

Resource Adequacy Reliability Rules: Follow-up Discussion on A.2

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Background

- **At the 9/4/2025 Reliability Rules Subcommittee (RRS) meeting, the NYISO presented¹ on the emergence of winter reliability risks and recommended modifications to the Reliability Rules A.2, A.2 R1 and A.2 R2 to be effective starting with the 2026-2027 Capability Year (see Appendix for potential revisions presented at the 9/4/2025 RRS meeting)**
 - The potential revisions aim to provide additional clarity and accommodate considerations for seasonal reliability risks.
- **At the same meeting, the NYISO also discussed its review of A.2 R3 and recommended further review for potential revisions**
 - The current A.2 R3 requires the NYISO to identify any deficiencies in meeting capacity requirements in advance of the start of the Capability Year and to issue deficiency notices and charges accordingly
 - The NYISO posts the results of all monthly auctions (including the clearing prices and amounts cleared). If a shortage arose in a monthly spot auction, the NYISO's tariff has existing requirements for allocation of costs for deficient auction outcomes to LSEs.
- **In addition, at the 9/12/2025 Executive Committee (EC) meeting, the EC requested the RRS to review potential clarification of the A.2 R1.3 regarding the NYISO's Locational Minimum Installed Capacity Requirement (LCR) study process and inputs**

1. [9/4/2025 RRS Presentation](#)

Considerations for A.2 R3

- **Since the implementation of ICAP Demand Curves in 2003, the NYISO tariff requires LSEs to meet the minimum capacity requirements and potentially purchase additional capacity beyond such minimum requirements through NYISO-administered monthly spot auctions**
 - Requiring LSEs to purchase capacity to meet the minimum requirements as well as excess capacity beyond such minimum requirements is done automatically by the auction engine
 - The NYISO's monthly spot auction process serves to satisfy the reliability requirement specified in Reliability Rule A.2 R2 and the NYISO annually certifies that the all LSEs participating in the NYISO capacity markets have signed the NYISO tariff
- **In addition, under the Reliability Rules A.3 R1 and R2, the NYISO performs Resource Adequacy assessments for both the next Capability Year and a 10-year forward looking period**
 - The NYISO also performs seasonal assessments to determine the amount of available capacity in meeting various seasonal load forecast levels
- **Therefore, the NYISO recommends amending Reliability Rule A.2 R3 to require annual verification of the NYISO monthly spot market auction outcomes in meeting LSE capacity purchases to meet the minimum capacity requirements**
 - If a shortage occurs, the NYISO tariff includes procedures for seeking to procure supplemental capacity supply using “deficiency charges” assessed to LSEs

Considerations for A.2 R1.3

- **During the closed session of the 9/12/2025 EC meeting, EC members discussed Reliability Rule A.2 R1.3 and the potential need for additional clarity regarding the NYISO LCR study process and inputs (see the attached Con Edison presentation)**
 - Unlike the IRM study, the NYISO's LCR study considers transmission security limits for Localities (Load Zones G-J, New York City, and Long Island) in establishing the final LCRs
 - The current language in Reliability Rule A.2 R1.3 can create confusion and/or differences of interpretation regarding the NYISO's consideration of transmission security as part of its LCR study process
- **Today, the NYISO's LCR study uses the final IRM study data base, the finalized IRM, and the study case LOLE as inputs. Additionally, transmission security limits are applied as constraints on the allowable LCR values. Such practice is in accordance with NYSRC requirements and the requirements of the NYISO's tariff**
 - The data base used for the NYISO's LCR study is developed from the load, capacity, topology, Emergency Operating Procedures (EOPs), external control area modeling, as well as the same GE MARS version and the starting point "preliminary" LCRs determined as part of the Tan45 process, as specified in Section 3.2 and 3.5 of the NYSRC Policy 5
 - As noted in the NYSRC Policy 5 Section 3.5.5, preliminary LCRs for Load Zone J and Load Zone K are established during the IRM calculation process, prior to the NYISO's LCR study
 - NYSRC Policy 5 Appendix C specifies the alignment procedure for the Final IRM Base Case in establishing the inputs to the NYISO's LCR study, with recognition that final LCRs are established by the NYISO
 - NYISO Market Administration and Control Area Services Tariff Section 5.11.4 specifies that the LCRs are to be established using the data base from the final IRM, respecting the 0.1 LOLE resource adequacy criterion as well as other considerations including NYISO-determined transmission security limits
 - Transmission security limits are implemented in the NYISO's LCR optimizer as the minimum allowable locational capacity requirement percentages, without modifying the underlying data base for load, capacity, topology, EOPs and external areas

Considerations for A.2 R1.3 (cont.)

