UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc. Docket No. ER26-2987-000

COMMENTS OF THE INSTITUTE FOR POLICY INTEGRITY AT NEW YORK UNIVERSITY SCHOOL OF LAW ON NEW YORK INDEPENDENT SYSTEM OPERATOR'S FERC ORDER 1920 COMPLIANCE FILING

The Institute for Policy Integrity at New York University School of Law (Policy Integrity)[1] respectfully submits the following comments to the Federal Energy Regulatory Commission (FERC) regarding New York Independent System Operator, Inc. (NYISO)'s Order 1920 compliance filing.[2] Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy.

On June 29, 2026, NYISO filed proposed revisions to its Open Access Transmission Tariff (Tariff) to comply with Order 1920.[3] FERC should request that NYISO further clarify how its proposed tariff complies with Order 1920 when NYISO's models assume resource adequacy for the 20-year transmission planning time horizon.

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[1] This document does not purport to present the views, if any, of New York University School of Law.
[2] New York Independent System Operator, Inc.'s Compliance Filing for Order Nos. 1920, 1920-A, and 1920-B; Conditional Request for Prospective Waivers; and Request for Extended Comment Period; Docket No. ER26-2987-000, Accn. No. 20260629-5142 (filed June 29, 2026) (hereinafter, Tariff Filing). These comments refer to *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, Order No. 1920, 187 FERC ¶ 61,068, at P 1 (2024) (hereinafter, Order 1920), and FERC's subsequent orders on rehearing and clarification in Docket No. RM21-17-000 et al., collectively, as Order 1920.
[3] *See generally* Tariff Filing, *supra* n. 2.

I. Background

A. Order 1920 requires transmission providers to conduct long-term, holistic transmission planning.

FERC issued Order 1920 to improve regional electric transmission planning and cost allocation.[4] The Commission found that existing regional transmission planning and cost allocation processes were unjust, unreasonable, and unduly discriminatory or preferential because they did not require transmission providers to: (1) perform a sufficiently long-term assessment of transmission needs; (2) adequately account on a forward-looking basis for known determinants of long-term transmission needs; or (3) consider the broader set of benefits of regional transmission facilities planned to meet those long-term transmission needs.[5] To remedy these deficiencies, Order 1920 established new requirements for how transmission providers must conduct long-term regional transmission planning, including, among other provisions, requirements for transmission providers to conduct long-term scenario planning and to holistically evaluate the benefits of long-term transmission facilities.[6]

B. NYISO's proposed tariff assumes resource adequacy for the full 20-year transmission planning horizon.

NYISO proposes to comply with Order 1920 by building on its existing economic transmission planning process, which identifies economic-related transmission needs on a 20-year horizon.[7] In this process, NYISO uses a tool called the System & Resource Outlook (the Outlook) to identify long-term transmission needs.[8] NYISO proposes to comply with Order 1920 by adapting the Outlook to incorporate the seven categories of transmission drivers Order 1920

[4] Order 1920, *supra* n. 2, P 1.
[5] *Id*.
[6] *Id*. at PP 2-3.
[7] Tariff Filing, *supra* n. 2, 2.
[8] *Id*. at 22-23.

requires it to consider when building long-term scenarios and identifying long-term transmission needs.[9] The Outlook incorporates reliability constraints by assuming that NYISO's capacity market will meet NYISO's resource adequacy target, which is 110% of peak load.[10] Once NYISO identifies long-term transmission needs, the New York Public Service Commission (NYPSC) will review them. If NYPSC selects one of these transmission needs, NYISO will put out a call for developers to submit a proposal to meet the need.[11] Once NYISO receives proposals from developers, it will conduct a cost-benefit analysis based on the seven categories of benefits mandated by Order 1920.[12]

II. NYISO's proposed tariff is inconsistent with the goals of Order 1920 and may result in unjust and unreasonable rates.

NYISO proposes to adapt the Outlook, its 20-year economic planning tool, to comply with Order 1920's requirements for long-term transmission planning. But because the Outlook assumes that generation or storage resources will meet all resource adequacy needs, it can never identify opportunities for transmission facilities to meet reliability needs.[13] This is not "consistent with or superior to" Order 1920's requirements.[14] First, this approach is inconsistent with Order 1920 because it is likely to result in the same piecemeal, short-term transmission planning that FERC designed Order 1920 to resolve. Second, NYISO's failure to consider ways

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[9] *Id*. at 22; Attachment V Redline OATT Attachment Y § 31.6.5.2.2.3.

[10] New York Independent System Operator, Inc., 2025-2044 SYSTEM & RESOURCE OUTLOOK APPENDIX D: MODELING & METHODOLOGIES 29 (July 2026) https://perma.cc/KE8F-HV4L (hereinafter, Outlook Modeling Appendix). It appears that the Outlook uses the terms "reliability" and "resource adequacy" somewhat interchangeably.

[11] NYISO operates under the sponsorship model for transmission development. Instead of identifying a transmission project and soliciting bids for who can build it at least cost, NYISO will identify a need, and developers have discretion to submit their own proposals for transmission facilities that they believe will best meet that need. Tariff Filing, *supra* n. 2, 13-14.

[12] Tariff Filing, *supra* n. 2, 23-24.

[13] Outlook Modeling Appendix, *supra* n. 10, 29.

[14] Order 1920, *supra* n. 2, P 1686 ("transmission providers may propose compliance approaches that are consistent with or superior to these requirements").

in which transmission infrastructure may serve reliability needs is likely to result in unjust and unreasonable rates because it will impose unnecessary grid expansion costs on ratepayers. Third, it is not unduly burdensome for NYISO to consider opportunities for transmission facilities to address reliability needs. Accordingly, FERC should request that NYISO clarify that it will update its Outlook methodology so that the Outlook identifies opportunities for transmission to serve reliability needs.

A. NYISO's proposed tariff is inconsistent with the goals of Order 1920.

NYISO's proposed tariff is inconsistent with the goals of Order 1920 because the Outlook fails to account for circumstances in which transmission can serve reliability needs, and would thus result in the same reactive, piecemeal, and short-term transmission buildout that FERC designed Order 1920 to resolve in the first place.

NYISO has built the Outlook to incorporate reliability constraints over a 20-year time horizon, but NYISO implements those constraints by assuming that the capacity market will drive enough generation and/or storage to meet a reserve margin goal of 110% in light of future predicted demand.[15] Those capacity resources may also require transmission upgrades which are unaccounted for in the current framework.[16] Similarly, the Outlook does not allow for new transmission to serve local reliability needs, such as for requirements specific to New York City.[17] If the Outlook can never identify ways in which transmission can serve reliability needs, it will not account for the fact that new transmission and new generation or storage can act as functional substitutes.[18] Sometimes it is more efficient to serve demand growth by building new

[15] Outlook Modeling Appendix, *supra* n. 10, 29.
[16] *See generally id*.
[17] *See id*. at 7.
[18] *See id*. at 16 ("the capacity expansion model optimally selects new *generation* to expand the system and selects existing generation to retire when the model determines that it is no longer economic to maintain.") (emphasis added); *see also* Maya Domeshek, Christoph Graf & Burçin Ünel, INST. FOR POL'Y INTEGRITY, *Coordinated vs.*

transmission than it is to build new generation or storage.[19] If the Outlook does not account for this substitutability, it will not identify a grid expansion need that is based on the most cost-effective mix of generation, storage, and transmission investment.

Under the proposed tariff, NYISO would apply a capacity expansion model to predict where new generation and storage will come online to serve new demand, and identify where the grid needs new transmission to serve these new sources of supply.[20] This is the current status quo: piecemeal, transmission expansion processes driven by the short-term needs of the interconnection queue that FERC flagged as a remaining concern not resolved by Order 2023, and that prompted FERC to issue Order 1920.[21] NYISO's approach would result in planning for smaller, more local transmission projects to serve many individual generators which NYISO would assume to be spread out across the planning zones.[22] And each of these anticipated generators would require new transmission lines or upgrades to connect to the network. As a result, NYISO will not realize the full benefits of long-term planning as required under Order 1920, which would have substantially improved investment efficiency and prevented inefficient transmission investment if NYISO had properly designed the process to consider the reliability benefits of transmission.[23] NYISO's approach stands in stark contrast, for example, to Southwest Power Pool Inc.'s Consolidated Planning Process (CPP) proposal, which attempts to avoid this

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Sequential Transmission Planning 2 (Sept. 2025), https://perma.cc/P5V7-28MV (hereinafter, Co-optimization Study) (demonstrating how transmission and new generation or storage can be functional substitutes).

[19] Co-optimization Study, *supra* n. 18, 2.

[20] Outlook Modeling Appendix, *supra* n. 10, 2.

[21] Order 1920, *supra* n. 2, P 48 ("The Commission stated that it was concerned that the absence of sufficiently long-term, forward-looking, comprehensive transmission planning processes appears to be resulting in piecemeal transmission expansion to address relatively near-term transmission needs"); *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054, P 1743 (2023).

[22] Co-optimization Study, *supra* n. 18, 2; Natalie Friedberg, Jennifer Danis & Christoph Graf, INST. FOR POL'Y INTEGRITY, CO-OPTIMIZED MODELS FOR TRANSMISSION PLANNING 6 (May 2026) https://perma.cc/AUG6-ZNLT (hereinafter, Co-optimization Brief).

[23] *See* Co-optimization Study, *supra* n. 18, 2.

problem by signaling to generators where they can most cost-effectively interconnect to planned large-scale transmission facilities.[24]

NYISO's failure to propose updating the Outlook to fully capture the reliability benefits of transmission is inconsistent with the goals of Order 1920. In Order 1920, FERC found that existing requirements for transmission planning were unjust and unreasonable because transmission providers' failure to adequately "plan for future system conditions" resulted in customers paying "more than necessary or appropriate to meet their transmission needs."[25] NYISO's failure to consider transmission, generation, and storage as functional substitutes would perpetuate poor planning practices by incorporating assumptions that result in piecemeal transmission buildout. In turn, NYISO's customers would pay more than necessary or appropriate for transmission, the exact problem that Order 1920 was designed to avoid. To this end, FERC should request that NYISO clarify that it will update the Outlook to consider the role that proactive transmission planning can play in delivering cost-effective grid expansion.

B. NYISO's proposed tariff may result in unjust and unreasonable rates.

NYISO's proposed tariff may result in unjust and unreasonable rates if NYISO does not update the Outlook to consider new transmission as an alternative to new generation or storage in meeting resource adequacy needs. As discussed in the previous section, if the Outlook does not allow for identify this type of transmission need, it will likely result in the same reactive, piecemeal, and near-term transmission buildout that FERC designed Order 1920 to resolve.

This approach may result in unjust and unreasonable rates because ratepayers will have to bear the cost of overinvestment in transmission that is not actually necessary to meet resource

[24] *Southwest Power Pool, Inc.*, 194 FERC ¶ 61,192, PP 45-46 (2026).
[25] Order 1920, *supra* n. 2, P 85.

adequacy and reliability needs.[26] Policy Integrity's case study of the PJM region illustrates how failing to consider transmission, generation, and storage as functional substitutes could result in billions of dollars of transmission overinvestment over 20 years.[27] This finding suggests that NYISO is also likely to see significant benefits from updating the Outlook to identify reliability-related transmission needs. Foregoing such a significant opportunity for cost savings may lead to unjust and unreasonable rates because it would increase the likelihood that NYISO fails to identify opportunities to build cost-effective transmission projects, which would increase transmission costs without resulting in any corresponding benefits for ratepayers.[28] To avoid this outcome, FERC should request that NYISO clarify that it will adjust the Outlook to identify opportunities in which transmission can cost-effectively serve reliability needs.

C. It is not unduly burdensome for NYISO to identify opportunities for transmission to serve reliability needs.

It is not unduly burdensome for NYISO to consider ways in which transmission can serve reliability needs. NYISO can accomplish this by incorporating elements of co-optimized modeling into its planning process. Co-optimization is a transmission needs forecasting method which accounts for the interdependencies between transmission, generation, and storage. When determining future transmission needs, currently planners typically seek to minimize only the cost of transmission given an assumed, exogenous future energy supply (i.e., the sequential model). In contrast, the co-optimization model seeks to simultaneously minimize generation, storage, and transmission investment costs, along with their operational costs.[29]

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[26] 16 U.S.C. § 824d(a).
[27] Co-optimization Study, *supra* n. 18, 2; Co-optimization Brief, *supra* n. 22, 6.
[28] Co-optimization Brief, *supra* n. 22, 6. Co-optimization does not intrude on state jurisdiction because modeling data is predictive and does not direct states or developers to build generation or storage in any particular place or under any particular conditions. To the extent that using the co-optimization model may affect where developers choose to build generation facilities, this is equally true of any model that predicts transmission needs. *See id*. at 9.
[29] *Id.*

New York State already uses co-optimized modeling to develop the State Energy Plan, and the Coordinated Grid Planning Working Group, which operates within the New York Department of Public Service, also uses co-optimization in its planning forecasts.[30] Fully implementing co-optimized modeling to support Order 1920 planning processes would result in the greatest cost-savings and would likely improve coordination between NYISO and state regulatory bodies. But NYISO can also benefit from partially implementing the co-optimization approach.[31] For example, NYISO could still experience cost savings if it were to maintain its current sequential modeling approach but include and examine one co-optimized scenario as a guardrail against inefficient transmission investment. Even this incremental approach of layering a co-optimized scenario onto NYISO's existing process would likely result in substantial cost savings for NYISO ratepayers. Developing a co-optimized counterfactual scenario that reveals the optimal mix of future generation, storage, and transmission investments would mitigate the risk that short-term, piecemeal transmission investments will result in unjust and unreasonable rates.

III. Conclusion

To ensure that NYISO's rates are just and reasonable, FERC should request that NYISO clarify that it will update its Outlook methodology to account for the fact that transmission, generation, and storage can act as functional substitutes to meet demand and serve resource adequacy goals.

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[30] New York State Energy Plan - Volume II Pathways Analysis, A-6 (2025) https://perma.cc/6L32-XG4P; June 3 Joint Utilities Filing, CORRECTED Appendices for the Coordinated Grid Planning Process: Cycle 1 Report Appendix A, 10 (filed June 3, 2026) https://perma.cc/AJF4-2Y3C.

[31] Aaron Schwartz and Nicholas Oberski, GRIDLAB, MODELING FOR COORDINATED RESOURCE & TRANSMISSION PLANNING (Mar. 2026) https://perma.cc/B49G-4X5J.