New York ISO
Independent System Operator

NYISO's Compliance Submittal for NYSRC Rule A.2 (R1)

Establishing Load Serving Entity Installed Capacity Requirements

A Report by the New York Independent System Operator

Presented to the Reliability Compliance Monitoring Subcommittee of the New York State Reliability Council

May 28, 2026

Table of Contents

Statement of NYSRC Rule A.2

The NYSRC Reliability Rule A.2 has the following requirements:

"**R1.** The *NYISO* shall establish the appropriate *Load Serving Entity* (LSE) *installed capacity* (ICAP) requirements for the NYISO defined obligation procurement period, including *Locational Capacity Requirements* (LCRs), in accordance with *NYSRC* rules and *NYISO* tariffs. *NYISO* analyses for setting LCRs shall include the following requirements:

R1.1 The *NYISO* LCR analysis shall use the IRM established by the *NYSRC* as determined in accordance with Reliability Rule A.1.

R1.2 The *NYISO* LCR analysis shall maintain a LOLE of 0.1 days/year, as specified by the Requirement A.1: R1.1.

R1.3 The *NYISO* LCR analysis shall use the GE MARS software and the study base case inputs such as load and capacity data utilized by the NYSRC for its determination of the IRM, as described in Sections 3.2 and 3.5 of NYSRC Policy 5, 'Procedure for 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.

R1.4 The *NYISO* shall document the procedures used to calculate the LCRs.

R1.5 The *NYISO* shall prepare a report for the next *Capability Year* describing the analyses for establishing (1) *LSE ICAP* requirements, and (2) LCRs for applicable *NYCA zones*, prepared in accordance with R1.1 through R1.3. The report shall include the procedures, factors, and assumptions utilized by the *NYISO* to determine these *LSE ICAP* requirements and LCRs."

The following compliance measure serves to fulfill the NYSRC Reliability Rule A.2 requirement R1. This measure states that:

"**M1.** The *NYISO* conducted an annual analysis to establish *LSE* and Locational Capacity Requirements for the next *Capability Year* in accordance with R1.1, R1.2, and R1.3 requirements. The procedures used to calculate LCRs were documented in accordance with R1.4 and a report prepared in accordance with R1.5."

Establishment of the Installed Reserve Margin (IRM)

The Installed Capacity Subcommittee (ICS) of the New York State Reliability Council, L.L.C. (NYSRC) conducted a technical study in 2025 to determine the IRM for the 2026-2027 Capability Year. The Executive Committee of the NYSRC approved an IRM of 24.5% for the 2026-2027 Capability Year on December 5, 2025,[1] which met the required Loss of Load Expectation (LOLE) criterion of 0.1 days per year as specified in NYSRC

[1] 2026-2027 IRM Resolution

Rule A.1, Requirement R1.1.

Establishment of LCRs

Using the approved IRM, the NYISO then determined the Locational Minimum Installed Capacity Requirements (LCRs) for the 2026-2027 Capability Year. For the 2026-2027 Capability Year, pursuant to the new "triggering resource" rules that became effective on December 24, 2025,[2] the NYISO determined that the Unforced Capacity Deliverability Rights (UDRs) awarded to the Champlain Hudson Power Express (CHPE) project constituted a triggering resource. Accordingly, two sets of transmission security limit (TSL) floor values and LCRs were calculated based on different operating status assumptions for the CHPE UDRs: "CHPE-in" (i.e., assuming that the CHPE UDRs are participating in the capacity market) and "CHPE-out" (i.e., assuming that the CHPE UDRs are not participating in the capacity market).[3] The NYISO's Operating Committee approved both sets of LCRs on January 15, 2026.[4] The 24.5% IRM and LOLE resource adequacy criterion were maintained throughout this process. The NYISO's calculations resulted in the following LCRs: (1) for the CHPE-in case: a New York City LCR of 86.4%, a Long Island LCR of 110.3%, and a G-J Locality LCR of 82.5%; and (2) for the CHPE-out case: a New York City LCR of 82.6%, a Long Island LCR of 110.3%, and a G-J Locality LCR of 82.5%.

Given that: (1) the CHPE-in case is consistent with the final assumptions of the 2026-2027 IRM study; and (2) based on publicly available information, the current expectation is that the CHPE project is likely to commence operation during the 2026 Summer Capability Period and the CHPE UDRs are likely to begin participating in the capacity market during the 2026 Summer Capability Period, the NYISO has used capacity market parameters and resource assumptions associated with the CHPE-in case as the basis for the assessments discussed herein.

Although the assessments discussed in the report use the parameters and resource assumptions associated with the CHPE-in case, the NYISO has, based on currently available information, identified the potential for deficiencies to arise in meeting the New York City LCR for the Summer 2026 spot auctions prior to the commencement of ICAP market participation by the CHPE UDRs (i.e., the period during which the CHPE-out parameters are in effect). The NYISO expects that reliability of the New York Control Area (NYCA)

[2] NYISO LCR Determination Process (included as Appendix B) and NYISO Market Administration and Control Area Services Tariff, Section 5.11.7

[3] The CHPE-in case assumptions are consistent with the final resource operating status assumptions of the 2026-2027 IRM study. The CHPE-out case modifies only the status of the CHPE UDRs; the operating status assumptions for all other resources remains unchanged from the final assumptions of the 2026-2027 IRM study.

[4] NYISO 2026 - 2027 LCR Report (included as Appendix A)

bulk power system can still be maintained if any such near-term deficiency were to arise in meeting the New York City LCR associated with the CHPE-out parameters.

Locational Capacity and LSE References and Procedures

The NYISO Market Administration and Control Area Services Tariff (Services Tariff)[5] provides the rules governing the NYISO markets. Capacity obligations for Load Serving Entities (LSEs) are contained in Section 5.11 and LCRs are addressed in Section 5.11.4. Section 5.11.4 of the Services Tariff describes the methodology that the NYISO uses for determining LCRs. This methodology utilizes an economic optimization algorithm to minimize the total cost of capacity for the NYCA.

The NYISO Installed Capacity (ICAP) Manual[6] contains the procedures governing the Installed Capacity markets and auctions administered by the NYISO. Section 3 of the ICAP Manual addresses LSE requirements for procuring capacity to meet the IRM. Section 3.6.2 of the NYISO ICAP Manual outlines the derivation of LSE locational capacity requirements.

The NYISO LCR study utilizes the NYSRC-approved IRM, and associated database as the starting point for determining LCRs. Pursuant to the new "triggering resource" rules described in Section 5.11.7 of the Services Tariff, the LCR study for the 2026-2027 Capability Year included determinations for two cases representing different operating status assumptions for the CHPE UDRs (i.e., the CHPE-in case and the CHPE-out case).

The LCR methodology of economic optimization meets the NYSRC's 0.1 days/year LOLE resource adequacy standard respecting the NYSRC-approved IRM and Locality transmission security considerations, while minimizing the total cost for the procurement of required capacity for the NYCA. The LCR optimizer is a linear program that minimizes capacity costs based on net cost of new entry curves associated with the ICAP Demand Curves. These curves show the relationship between the magnitude of the requirement versus the cost of capacity in each of the Localities. Once a potential total cost solution is achieved in the program, it is tested by running the GE Multi-Area Reliability Simulation software program (MARS) at the NYSRC-approved statewide IRM to determine the resulting LOLE. The least cost solution that satisfies all constraints is selected. TSL floor values ensure that the program selects LCR requirements that respect Locality-specific transmission security limitations. These floors are based on the bulk power system transmission capability into each Locality as determined by power flow and contingency analyses. Each Locality LCR satisfies its respective TSL floor value.

[5] NYISO Market Services Tariff

[6] NYISO Installed Capacity Manual

Requirements for LSEs

The NYISO has forecast a NYCA peak load of 31,648.2 MW for the 2026-2027 Capability Year. The 24.5% IRM adopted by the NYSRC and the 31,648.2 MW peak load forecast produced an Installed Capacity Requirement for the NYCA of 39,402.0 MW. The load forecast used for this report is the peak value associated with the "October Forecast" for the 2026-2027 IRM study. The ICAP market will employ a load forecast that has been updated further.

