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January 31, 2025

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Department of Public Service
Three Empire State Plaza, 19th Floor
Albany, NY 12223

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 State Reliability Council, L.L.C. submits these comments in the above-referenced proceeding in response to the Notice of Proposed Rulemaking issued on December 24, 2024.

Please contact me if you have any questions concerning this submission.

Respectfully submitted,

Amanda De Vito Trinsey

Amanda De Vito Trinsey, Esq.
Partner

Attachment

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

COMMENTS OF THE NEW YORK STATE RELIABILITY COUNCIL ON THE INSTALLED RESERVE MARGIN FOR THE 2025-2026 CAPABILITY YEAR

Date January 31, 2025

New York State Reliability Council, L.L.C.

The New York State Reliability Council, L.L.C. ("NYSRC") respectfully submits these Comments in Case 07-E-0088 in response to the Notie of Proposed Rulemaking issued on December 24, 2024. The New York State Public Service Commission ("Commission") has solicited comments on whether the Commission should adopt the NYSRC's Installed Reserve Margin ("IRM") of 24.4% for the New York Control Area ("NYCA") for the Capability Year beginning on May 1, 2025 and ending on April 30, 2026. The NYSRC respectfully requests that the Commission consider these comments in support of the Commission's adoption of the NYSRC's IRM determination for the 2025-2026 Capability Year.

I. PRELIMINARY STATEMENT

On December 6, 2024, the NYSRC Executive Committee adopted a required IRM of 24.4% for the NYCA for the 2025-2026 Capability Year. The Executive Committee's decision was based on a technical study, NYSRC Technical Study Report: NYCA Installed Capacity Requirement for the Period May 2025 through April 2026 ("2025 IRM Study" or "Study") dated December 6, 2024, and other relevant factors. The 2025 IRM Study results indicate that, under base case conditions, a NYCA IRM for the 2025 Capability Year of 24.4% would satisfy the NYSRC's resource adequacy criteria, set forth in the NYSRC's Reliability Rule A.1, Requirement R1. The 2025 IRM Study and Study Appendices, as well as the Resolution of the NYSRC Executive Committee adopting an IRM of 24.4% were filed with the Commission for incorporation into the record on December 23, 2024. Since the 24.4% IRM for the 2025-2026 Capability Year adopted by the NYSRC represents a change from the 2024-2025 IRM of 22%, the NYSRC is required to obtain Federal Energy Regulatory Commission ("FERC") approval of the revised IRM, pursuant to Section 3.03 of the NYSRC Agreement.[1] The NYSRC submitted a

[1] The NYSRC Agreement is available on the NYSRC website, www.NYSRC.org, under

filing with FERC on December 23, 2024.[2]

II. BACKGROUND

Formation and Responsibilities of the NYSRC

The NYSRC was approved by FERC in 1998 as part of the comprehensive restructuring of the wholesale electricity market in New York State.[3] Under the restructuring, the New York Power Pool ("NYPP") was replaced by the New York System Independent System Operator, Inc. ("NYISO") as the entity with the primary responsibility for the reliable operation of the state's bulk power system. The NYISO also assumed responsibility for administration of the newly established competitive wholesale electricity markets.

The NYSRC was established to promote and preserve the reliability of the New York State power system by developing, maintaining and, from time to time, updating the reliability rules ("Reliability Rules")[4] that govern the NYISO's operation of the State's bulk electric system. The NYSRC develops Reliability Rules in accordance with standards, criteria and regulations of the North American Reliability Corporation ("NERC"), Northeast Power Coordinating Council ("NPCC"), FERC, the Commission, and the Nuclear Regulatory Commission.[5] The NYISO/NYSRC Agreement provides that the NYISO and all entities engaged in transactions on the New York State power system must comply with the Reliability Rules adopted by the

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Documents/Agreements.

2 New York State Reliability Council, Docket No. ER25-801-000 (December 23, 2024).

3 *Central Hudson Gas & Electric Corp.*, et al., 83 FERC ¶ 61,352 (1998).

4 The NYSRC Reliability Rules are available on the NYSRC website, https://www.nysrc.org/, under Documents/Reliability Rules Compliance Monitoring.

5 NYISO/NYSRC Agreement, Section 4.1. The NYISO/NYSRC Agreement is available on the NYSRC website, www.NYSRC.org, under Documents/Agreements.

NYSRC.[6] Compliance with NYSRC Reliability Rules, which are incorporated into the NYISO's procedures, are made binding on market participants through the NYISO's tariff.[7] The NYISO/NYSRC Agreement also assigns to the NYSRC the responsibility to monitor the NYISO's compliance with the Reliability Rules and requires the NYISO to provide the NYSRC the data necessary for it to effectively perform its compliance monitoring responsibility.[8] Each member of the NYSRC Executive Committee is required to have substantial knowledge and/or expertise in the reliable operation of bulk electric systems.[9]

At its inception, the NYSRC adopted the pre-existing NYPP reliability rules. These planning and operating rules had been developed by the NYPP and the Commission based on decades of experience in the operation of the New York bulk power system. Revisions to the Reliability Rules are developed by the NYSRC in an open process with direct participation by the NYISO and Department of Public Service staff. If the NYSRC and the NYISO should disagree with respect to a new or modified Reliability Rule, and cannot resolve their differences, the matter is referred to the Commission for resolution, unless the dispute affects not only reliability but also matters subject to FERC's jurisdiction that must be resolved directly by FERC.[10]

In addition to consistency with NERC and NPCC reliability criteria, the NYSRC Reliability Rules include criteria that are more specific or more stringent than NERC and NPCC criteria that are necessary to meet the special requirements of the NYCA. These special requirements include the specific electric system characteristics and demographics of New York

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6 NYISO/NYSRC Agreement, Section 2.1, 3.1.

7 NYISO Market Services Tariff, Sections 5.1, 5.6.

8 NYISO/NYSRC Agreement, Section 3.6.

9 NYSRC Agreement, Section 4.03.

10 NYISO/NYSRC Agreement, Article 5.

State, the complexities related to the maintenance of reliable transmission in New York State given the configuration of the State's bulk power system, and the severe consequences that result from power interruptions in New York State and, in particular, New York City and Long Island.

Commission Support for NYSRC

As noted, the NYSRC was formed as an integral part of the restructuring of the electricity industry in New York State. It was formed, with the active support of the Commission, to ensure that the more stringent and mandatory reliability standards in New York State would be retained under the new competitive wholesale market structure. In its Supplemental Comments in the FERC proceeding in which the NYSRC Agreement and the NYISO/NYSRC Agreement were approved, the Commission stated:

> PSCNY conditioned its support for the State Reliability Council upon amendments that would broaden the governance of the [NY]SRC to include more non-utility board members, and to narrow the responsibilities of the [NY]SRC. The Supplemental Filing appropriately circumscribes the authority of the [NY]SRC. As stated by the utilities, the [NY]SRC would be limited to establishing reliability rules that tailor the national North American Reliability Electric Reliability Council ("NERC") and regional Northeast Power Coordinating Council ("NPCC") standards to New York State. Consistent with NERC, NPCC, NYPP and NYPSC standards, the [NY]SRC would establish a state-wide reserve margin to ensure that adequate generation is available to serve load during normal conditions and system emergencies.
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> * * *
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> As proposed, the ISO would implement and enforce the reliability rules, not the [NY]SRC. Moreover, the ISO alone would apply the state-wide resource requirement to set the actual generation resource levels suppliers must meet on different parts of the state grid.[11]

[11] Docket No. ER 97-1523, *et al.*, *Central Hudson Gas & Elec. Corp.*, "Supplemental Comments of the New York State Public Service Commission" (filed May 23, 1997) at 2.

NYSRC Establishment of Statewide IRM

One of the most important responsibilities assigned to the NYSRC is the establishment of the annual statewide Installed Capacity Requirement ("ICR") for the NYCA.[12] Section 3.03 of the NYSRC Agreement, Installed and Operating Capacity Requirements, states as follows:

> The NYSRC shall establish the state-wide annual installed capacity requirements for New York State consistent with NERC and NPCC standards. The NYSRC will initially adopt the installed capacity requirement as set forth in the current NYPP Agreement and currently filed with FERC. Any changes to this requirement will require an appropriate filing and FERC approval. In establishing the state-wide annual installed capacity requirements, consideration will be given to the configuration of the system, generation outage rates, assistance from neighboring systems and Local Reliability Rules.

The ICR is described generally in terms of an installed reserve margin or IRM.[13] The NYISO was assigned the responsibility to determine the installed capacity obligations of load serving entities ("LSEs") and to establish locational capacity requirements needed to ensure that the statewide IRM is met.[14] The responsibilities assigned by the NYSRC Agreement and the NYISO/NYSRC Agreement are implemented in the NYSRC's Reliability Rules, the NYSRC's Policy No. 5-18 and the NYISO's Market Administration and Control Area Services Tariff ("Market Services Tariff"). The following is a brief description of the relevant portions of those documents.

