost due to Departing Customers:**

To account for Load lost when a customer leaves a Transmission District, the NYISO will:

- Reduce the Minimum Unforced Capacity Requirement of the Load-losing LSE within the Transmission District.

- Relieve the LSE responsible for the Unforced Capacity obligation of the departing customer of that obligation. The LSE may sell any excess Unforced Capacity. In order for the Load-losing LSE to be relieved of this obligation, the Transmission Owner must notify the NYISO of the customer's departure, by providing adequate supporting documentation that it has left New York State. (For example, either a countersigned letter between the Transmission Owner and the departing customer or documentation that the departing customer has requested service disconnection would meet this requirement.)

- Normalize the Minimum Unforced Capacity Requirements of all LSEs serving Load (including the Load-losing LSE) in the relevant Transmission District such that the total Minimum Unforced Capacity Requirement for the Transmission District remains constant.