The forecast peak load, available capacity (based on Capacity Resource Interconnection Services (CRIS) adjusted summer Dependable Maximum Net Capability (DMNC) testing for existing units and currently available UDRs, Special Case Resources (SCRs) and net imports), proposed resources, and the current statewide Installed Capacity Requirement produced the minimum locational requirements for New York City, Long Island, and the G-J Locality for the LCRs associated with the CHPE-in parameters, and the other values shown in Table 1.

Table 1 indicates that the statewide Installed Capacity Requirement for the NYCA and the locational requirements for New York City, Long Island, and the G-J Locality for the LCRs associated with the CHPE-in parameters can be met with expected ICAP resources for the 2026-2027 Capability Year.

Table 1 Capability Year 2026-2027 Peak Load and IRM/LCR Requirements

Locality	Forecast Peak Load (MW) (1)	LCR/IRM (%) (2)	ICAP LCR/IRM (MW) (3)	Available ICAP (MW) (4)	Expected ICAP (MW) (5)
New York City	11,088.8	86.4%	9,580.7	10,535.1	10,492.2
Long Island	5,127.8	110.3%	5,656.0	6,152.0	6,061.7
G-J Locality	15,304.8	82.5%	12,626.5	15,353.0	15,293.5
NYCA	31,648.2	124.5%	39,402.0	41,788.6	42,404.7

1. This is the forecasted peak load associated with the "October Forecast" for the 2026-2027 IRM study.
2. This is the statewide Installed Capacity Requirement and the LCRs for the CHPE-in parameters, expressed in terms of percentage of the forecast peak load values specified in Table 1.
3. This is the statewide Installed Capacity Requirement and locational capacity requirements associated with the LCRs for the CHPE-in parameters, expressed in terms of MW of ICAP based on the forecast peak load values specified in Table 1.
4. This is the sum of CRIS adjusted DMNC summer values for each existing unit based on 2024 testing for 2025 summer capacity plus UDRs (including the CHPE UDRs), SCRs and net imports that are currently available.
5. This is the "available capacity" values adjusted for expected additions, retirement, or re-rating of units, UDRs, SCRs and net imports using the best available information as of January 15, 2026.

Appendix A: 2026-2027 LCR Report

LOCATIONAL MINIMUM INSTALLED CAPACITY REQUIREMENTS STUDY

For the 2026-2027 Capability Year

New York ISO

I. Recommendation

This report documents a study conducted by the New York Independent System Operator, Inc. (NYISO) to determine Locational Minimum Installed Capacity Requirements (LCRs) for the Localities of New York City (Load Zone J), Long Island (Load Zone K), and the G-J Locality (Load Zones G, H, I, and J) for the 2026-2027 Capability Year beginning May 1, 2026.[1]

On December 5, 2025, the New York State Reliability Council, L.L.C. (NYSRC) approved a New York Control Area (NYCA) Installed Reserve Margin (IRM) value of 24.5% for the 2026-2027 Capability Year. The NYISO then determined the LCRs for the 2026-2027 Capability Year using the applicable study inputs including the 2026-2027 IRM study database, the NYSRC approved IRM, the NYISO-determined transmission security limit (TSL) floor values, and net cost of new entry (CONE) curves.

Consistent with the "triggering resource" rules that became effective on December 24, 2025,[2] when a Triggering Resource exists for the upcoming Capability Year, the NYISO develops two sets of LCRs: one set assuming the Triggering Resource is participating in the capacity market ("resource-in") and a second set assuming the Triggering Resource is not participating in the capacity market ("resource-out"). For the 2026–2027 Capability Year, the Unforced Capacity Deliverability Rights (UDRs) awarded to the Champlain Hudson Power Express (CHPE) project qualify as a Triggering Resource. Accordingly, the NYISO determined two sets of LCRs representing the different potential operating assumptions for CPHE (i.e., "CHPE-In" and "CHPE-Out").

Based on the applicable study inputs, the LCR results for the two cases are summarized in the table below.

Triggering Resource Operating Status Assumption	IRM	J LCR	K LCR	G-J LCR
CHPE-In	24.5%	86.4%	110.3%	82.5%
CHPE-Out	24.5%	82.6%	110.3%	82.5%

[1] Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO Market Administration and Control Area Services Tariff (Services Tariff) and the NYISO Open Access Transmission Tariff (OATT).
[2] NYISO Services Tariff, Section 5.11.7.

New York ISO

II. Identification of a Triggering Resource

For the 2026–2027 Capability Year, the UDRs awarded to the CHPE project qualify as a Triggering Resource because: (1) the project is anticipated to potentially commence ICAP market participation during the 2026-2027 Capability Year, (2) the project was awarded Capacity Resource Interconnection Service (CRIS) on or before December 5, 2025 (i.e., the date the NYSRC adopted the IRM value for the 2026-2027 Capability Year), and (3) the project's in-service status changes the limiting contingencies used in the TSL floor value derivation for Load Zone J. When CHPE is in service, it is treated as one of the contingencies for the Load Zone J transmission security analysis, thereby changing the limiting contingency and raising the NYC TSL floor value relative to the case where CHPE is not assumed to be in service.

III. Starting Point Database

As its starting point, the 2026-2027 LCR study utilized the NYSRC's 2026-2027 IRM study database. The IRM study information is available on the NYSRC website.[3] The final IRM study technical base case for the 2026–2027 Capability Year maintained the loss-of-load expectation (LOLE) criterion at no more than 0.100 event-days/year, with a statewide reserve margin of 25.6% and corresponding preliminary locational requirements of 79.8%, 107.5%, and 89.2% for New York City, Long Island, and the G-J Locality, respectively. In addition to the above technical study results, the NYISO also provided an assessment of the impact of the NYISO-determined TSL floor values used in the NYISO LCR study process.[4] Under the final technical study case assumptions, the applicable TSL floor values are 86.4% for Load Zone J, 110.3% for Load Zone K, and 82.5% for the G-J Locality.

The NYISO follows the "Locational Minimum Installed Capacity Requirements Determination Process" to develop the LCRs for Load Zone J, Load Zone K, and the G-J Locality. For the 2026–2027 cycle, NYISO has presented a revised version of this procedure to stakeholders with proposed methodology updates.[5] Pursuant to these procedures, the IRM study database is adjusted to the NYSRC approved IRM (24.5%), and the target LOLE is established at the lesser of 0.100 event-

[3] NYSRC New York Control Area Installed Capacity Requirement Reports: https://www.nysrc.org/documents/reports/nysrc-new-york-control-area-installed-capacity-requirement-reports
[4] NYISO Impact Assessment of TSL Floor Values for the 2026-2027 IRM Study: https://www.nysrc.org/wp-content/uploads/2025/12/4.2-Impact-Assessment-of-Transmission-Security-Limits-11242025-ICS-Attachment-4.2.pdf
[5] Updated Draft of the Locational Minimum Installed Capacity Requirements Determination Process: https://www.nyiso.com/documents/20142/55778551/LCR%20Determination%20Process%20-%20Triggering%20Resource%20Revisions%20Draft%20v7%20(Redline)_Updated.pdf. The NYISO plans to post a final version of the updated process document to its website following Operating Committee approval of the final LCR study results for the 2026-2027 Capability Year.

New York ISO

days/year and the LOLE that results from the adjusted database corresponding to the approved IRM. The adjusted database corresponding to the NYSRC approved 24.5% IRM while setting the preliminary locational requirements equal to the applicable TSL floor values for all three Localities resulted in the target LOLE for this year's LCR study of 0.091 event-days/year.[6]

IV. Changes from the 2025-2026 Capability Year

The 2026-2027 IRM study included several impactful modeling changes compared to the 2025-2026 IRM study. The 2026-2027 IRM study implemented winter fuel availability constraints which reflect reduced available capacity during the peak winter period for certain fossil fuel generators located in Load Zones F-K. The 2026-2027 IRM study also included the modeling of CHPE as summer only resource. As a result of such updates, the 2026-2027 IRM study starts to capture winter reliability risks. Several major assumptions changes are also included in the 2026-2027 IRM study, such as: (1) changing the limitation for voluntary curtailments from three calls per year to three calls per month, and (2) modeling of Distributed Energy Resources (DERs) based on the anticipated transition of certain resources from the Special Case Resource (SCR) program and Demand Side Ancillary Services Program (DSASP).[7]

In addition to the changes in the IRM study final base case for the 2026–2027 Capability Year, to provide for improved alignment with the assessment and assumptions used in the planning studies, two methodology changes were implemented for calculating the TSL floor values used in the LCR study. The updated calculation utilizes non-coincident peak load forecasts to establish Locality Unforced Capacity (UCAP) requirements, and transmission related outages (i.e., 9300 code events) are not excluded from the Locality-specific five-year derating factors values used for UCAP to ICAP conversions.[8] Both changes are consistent with the assumptions used to determine the transmission security based reliability needs identified in the NYISO's Short-Term Assessment of Reliability (STAR) for Q3 2025.

[6] 2026-2027 IRM Study Database Alignment Report:
https://www.nysrc.org/wp-content/uploads/2026/01/2026-2027-IRM-Study-Database-Alignment-Report.pdf
[7] 2026-2027 IRM Study Final Base Case Model Assumptions Matrix:
https://www.nysrc.org/wp-content/uploads/2025/11/2026-2027-IRM-FBC-Assumptions-Matrix-ICS-11052025.pdf
[8] 2026-2027 Transmission Security Limit Floor Values Calculation:
https://www.nyiso.com/documents/20142/55276151/04 Update%20to%202026-2027%20TSL%20Floor%20Methodology%20-%2011202025%20ICAPWG%20Draft.pdf

New York ISO

V. LCR Determination Process

The LCR calculation methodology utilizes an economic optimization algorithm to minimize the total cost of capacity for the NYCA, taking into account net CONE curves as shown in the table below. Such net CONE curves account for the applicable net Energy and Ancillary Services revenue offset values for each capacity region and incorporate information from the annual update to determine the ICAP Demand Curves applicable for the 2026-2027 Capability Year.

Location (Peaking Plant Size)	LCR (%)	2026 - 2027 Final Net CONE Curves ($/kw-yr)
NYCA (200 MW)	110.0	56.67
	113.0	57.05
	116.0	56.86
	119.0	57.27
	125.0	58.30
	128.0	58.89
G - J (200 MW)	69.0	41.74
	72.0	46.07
	75.0	50.25
	78.0	53.20
	84.0	56.79
	87.0	58.54
Zone J (200 MW)	68.4	125.86
	71.4	130.98
	74.4	135.93
	77.4	140.06
	83.4	145.09
	86.4	146.87
Zone K (200 MW)	93.3	36.88
	96.3	42.55
	99.3	47.85
	102.3	52.19
	108.3	57.80
	111.3	59.80

New York ISO

Using LCR study methodology, the NYSRC's LOLE resource adequacy standard will be met while utilizing the NYSRC-approved IRM and maintaining capacity requirements greater than or equal to the applicable TSL floor values, as shown in the table below.

Transmission Security Limit	G-J	NYC		LI	Notes
		CHPE In	CHPE Out		
Non-Coincident Load Forecast (MW)	15,305	11,089	11,089	5,128	[1]
Bulk Power Transmission Limit (MW)	4,525	2,475	2,875	275	[2]
Net Flow Adjustment (MW)*	275	0	0	0	[3]
Offshore Wind (MW)	0	0	0	37.2	[4]
UCAP Requirement (MW)	11,055	8,614	8,214	4,890	
UCAP Requirement Floor	72.20%	77.70%	74.10%	95.40%	
5-Year DF, Current	8.58%	5.67%	5.67%	13.21%	[5]
Special Case Resources (MW)	526.9	453	453	23.1	[6]
ICAP Requirement (MW)	12,619.40	9,584.80	9,160.70	5,657.60	
ICAP Requirement Floor (%)	82.50%	86.40%	82.60%	110.30%	

[1] 2026 Fall Load Forecast[9]
[2] 2026-2027 Locality Bulk Power Transmission Capability Report[10]
[3] Long Island Bulk Power Transmission Limit Adjustment
[4] Difference in Resource Adequacy and Transmission Security UCAP Valuation
[5] 5-Year Derating Factor reflecting generation mix in the 2026-2027 IRM Final Base Case
[6] The SCR MW value reflects the assumptions used for the 2026–2027 IRM Final Base Case[11]

When CHPE is in service, it becomes the "largest single resource" under the transfer limit analysis for Load Zone J, which raises the TSL floor value for Load Zone J compared with the CHPE-Out case. For the 2026–2027 LCR study, the binding TSL floor values for Load Zone J are 86.4% (CHPE-In) and 82.6% (CHPE-Out).

VI. Summary of Study

The calculations and analysis in this study use the NYISO process for setting the LCRs, with the NYSRC-approved statewide IRM of 24.5% for the 2026-2027 Capability Year. For 2026-2027, the LCR study also applies the Triggering Resource rules due to the identification of CHPE as a Triggering

[9] NYSRC 2026-2027 Fall Forecast Update:
https://www.nysrc.org/wp-content/uploads/2025/09/2026_IRM_Forecast_ICS_V2.pdf
[10] 2026-2027 Locality Bulk Power Transmission Report:
https://www.nyiso.com/documents/20142/53789919/2026%20Locality%20Bulk%20Power%20Transmission%20Capability%20Report.pdf
[11] 2026-2027 IRM Study Final Base Case Model Assumptions Matrix (see Attachment F):
https://www.nysrc.org/wp-content/uploads/2025/11/2026-2027-IRM-FBC-Assumptions-Matrix-ICS-11052025.pdf

New York ISO

Resource for the 2026-2027 Capability Year.

Based on the NYSRC-approved IRM of 24.5% and the final 2026–2027 IRM study alignment case, the applicable LOLE criterion is met with the TSL floor values binding in all Localities. For the CHPE-In case, the LCRs are 86.4% for New York City, 110.3% for Long Island, and 82.5% for the G-J Locality. For the CHPE-Out case, the LCRs are 82.6% for New York City, 110.3% for Long Island, and 82.5% for the G-J Locality. The applicable set of LCRs for each Obligation Procurement Period of the 2026-2027 Capability Year shall be determined in accordance with Section 5.11.7.1 of the Services Tariff.

Appendix B: LCR Determination Process

Locational Minimum Installed Capacity Requirements Determination Process

1. Introduction

1.1. This document describes the process that NYISO follows to determine the Locational Minimum Installed Capacity Requirements (LCRs) for the Localities, presently Load Zone J – New York City (NYC), Load Zone K – Long Island (LI), and the G-J Locality (Load Zones G, H, I, and J).[1]

2. Initial Conditions

2.1. The NYISO shall identify whether the upcoming Capability Year includes a Triggering Resource (as defined in Section 2.20 of the Services Tariff) prior to determining the LCRs for such Capability Year.

2.1.1. If the NYISO has identified that a Triggering Resource exists for the upcoming Capability Year, the NYISO shall determine two sets of LCRs for such Capability Year. The starting database for one set of LCRs shall be determined using the case resulting from the installed reserve margin (IRM) approved by the New York State Reliability Council (NYSRC) for such Capability Year. The starting database for the second set of LCRs shall be determined using the case resulting from the IRM approved by the NYSRC for such Capability Year except that the operational status of the Triggering Resource in the alternative case shall be the opposite of the operating status assumed in the case resulting from the IRM approved by the NYSRC. For example, if the case resulting from the IRM approved by the NYSRC modeled the Triggering Resource as in-service, the alternative case would model the Triggering Resource as out-of-service. The alternative case modifies only the operating status of the Triggering Resource; the operating status of all other resources will remain unchanged from the assumptions modeled in the case resulting from the IRM approved by the NYSRC. For a Capability Year that does not include a Triggering Resource, the NYISO will determine only one set of LCRs. The starting database for the LCRs will be the case resulting from the IRM approved by the NYSRC for the upcoming Capability Year.

[1] Capitalized terms not defined herein shall have the meaning set forth in the NYISO Market Administration and Control Area Services Tariff (Services Tariff).

2.2. For all LCR determinations, the NYISO must satisfy the requirement of a Loss of Load Expectation (LOLE) that is the lesser of: (a) 0.100 event-days/year, and (b) the LOLE that results from the NYSRC Installed Capacity Subcommittee's adjustment to the IRM database representing the IRM approved by the NYSRC (specified with three decimal point precision). This LOLE is referred to as the "target LOLE." For all LCR determinations, model runs occur with the applicable NYCA Minimum Installed Capacity Requirement set using the IRM approved by the NYSRC.

2.3. For all LCR determinations, the NYISO will utilize LCR economic optimization software ("LCR software"), constructed as follows:

$$Minimize:$$

$$Cost\ of\ Capacity\ Procurement = [Q_J + LOE_J] \times P_J(Q_J + LOE_J) + [Q_K + LOE_K] \times P_K(Q_K + LOE_K)$$

$$+[Q_{(G-J)} + LOE_{(G-J)} - Q_J - LOE_J] \times P_{(G-J)}(Q_{(G-J)} + LOE_{(G-J)})$$

$$+[Q_{NYCA} + LOE_{NYCA} - Q_{(G-J)} - LOE_{(G-J)} - Q_K - LOE_K] \times P_{NYCA}(Q_{NYCA} + LOE_{NYCA})$$

$$Subject\ to:$$

$$NYCA\ system\ LOLE \leq target\ LOLE$$

$$Q_{NYCA} = NYCA\ system\ peak\ load\ forecast \times (1 + NYSRC\ approved\ IRM)$$

$$Q_J \geq Q_{TSL(J)}$$

$$Q_K \geq Q_{TSL(K)}$$

$$Q_{(G-J)} \geq Q_{TSL(G-J)}$$

Wherein

$Q_J, Q_K, Q_{(G-J)}$ are the quantity of capacity, expressed in megawatts, required in J Locality, K Locality, and G-J Locality, respectively, which is the product of the Locality's non-coincident peak load forecast and the corresponding LCR values.

$Q_{TSL(J)}, Q_{TSL(K)}, Q_{TSL(G-J)}$ are the quantity of LCR floor restriction, expressed in megawatts, due to the transmission security limit for J Locality, K Locality, and G-J Locality, respectively.

Q_{NYCA} is the quantity of capacity, expressed in megawatts, required for NYCA, which is the product of NYCA system peak load forecast and the value of (1 + NYSRC approved IRM).

$LOE_J, LOE_K, LOE_{(G-J)}, LOE_{NYCA}$ are the quantity of level of excess condition, expressed in megawatts, for J Locality, K Locality, G-J Locality, and NYCA, respectively.

$P_J(Q_J + LOE_J), P_K(Q_K + LOE_K), P_{G-J}(Q_{(G-J)} + LOE_{(G-J)}), P_{NYCA}(Q_{NYCA} + LOE_{NYCA})$ are the price of capacity for the given quantity of capacity in J Locality, K Locality, G-J Locality, and NYCA, respectively (noting that the ICAP Demand Curve reset process calculates Net CONE at the level of excess condition).

2.3.1. These equations are used to determine LCRs such that the cost of capacity is minimized, while at the same time holding unchanged the NYSRC approved IRM,

maintaining an LOLE of less than or equal to the target LOLE, and maintaining capacity requirements greater than or equal to the applicable transmission security limit (TSL) floor values.

2.3.2. The additional tables used to run the optimizer are appended to the applicable IRM database(s) referenced in Section 2.1.1. The data and zonal capacity shifting specified in these tables will be consistent with those present in the final IRM database except for a Capability Year with a Triggering Resource. For a Capability Year with a Triggering Resource, the NYISO will also develop an alternative case reflecting the opposite operating status for the Triggering Resource than what was modeled in the case resulting from the IRM approved by the NYSRC. This alternative case will be used to develop a second set of LCRs as described in Section 2.1.1

2.3.3. For all LCR determinations, when identifying the price of capacity at the level of excess prescribed in Section 5.11.4(a) of the Services Tariff, cost curves established (a) in an ICAP Demand Curve reset filing year will use the results of net Energy and Ancillary Services revenues determined in the quadrennial ICAP Demand Curve tariff processes and (b) in ICAP Demand Curve annual update years, all points on each cost curve will be determined by changing each point on the current Capability Year's cost curve to reflect the difference between the upcoming Capability Year's net cost of new entry (Net CONE) value and the current Capability Year's Net CONE value.

2.3.4. For all LCR determinations, TSL floor values are determined based on the applicable modeled system for the Capability Year. The NYISO will present the TSL floor value calculation methodology and results to stakeholders as part of the LCR study process. The equations and inputs for calculating the TSL floor values based on the methodology used for the 2026-2027 Capability Year are included in Table 1 below. For a Capability Year that includes a Triggering Resource, the NYISO will provide TSL floor values for each of the two sets of LCRs required to be developed (see Section 2.1.1).

2.3.4.1. For all LCR determinations, the NYISO conducts a Bulk Power Transmission Limit study based on expected system conditions for the Capability Year, as an input to the TSL floor values calculation. The NYISO will present the Bulk Power Transmission Limit study to stakeholders as part of the LCR study process. For a Capability Year that includes a Triggering Resource, the Bulk Power Transmission Limit study will

provide limits accounting for the different potential operating status assumption for the Triggering Resource as described in Section 2.1.1.

Table 1: Inputs and Equations for the 2026-2027 Capability Year TSL Floor Values

Transmission Security Limit Calculation	Units	Formula	G-J Locality	NYC	LI
Non-Coincident Load Forecast	MW	[A] = Given			
Bulk Power Transmission Limit	MW	[B] = Studied			
Net Flow Adjustment	MW	[N] = Study Assumption			
Offshore Wind UCAP Adjustment	MW	[O] = Calculated			
UCAP Requirement	MW	[C] = [A]-[B]+[N]+[O]			
UCAP Requirement Floor	(%)	[D] = [C]/[A]			
5-Year Derating Factor	(%)	[E] = Calculated			
Special Case Resources	MW	[F] = IRM Study Assumption			
ICAP Requirement	MW	[G] = ([C]/(1-[E])) +[F]			
Transmission Security Limit Floor	%	[H] = [G]/[A]			

2.4. The NYISO will present to stakeholders informational draft LCRs and accompanying preliminary input information, as available (such as the IRM Load forecast, bulk power transmission capability, derating factors, TSL floor values, and Net CONE curves), in the 4th quarter of the calendar year. This presentation will include discussion of the factors causing year-over-year changes in LCRs. For a Capability Year that includes a Triggering Resource, the NYISO will provide such information for each of the two sets of LCRs required to be developed (see Section 2.1.1).

3. LCR Case Adjustments

3.1. For all LCR determinations, the target LOLE cannot be exceeded.

3.2. The NYISO will identify any material capability changes.

3.2.1. Material capability changes, as used in this process, means individual changes that would increase or decrease generation, CRIS MW, or transmission transfer capability by 200 MW or greater; provided, however, that the changes to the assumed operating status of the Triggering Resource in establishing an alternative case as

described in Section 2.1.1 shall not constitute a "material capability change" for purposes of this Section 3.2.

3.2.2. Notify the NYSRC of any material capability changes.

3.2.3. If the NYSRC chooses to adopt the material capability change for the IRM, the same update will be made in the assumptions used by the NYISO to calculate the LCRs.

4. Determination of the Final LCR Values

4.1. Using the final LCR case, Net CONE curves, and TSL floor values, run the LCR software to determine unrounded LCRs. For a Capability Year that includes a Triggering Resource, the NYISO will determine two sets of LCRs as described in Section 2.1.1.

4.2. The LCR software returns results with multiple decimal point precision (i.e., unrounded LCRs). LCRs are set in 0.1 percentage point increments in order to be converted to Locational Minimum Unforced Capacity Values allocated to LSEs and implemented in the ICAP Automated Market System (AMS). Therefore, in order to set the LCR values, there may be a need to round those values up or down to the neighboring 0.1 percentage point.

4.3. If rounding is utilized, the NYISO will test these resulting values by running the GE Multi-Area Reliability Simulation software program (MARS) model and verifying the LOLE achieves the target LOLE value.

4.4. If necessary to achieve the target LOLE, the NYISO will adjust the LCR values in 0.1 percentage point increments. For such adjustments, the NYISO will first adjust Localities whose LCRs were rounded downward in Section 4.2 above (e.g., a Locality whose LCR was rounded downward from 90.14% to 90.1%).

4.5. The NYISO will present the resulting LCRs to the NYISO Operating Committee. For a Capability Year that includes a Triggering Resource, the NYISO will determine and present two sets of LCRs as described in Section 2.1.1.

4.6. The NYISO will post to its website the final LCRs, LCR report, TSL floor values, Net CONE curves, and other applicable supporting data for the upcoming Capability Year. For a Capability Year that includes a Triggering Resource, the NYISO will determine and present two sets of LCRs as described in Section 2.1.1.and will provide such information for each of the two sets of LCRs required to be developed (see Section 2.1.1).