- The NYISO's current practices align with the requirements of Reliability Rule A.2 R1.3, recognizing the NYISO's responsibility of establishing the final LCRs (as acknowledged in the language of Reliability Rule A.2 R1) includes consideration of factors beyond the IRM study assumptions
 - Recently, NYISO has proposed enhancements to its existing tariff to allow LCR and capacity market parameter updates during the Capability Year in response to certain new market entry (see [7/18/2025 EC Meeting Presentation](#) and Appendix for further details).
 - If approved, the proposed changes would become effective starting with the upcoming 2026-2027 Capability Year
- Revisions to Reliability Rule A.2 R1.3 are recommended to provide the additional clarity on the NYISO's LCR study process and inputs

Recommendations and Next Steps

- **The NYISO recommends proceeding with the modifications to Reliability Rules A.2, A.2 R1, A.2 R2 and A.2 R3, consistent with the revisions identified in the Appendix, to become effective starting with the 2026-2027 Capability Year**
 - The proposed effective date will allow time to develop/implement updated compliance reporting before the NYISO implements seasonal capacity requirements (currently anticipated to occur beginning with the 2027-2028 Capability Year)
- **The RRS Chair recommends proceeding with the modifications to Reliability Rule A.2 R1.3, consistent with the revisions identified in the Appendix, to provide improved clarity and better alignment with current practices, following the same effective timeline as the above-recommended revisions**
- **If supported by the RRS, the NYISO will work with the RRS to develop a draft Potential Reliability Rule (PRR) for review at the next RRS meeting**
 - The intent would be to finalize a draft PRR to present at the November 2025 EC meeting for posting approval

Appendix

- *Potential Revisions to Reliability Rules A.2, A.2 R1 and A.2 R2*
- *NYISO's Proposed Enhancements for Certain New Entry*

Potential Revisions – Presented at 9/4/2025 RRS

■ A.2 General Description

Load Serving Entity installed capacity requirements, including Locational Capacity Requirements, for ~~the applicable NYISO defined obligation procurement period~~ ~~each Capability Year~~ shall be established.

■ A.2 R1.

The NYISO shall ~~annually~~ establish ~~the appropriate~~ *Load Serving Entity* (LSE) *installed capacity* (ICAP) requirements ~~for the applicable NYISO defined obligation procurement period~~, including *Locational Capacity Requirements* (LCRs) in accordance with NYSRC rules and NYISO tariffs.

■ A.2 R2.

LSEs shall procure sufficient *resource capacity* for the entire NYISO defined obligation procurement period so as to meet the ~~applicable~~ ICAP requirements ~~and LCRs as~~ established by the NYISO in accordance with R1 requirements and NYISO tariffs so as to meet the statewide IRM requirement determined from Reliability Rule A.1.

- R2.1: Each LSE shall certify and maintain its ICAP obligation for ~~the next~~ ~~each NYISO defined obligation procurement period~~ ~~Capability Period, including any LCRs~~, in accordance with LSE ICAP requirements established by the NYISO tariffs and procedures.

Potential Revisions – Incremental

Proposed Revisions *NEW*

■ A.2 R1.3

The NYISO LCR analysis shall use the **GE MARS** software, **and the study base case inputs such as** 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 the NYSRC Policy 5, “Procedure of Establishing NYCA Installed Capacity Requirements.” **as starting point inputs for the LCR analysis conducted pursuant to Section 5.11.4 of the NYISO Market Administration and Control Area Services Tariff.**

■ A.2 R3.

Original:

The NYISO shall notify those LSEs that are determined to be deficient in meeting their ICAP requirements, including LCRs, for the next *Capability Year*. This notification shall specify appropriate deficiency charges. The NYSRC shall be immediately notified of such capacity deficiencies, including any measures that may be planned to minimize *reliability* impacts.

Proposed:

The NYISO shall review annually, and report to the NYSRC if any LSEs were found deficient in meeting their ICAP requirements for any of the applicable NYISO defined obligation procurement period during the past Capability Year, including any measures that may have been conducted and/or planned to minimize *reliability* impacts.

NYISO's Proposed Enhancements for New Entry

- **Currently, the NYISO is working on rule changes to allow updates to the LCRs and other capacity market parameters during the Capability Year to better align with the timing of actual market entry by certain new capacity suppliers (referred to as “triggering resources”).**
 - A triggering resource is defined as the new capacity supply resource that changes the contingencies evaluated in the transmission security assessment for the Localities
 - The IRM study will determine an operating status for a triggering resource consistent with past practice and the annual structure of the study. If the IRM study assumes the triggering resource to be operational, the resource is assumed in-service for the entire Capability Year (i.e., starting May 1); however, actual market entry may not align with the start of the Capability Year
 - To help mitigate this potential timing concern, the NYISO's proposed rules provide the ability to update LCRs and other capacity market parameters to better align with the resource's actual commencement of capacity market participation
 - The updated LCRs and other capacity market parameters will continue to be established using the consistent data base from the IRM study, with the exception of the operating status assumed for the triggering resource. To improve alignment with the timing of actual market entry, the NYISO's proposal permits the establishment of two sets of LCRs and capacity market parameters representing the triggering resource as either in or out of service. The LCRs and capacity market parameters used in the market would track the operating status of the resource
 - For example, under the NYISO's proposal, the Champlain Hudson Power Express (CHPE) project would be considered a triggering resource for the upcoming 2026-2027 Capability Year. As a result, the NYISO would establish the two sets of LCRs and other capacity market parameters – one based on the consistent model from the final IRM data base and one with the alternative assumption for the operating status of CHPE (for the alternative, all other assumptions in the final IRM data base would remain unchanged)

Questions?

Our Mission and Vision



Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation

