

149 FERC ¶ 61,020  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;  
Philip D. Moeller, Tony Clark,  
and Norman C. Bay.

New York Independent System Operator, Inc.

Docket No. ER14-2623-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued October 8, 2014)

1. On August 8, 2014, the New York Independent System Operator, Inc. (NYISO) submitted, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> proposed amendments to the NYISO Open Access Transmission Tariff (OATT) and Market Administration and Control Area Services Tariff (Services Tariff) to reflect the elimination of Non-Firm Point-To-Point Transmission Service for external transactions as well as to remove a provision regarding Real-Time Bid Production Cost Guarantee payments to conform to an earlier Commission order.<sup>2</sup> As discussed below, we accept NYISO's proposed tariff revisions, to be effective October 9, 2014, as requested.

**I. Background**

2. NYISO explains that it has offered Non-Firm Point-To-Point Transmission Service as a scheduling option for external transactions since the inception of NYISO in 1999. NYISO further states that this service has not been offered for internal transactions since March 2011.<sup>3</sup> NYISO explains that Non-Firm Point-To-Point Transmission Service is used by transmission customers who are not willing to pay for congestion. The service is offered as an hourly service when there is no congestion between the point(s) of receipt and the point(s) of delivery. It states that, in all instances, Non-Firm Point-To-Point Transmission Service has a lower priority than Firm Point-To-Point Transmission Service.

3. NYISO also explains that it is implementing 15-minute scheduling at most of its Proxy Generator Buses<sup>4</sup> and is designing a Coordinated Transaction Scheduling (CTS)

<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> See appendix for eTariff links for the revised tariff sections.

<sup>3</sup> August 8, 2014 Filing at n.3 (citing *New York Indep. Sys. Operator, Inc.*, Docket No. ER11-2459-000 (Feb. 10, 2011) (delegated letter order)).

platform for use at certain Proxy Generator Buses.<sup>5</sup> NYISO further states that, as a part of CTS implementation, it is establishing intra-hour schedules 15 minutes closer to actual, real-time operations as well as to allow customers to vary megawatt quantities and offer prices for each quarter of an hour. NYISO explains that these implementations will improve accuracy and efficiency of cross-border scheduling decisions and market outcomes because those decisions will reflect updated system conditions.

## **II. NYISO's Filing**

4. In the instant filing, NYISO proposes to eliminate Non-Firm Point-To-Point Transmission Service for external transactions on the basis that it is inconsistent with 15-minute scheduling, it is incompatible with CTS market design with ISO-NE, and it is a service that is used only rarely and only in inconsequential amounts.<sup>6</sup> NYISO states that 15-minute scheduling offers customers a settlement that more closely links their actual schedules and settlements with their bids and offers and expands the pool of resources available to NYISO, improving transmission utilization and reducing uncertainties with forward-looking scheduling horizons. NYISO argues that, in contrast, Non-Firm Point-To-Point Transmission Service for external transactions does not allow varying megawatt quantities and prices for each quarter of an hour. It asserts that neither does the service allow customers to submit an offer price that includes congestion costs because customers do not have the ability to submit an offer price when submitting a transaction. NYISO states that implementation of 15-minute scheduling will provide customers with flexibility to better manage their scheduling requirements through the submission of both offer prices and offer megawatts that may be different every quarter of an hour. Therefore, NYISO states that this bidding flexibility allows customers to

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<sup>4</sup> Proxy Generator Buses represent the locations where interchange between the New York Control Area (NYCA) and neighboring Control Areas are scheduled. A Proxy Generator Bus is a proxy bus located outside NYCA that is selected by NYISO to represent a typical bus in an adjacent Control Area for which Locational Based Marginal Prices are calculated. *See Services Tariff* § 2.16.

<sup>5</sup> Coordinated Transaction Scheduling is a set of real-time market rules that NYISO is developing with ISO New England Inc. (ISO-NE) and PJM Interconnection, L.L.C. (PJM) that will allow transactions to be scheduled based on a bidder's willingness to purchase energy from a source control area and sell it at a sink control area. CTS is expected to be implemented with ISO-NE by the fourth quarter of 2015, and with PJM by November 2014. *See New York Indep. Sys. Operator, Inc.*, 139 FERC ¶ 61,048 (2012) and *New York Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,097 (2014).

<sup>6</sup> NYISO also proposes a number of conforming revisions to its OATT and Services Tariff to reflect the elimination of this service. *See* sections listed in the Transmittal to its August 8, 2014 Filing at 4-6.

achieve the same bidding functionality as Non-Firm Point-To-Point Transmission Service for external transactions, but with the advantage of adjusting the schedule each quarter of an hour.

5. NYISO also asserts that Non-Firm Point-to-Point Transmission Service is incompatible with the market design of CTS with ISO-NE, noting that ISO-NE does not offer Non-Firm Point-To-Point Transmission Service as a scheduling option.<sup>7</sup> NYISO asserts that, if not addressed, hourly Non-Firm Point-To-Point Transmission Service will cause incompatibilities in the software being developed for the CTS project between NYISO and ISO-NE. NYISO also argues that Non-Firm Point-To-Point Transmission Service will allow NYISO customers to submit such offers while ISO-NE customers will not have a way to effectuate that type of transaction within their market.

6. Finally, NYISO states that Non-Firm Point-To-Point Transmission Service is rarely used and then only in inconsequential amounts—only 56 MWh were scheduled and flowed in 2013.<sup>8</sup> Additionally, NYISO states that it queried market participants at stakeholder meetings and that none indicated that loss of this service would be problematic; and further, none of the market participants who submitted offers for this service in 2013 and the first quarter of 2014 opposed its elimination.

7. NYISO explains that it relies on the “independent entity variation” standard under Order No. 2003 where the Commission has granted ISOs and RTOs the flexibility to deviate from its *pro forma* OATT by showing how existing tariffs or business practices are sufficient to satisfy the requirements of the Commission.<sup>9</sup> NYISO asserts that the elimination of Non-Firm Point-To-Point Transmission Service for External Transactions is necessary to realize the efficiency gains from 15-minute scheduling.

8. NYISO also proposes to remove section 18.6.3 of the Services Tariff which contains the formula for determining Real-Time Bid Production Cost Guarantee payments for imports. NYISO explains that it inadvertently failed to remove this section in an earlier filing in Docket No. ER14-864 in which NYISO proposed to eliminate Real-Time Bid Production Cost Guarantee payments for imports at all New York Control Area Proxy Generator Buses. Therefore, NYISO proposes to remove section 18.6.3 of the Services Tariff in this FPA section 205 filing arguing that the formula in that section calculates a payment that Market Participants are no longer eligible to receive.<sup>10</sup>

<sup>7</sup> August 8, 2014 Filing at 3 (citing *New England Power Pool*, 102 FERC ¶ 61,112 at PP 3, 19, & 21 (2003)).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 4 (citing *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 827 (2003) (Cross-Referenced at 104 FERC ¶ 61,103) at P 827 (2003) (Order No. 2003)).

### **III. Notice of Filing and Responsive Pleading**

9. Notice of the August 8, 2014 Filing was published in the *Federal Register*, 79 Fed. Reg. 49,298 (2014), with interventions, comments and protests due on or before August 29, 2014. Motions to intervene were timely filed by NRG Companies,<sup>11</sup> New York Transmission Owners,<sup>12</sup> and Entergy Nuclear Power Marketing, LLC.

### **IV. Discussion**

#### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### **B. Commission Determination**

11. We accept the proposed tariff revisions, effective October 9, 2014, as requested. We find that NYISO's proposed elimination of the Non-Firm Point-To-Point Transmission Service for external transactions is sufficiently supported and, accordingly, just and reasonable because, as NYISO explains, those provisions are not compatible with ongoing market improvements and is a seldom-used service. NYISO explains that external Non-Firm Point-to-Point Transmission Service is not compatible with the market design it is developing for CTS with ISO-NE because it does not have the ability to be scheduled in 15-minute increments. Further, because ISO-NE does not have equivalent service, customers are unable to schedule non-firm service within ISO-NE for transactions entering from NYISO. NYISO also states that external Non-Firm Point-To-Point Transmission Service is inconsistent with this superior service, which is more flexible and has more functionality by allowing transmission customers to offer and bid at 15-minute intervals and to vary quantities and prices each quarter hour. Further, as NYISO demonstrates, the service is used only rarely and then only for very small amounts. Therefore, elimination of Non-Firm Point-To-Point Transmission Service for

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<sup>10</sup> *Id.* at 6 (citing *New York Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,155 (2014) (March 2014 Order)).

<sup>11</sup> For the purposes of this filing, NRG Companies consists of: NRG Power Marketing LLC and GenOn Energy Management, LLC.

<sup>12</sup> For the purposes of this filing, New York Transmission Owners consists of: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Power Supply Long Island, New York Power Authority, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

external transactions will improve the accuracy and efficiency of the market. Accordingly, we find its elimination to be just and reasonable. We also note that no parties objected to NYISO's proposed revisions to eliminate Non-Firm Point-To-Point Transmission Service for external transactions.

12. NYISO states in its filing that it relies on the "independent entity variation" standard to eliminate the Non-Firm Point-To-Point Transmission Service for external transactions from its OATT.<sup>13</sup> However, we find it more appropriate to evaluate whether NYISO's proposal meets the requirements of the "consistent with or superior to" standard addressed in Order No. 890.<sup>14</sup> In Order No. 890, the Commission recognized that some of the changes adopted in Order No. 890 may not be as relevant to ISO and RTO transmission providers as they are to non-independent transmission providers. The Commission stated that revisions to the *pro forma* OATT are not intended to upset the market designs used by existing ISOs and RTOs, and that ISOs and RTOs tend to have transmission planning processes that are significantly more open and transparent than the processes used by non-independent transmission providers.<sup>15</sup> Accordingly, on this basis, we find that NYISO's adoption of the more efficient and flexible CTS market design supports the removal of a little-used and incompatible external Non-Firm Point-to-Point Transmission Service from its tariffs and satisfies the "consistent with or superior to" standard.

13. As noted above, NYISO explains that section 18.6.3 of the Services Tariff is no longer needed because it contains the formula for determining Real-Time Bid Production Cost Guarantee payments for imports, and after the March 2014 Order,<sup>16</sup> Market

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<sup>13</sup> See Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 827 (Cross-Referenced at 104 FERC ¶ 61,103 at P 827). We note that Order No. 2003 permitted an ISO to seek "independent entity variations" from the *pro forma* Large Generator Interconnection Procedures and Large Generator Interconnection Agreement of the final rule. *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003) (Cross-Referenced at 104 FERC ¶ 61,103 (2003)) (Order No. 2003), *order on reh'g*, Order No. 2003-A, *order on reh'g*, FERC Stats. & Regs. ¶ 31,160 (2004) (Cross-Referenced at 106 FERC ¶ 61,220 (2004)), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008)).

<sup>14</sup> See *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 158, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>15</sup> See, e.g., *New York Indep. Sys. Operator, Inc.*, 123 FERC at ¶ 61,134 (2008).

Participants are no longer eligible to receive such payments. We accept NYISO's proposed elimination of section 18.6.3.

The Commission orders:

NYISO's proposed tariff revisions are hereby accepted, effective October 9, 2014, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>16</sup> *New York Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,155.

### **Appendix**

New York Independent System Operator, Inc., NYISO Tariffs, [NYISO OATT, 1.3 OATT Definitions - C, 4.0.0](#); [NYISO OATT, 1.9 OATT Definitions - I, 4.0.0](#); [NYISO OATT, 1.14 OATT Definitions - N, 3.0.0](#); [NYISO OATT, 1.16 OATT Definitions - P, 5.0.0](#); [NYISO OATT, 1.18 OATT Definitions - R, 5.0.0](#); [NYISO OATT, 2.7 OATT Billing and Payment, 7.0.0](#); [NYISO OATT, 3 OATT Point-To-Point Transmission Service, 3.0.0](#); [NYISO OATT, 3.1 OATT Nature of Firm Point To Point Transmission Service, 4.0.0](#); [NYISO OATT, 3.2 OATT Nature of Non Firm Point To Point Transmission Serv, 3.0.0](#); [NYISO OATT, 3.3 OATT Service Availability, 3.0.0](#); [NYISO OATT, 3.6 OATT Procedures for Arranging Non Firm Point To Point Tr, 2.0.0](#); [NYISO OATT, 3.15 OATT Changes in Service Specifications, 2.0.0](#); [NYISO OATT, 3.17 OATT Compensation for Transmission Service, 1.0.0](#); [NYISO OATT, 4.2 OATT Initiating Service, 1.0.0](#); [NYISO OATT, 4.3 OATT Network Resources, 1.0.0](#); [NYISO OATT, 6.8 OATT Schedule 8 - Non Firm Point To Point Transmission S, 3.0.0](#); [NYISO OATT, 8 OATT Attachment B - Form Of Service Agreement For Non-Firm, 1.0.0](#); [NYISO OATT, 9 OATT Attachment C - Methodology To Assess Available Transf, 5.0.0](#); [NYISO OATT, 16.3 OATT Att J Transmission Service, Schedules And Curtailm, 6.0.0](#); [NYISO MST, 2.3 MST Definitions - C, 8.0.0](#); [NYISO MST, 2.14 MST Definitions - N, 9.0.0](#); [NYISO MST, 2.16 MST Definitions - P, 9.0.0](#); [NYISO MST, 2.18 MST Definitions - R, 14.0.0](#); [NYISO MST, 18 MST Attachment C - Formulas For Determining Bid Productn, 7.0.0](#); [NYISO MST, 26.4 MST Att K Operating Requirement and Bidding Requirement, 13.0.0](#).