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[12] NYSRC Agreement, § 3.03; NYISO/NYSRC Agreement, § 4.5.

[13] New York State Reliability Council, *Reliability Rules & Compliance Manual For Planning and Operating the New York State Power System*, Version 47 (June 14, 2024), at 12 available at: https://www.nysrc.org/wp-content/uploads/2024/07/RRC-Manual-V47-final-7-2-24.pdf (stating that "[t]he annual statewide ICR is established by implementing Reliability Rules for providing the corresponding statewide IRM requirements. The IRM requirement relates to ICR through the following equation: ICR = (1+ IRM %/100) x Forecasted NYCA Peak Load (NYSRC Reliability Rules, A.Resource Adequacy, Introduction").

[14] NYISO/NYSRC Agreement, § 3.4; NYISO Market Services Tariff, §§ 5.10 and 5.11.4.

NYSRC Resource Adequacy Criteria

The NYSRC Reliability Rules, Resource Adequacy, provide that among the factors to be considered by the NYSRC in setting the annual statewide IRM are the characteristics of the loads, uncertainty in the load forecast, outages and deratings of generating units, the effects of interconnections to other control areas, and transfer capabilities within the NYCA. Reliability Rule A.1, Establishing NYCA Installed Reserve Margin Requirements, provides as follows:

> **A. Reliability Rule**
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> An Installed Reserve Margin (IRM) requirement for the NYCA for each Capability Year shall be established.
> **1. Associated NERC and NPCC Standards and Criteria:**
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> NPCC: Directory 1[15]
> NERC: None
>
> **2. Applicable Entities:** NYSRC Installed Capacity Subcommittee
>
> **B. Requirements**
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> - **R1**. All probabilistic resource adequacy requirement analyses conducted by the NYSRC and the NYISO, including resource adequacy evaluations and the establishment of the NYCA Installed Reserve margin (IRM) requirement shall meet the NYSRC Resource Adequacy Criterion in R.1.1.
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> - **R. 1.1** The loss of load expectation (LOLE) of disconnecting firm load due to resource deficiencies shall be, on average, no more than 0.1 day per year. LOLE evaluations shall make due allowances for demand uncertainty, scheduled outages and deratings, forced outages and deratings, assistance over interconnections with neighboring control areas, NYS Transmission System emergency transfer capability, and capacity and/or load relief from available operating procedures.

[15] NPCC, *Reliability Reference Directory # 1 Design and Operation of the Bulk Power System*, R4 (July 2, 2024), at 6-7, available at: https://cdn.prod.website-files.com/67229043316834b1a60feba3/6762dceb936d412b8439cb35_NPCC%20Regional%20Reliability%20Directory%20No.%201_Design%20and%20Operation%20of%20the%20BPS%20-%20PV.pdf.

- **R. 1.2** The NYISO LCR analysis shall maintain a LOLE of 0.1 days/year, as specified by the requirement A.1: R1.1.

- **R. 1.3** The NYISO LCR analysis shall use the software, load and capacity data, and models consistent with that utilized by the NYSRC for its determination of the IRM, as described in Section 3.2 and 3.5 of NYSRC Policy 5, "Procedure for Establishing NYCA Installed Capacity Requirements."

NYSRC Policy No. 5-18 Procedure for Establishing New York Control Area Installed Capacity Requirements

The last paragraph of Section 1.0, Introduction, of NYSRC Policy No. 5-18 provides that:

> The final NYCA IRM requirement, as approved by the NYSRC Executive Committee, is the basis for various installed capacity analyses conducted by the NYISO. These NYISO analyses include the determination of the capacity obligation of each Load Serving Entity (LSE) on a Transmission District basis, as well as Locational Installed Capacity Requirements, for the following capability year. These NYISO analyses are conducted in accordance with NYSRC Reliability Rules and Procedures.

Section 2.2 of NYSRC Policy No. 5-18 provides a timeline for establishing the statewide IRM. This timeline is based on the NYSRC providing the NYISO with the following year's NYCA IRM requirement in December of each year, when the NYISO, under its installed capacity and procurement process, is required to begin its studies for determining the following summer's LSE capacity obligations.

Section 4.4 of NYSRC Policy No. 5-18 sets forth the process for approval of the annual statewide IRM by the NYSRC Executive Committee.

- Review and approve preliminary and final base case assumptions and models for use in IRM Study.

- Review preliminary base case results.

- Approve sensitivity studies to be run and their results.

- Review and approve final IRM Study prepared by ICS [Installed Capacity Subcommittee].

- Establish and approve the final NYCA IRM requirement for the next capability year (See Section 5).

- To the extent practicable, ensure that the schedule for the above approvals allow that the timeline requirements in Section 2.2 are met.

- Notify the NYISO of the NYCA IRM requirements and meet with NYISO management as required to review IRM Study results.

- Make IRM requirement study results available to state and federal regulatory agencies and to the general public by posting the study on the NYSRC Web site.

NYISO Market Services Tariff

Relevant portions of Section 5.10 of the NYISO's Market Services Tariff, NYCA Minimum Installed Capacity Requirement, read as follows:

> The NYCA Minimum Installed Capacity Requirement is derived from the NYCA Installed Reserve Margin, which is established each year by the NYSRC and the peak load forecast. The NYCA Minimum Installed Capacity Requirement for the Capability Year beginning each May 1 will be established by multiplying the NYCA peak Load Forecast which is determined by the ISO as described in Section 5.11 and in accordance with ISO Procedures by the quantity of one plus the NYCA Installed Reserve Margin. The ISO shall translate the NYCA Installed Reserve Margin and thus the NYCA Minimum Installed Capacity Requirement, into a NYCA Minimum Unforced Capacity Requirement.
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> * * *
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> The NYCA Minimum Unforced Capacity Requirement represents a minimum level of Unforced Capacity that must be secured by LSEs in NYCA for each Obligation Procurement Period. Under the provisions of this Services Tariff and the ISO Procedures, each LSE will be obligated to procure its LSE Unforced Capacity Obligation.

The first paragraph of Section 5.11.4 of the Market Services Tariff, LSE Locational Minimum Installed Capacity Requirements, reads as follows:

> The ISO will determine the Locational Minimum Installed Capacity Requirements, stated as a percentage of the Locality's forecasted Capability Year peak Load and expressed in Unforced Capacity terms, that shall be uniformly applicable to each LSE serving Load within a Locality. In establishing Locational Minimum Installed Capacity Requirements, the ISO will take into account all relevant considerations, including the total NYCA Minimum Installed Capacity Requirement, the NYS Power System transmission Interface Transfer Capability, the election by the holder of rights to UDRs that can provide Capacity from an External Control Area with a capability year start date that is different from the corresponding ISO Capability Year start date ("dissimilar capability year"), the Reliability Rules and any other FERC-approved Locational Minimum Installed Capacity Requirements.

III. ADOPTION OF THE IRM FOR THE 2025-2026 CAPABILITY YEAR

2025 IRM Study

The 2025 IRM Study was conducted by the NYSRC to determine the statewide IRM necessary to meet NYSRC and NPCC reliability criteria within the NYCA during the period from May 1, 2025 through April 30, 2026. The reliability calculation process for determining the NYCA IRM requirement utilizes a probabilistic approach. This technique calculates the probabilities of outages of generating units, in conjunction with load and transmission models, to determine the number of days per year of expected capacity shortages. The General Electric Multi-Area Reliability Simulation ("GE- MARS") is the primary computer program used for this probabilistic analysis. The result of the calculation for loss of load expectation ("LOLE") provides a consistent measure of electric power system reliability from a resource adequacy perspective. Computer runs for the 2025 IRM Study were performed by NYISO staff at the request and under the guidance of the NYSRC. The GE-MARS model includes a detailed load and generation representation of the eleven NYCA zones as well as the four external control areas ("Outside World Areas") interconnected to the NYCA. The GE-MARS program also uses a transportation model representing transmission that reflects the ability of the system to transfer energy between zones

under probabilistic generation and load scenarios. This technique is commonly used in the electric power industry for determining installed reserve requirements.

The 2025 IRM Study continues to implement two study methodologies: the Unified and the IRM Anchoring Methodologies. These methodologies are discussed in the 2025 IRM Study at pages 7 and 8 under the heading IRM Study Procedures. These methodologies are discussed in greater detail in Appendix A.2 (Methodology) of the 2025 Study.

The 2025 IRM Study also evaluates IRM requirement impacts caused by the updating of key study assumptions and consideration of various sensitivity cases.[16] The comparison with the 2024 base case IRM is depicted in Table 6-1 at page 23 of the Study. The results of the sensitivity cases are set forth in Table 7-1 at page 27 of the Study and in Table B-1 at page 49 in Appendix B of the Study. The base case results, the sensitivity cases and other relevant factors provide the basis for the NYSRC Executive Committee determination to adopt a 24.4% NYCA IRM requirement for the 2025-2026 Capability Year.

Definitions of certain terms in the 2025 IRM Study can be found in the Glossary, Appendix E of the Study.

2025 IRM Study Base Case Results

The base case for the 2025 IRM Study calculated the NYCA IRM requirement for the period May 1, 2025 through April 30, 2026 to be 24.4% under base case conditions. The 2025 base case result of 24.4% is 1.3% points higher than the 23.1% base case IRM requirement

[16] The NYSRC Executive Committee approved the preliminary assumptions used in the 2025 IRM Technical Study base case on August 9, 2024, and the final assumptions for the 2025 IRM Technical Study base case were approved by the NYSRC Executive Committee on October 10, 2024, and the sensitivity cases were approved on November 15, 2024. The assumptions used in the Study are set forth in Appendix A of the Study Appendices in Section A.3 entitled: Base Case Modeling Assumptions on page 10 through page 43.

determined by the 2024 IRM Study.

Table 6-1 of the Study compares the estimated IRM impacts of updating several key study assumptions and revises the model from the model used in the previous 2024 IRM Study. The estimated percent IRM change for each parameter was calculated from the results of a parametric analysis in which a series of IRM studies were conducted to test the impact on IRM of individual parameters. The impact on the IRM of each parameter in this analysis was normalized such that the net sum of the -/+ % parameter changes total the % IRM increase from the 2024 IRM Study. Table 6-1 also provides the reason for the IRM change for each study parameter from the 2024 IRM Study.

There are fourteen parameter drivers that in combination increased the 2025 IRM from the 2024 base case IRM by 1.98%. Of these four drivers, the most significant was the limit imposed on certain Emergency Operating Procedure calls, which increased the IRM by 0.46%. The next three most significant are the addition of the new renewable generators which increased the IRM by 0.29%, the change in SCR capacity which increased the IRM by 0.24%, and the change in generator ratings which increased the IRM by 0.19%. The remaining changes caused relatively minor changes to the IRM.

Seven parameter drivers in combination decreased the IRM from the 2024 base case by 0.68%. Of these seven drivers, the most significant was the change in the SCR modeling which decreased the IRM by 0.26%. All other modifications had less than a 0.15% individual impact on the IRM. Table 6-1 in the 2025 IRM Study shows the IRM impact of individual updated study parameters that result in this change from the 2024 base case IRM. The parameters in Table 6-1 are discussed under Models and Key Input Assumptions of the Study.

After considering the 2025 IRM Study results, the modeling and assumption changes made

to simulate actual operating conditions and system performances, the numerous sensitivities evaluated, and based on their experience and expertise, on December 6, 2024, the NYSRC Executive Committee adopted a 24.4% IRM for the 2025-2026 Capability Year.

IV. CONCLUSION

Each year since its inception, the NYSRC has established a statewide annual IRM requirement that has been implemented by the NYISO. The IRM established by the NYSRC is used by the NYISO to establish ICRs for load serving entities in the NYCA. The IRM is a necessary component of the NYISO's installed capacity auctions. The NYISO installed capacity auction for the summer Capability Period is scheduled for March 27, 2025. The IRM also is used to establish installed capacity prices under the NYISO installed capacity demand curves. Given the importance of the IRM to the NYISO, load serving entities, and other NYISO market participants, it is crucial that there be no ambiguity concerning its level and effectiveness. The 2025 IRM Study is a very thorough and professional analysis and provides a sound basis for the Commission's adoption of the IRM determined by the NYSRC for the 2025-2026 Capability Year.

In its order issued in the proceeding concerning the IRM for the 2024-2025 Capability Year, the Commission stated that "[g]iven the NYSRC's experience and expertise in developing the IRM, the Commission has given considerable weight to its findings, conclusions and recommendations."[17] It is respectfully submitted that the NYSRC's IRM policies and procedures and the 2025 IRM Study warrant the Commission's continued confidence and support.

[17] NYPSC Case No. 07-E-0088, *In the Matter of the Adoption of an Installed Reserve Margin for the New York Control Area*, Order Adopting Installed Reserve Margin for the New York Control Area for the 2024-2025 Capability Year (issued March 15, 2024) at 11.

Accordingly, the NYSRC respectfully requests that the Commission adopt the NYSRC's determination that a 24.4% IRM is the appropriate IRM for the New York Control Area for the Capability Year of May 1, 2025 to April 30, 2026.

Dated: January 31, 2025
Albany, New York

Respectfully submitted,

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