Hodgson Russ LLP ATTORNEYS

NYISO REPORT IDENTIFIES A RELIABILITY NEED BEGINNING IN 2025

Hodgson Russ Renewable Energy Alert
August 8, 2023

The New York Independent System Operator (NYISO) issued its Quarter 2 Short-Term Assessment of Reliability (STAR) report on July 14, 2023, which identified the potential for electricity supply shortfalls in New York City (NYC) beginning in the summer of 2025. The deficiency could be as great as 446 megawatts (MW) on a 95 degree day, and would be significantly worse at temperatures of 98 degrees or higher. These shortfalls could lead to NYC blackouts for extended periods of time on days when electricity demands are at their highest. A 446 MW deficiency on a 95 degree day could last for up to nine hours.

The assessment covers a study period from April 15, 2023, through April 15, 2028, and considers "peak power demand, planned upgrades to the transmission system, and changes to the generation mix over the next five years." The expected deficiency is primarily driven by an increase in electricity demand and a decrease in the availability of "peakers," which act as backup generators to supply electricity during periods of high demand.

In 2019, the New York State Department of Environmental Conservation (DEC) took steps to limit nitrogen oxide (NOx) emissions and adopted the "Peaker Rule." This resulted in 1,027 MW of affected peakers being deactivated or limited as of May 1, 2023, and 590 MW of peakers expected to become unavailable by May of 2025.

The Champlain Hudson Power Express (CHPE) connection from Hydro Quebec to NYC, which is scheduled to enter service in the spring of 2026, is expected to improve the reliability need. However, if this project experiences significant delay or if demand exceeds expectations, the reliability deficiency could persist for the ten-year planning horizon. Moreover, the CHPE facility is not expected to provide any capacity in the winter.

The NYISO is not solely relying on the CHPE as a solution. The expected reliability need in 2025 is a Near-Term Reliability Need, which means that solutions will be created through NYISO's Short-Term Reliability Process. Because the need is in the Con Edison Transmission District, Con Edison is the Responsible Transmission Owner and must propose solutions to the NYISO. Beginning in August 2023, the NYISO will request proposals from Con Edison and other developers. Thereafter, the review process is expected to last from October through November. If it finds that the proposals are unlikely to meet the short-term need, the NYISO will submit a

Attorneys

John Dax
Charles Malcomb
Daniel Spitzer
Evan Anderson
Christine Bonaguide
Matthew Cameron
Brandon Cottrell
Emanuela (Amy) D'Ambrogio
Krystal Daniels
Collin Doane
Joseph Endres
Andrea Gervais
Michael Hecker
Elizabeth Holden
Alicia Legland
Rosellen Marohn
William McLaughlin
Paul Meosky
Chelsea Reinhardt
Joseph Reynolds
Robert Sands III
Aaron Saykin
Alicia Stoklosa
Jeffrey Stravino
Brianne Szopinski
William Turkovich
Sujata Yalamanchili
John Zak
Henry Zomerfeld

Practices & Industries

Renewable Energy

letter to the New York DEC indicating which peakers will be needed in the interim.

Hodgson Russ Insights: As Local Law 97 and similar City and State mandates press the electrification of the energy grid, expect the capacity gap to grow; New York needs affirmative steps at increasing storage capacity and reducing transmission bottlenecks. For example, passing Senator Kevin Parker's sales tax relief bill for energy storage facilities, putting storage facilities on the same level as wind and solar, would significantly reduce costs. Adding energy storage to the mandatory Real Property Tax Law §'s 575-b model would reduce cost uncertainty. Permitting energy storage companies to use the ORES licensing process for larger projects would similarly reduce cost uncertainty and encourage investment. Further streamlining transmission permitting would allow greater flow from out-of-City renewable resources into the City.

For more information, contact **John Dax** (518-433-2414), **Charles Malcomb** (716-848-1261), **Daniel Spitzer** (716-8481420) or any member of the **Hodgson Russ Renewable Energy Practice**.

Disclaimer: