175 FERC ¶ 61,010
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;
Neil Chatterjee, James P. Danly,
Allison Clements, and Mark C. Christie.

New York Independent System Operator, Inc. Docket No. ER21-1074-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued April 9, 2021)

1. On February 9, 2021, the New York Independent System Operator, Inc. (NYISO) filed, pursuant to section 205 of the Federal Power Act (FPA),[1] proposed revisions to its Open Access Transmission Tariff (OATT) and its Market Administration and Control Area Services Tariff (Services Tariff) to modify the Economic Planning Process[2] component of its Comprehensive System Planning Process.[3] As discussed below, we accept the filing, effective April 11, 2021, as requested.

I. Background

2. NYISO's Comprehensive System Planning Process is a transmission planning process composed of four components: (1) the Local Transmission Owner Planning Process; (2) the Reliability Planning Process; (3) the Economic Planning Process; and (4) the Public Policy Transmission Planning Process. The Economic Planning Process currently consists of three study processes: (1) the Congestion Assessment and Resource Integration Study (CARIS) Phase 1, which examines transmission system congestion on the New York State transmission system; (2) an optional Additional CARIS Study through which interested parties can request and obtain additional studies of system congestion and possible solutions; and (3) the CARIS Phase 2, which considers proposed economic transmission projects to address transmission system congestion.[4]

[1] 16 U.S.C. § 824d.

[2] NYISO's Economic Planning Process is an economic transmission planning process that evaluates congestion on the New York State transmission system and solutions to relieve congestion, as described in more detail below.

[3] See Appendix for a list of tariff records.

[4] Transmittal at 3-4.

3. NYISO, in collaboration with stakeholders, undertakes the CARIS Phase 1 study biennially to develop a 10-year projection of congestion, in line with the reliability assumptions developed as part of the Reliability Planning Process. NYISO then identifies the most congested elements on the New York State Bulk Power Transmission Facilities and performs studies on the top three congested elements. The primary metric for assessing the benefits and costs of any proposed congestion solution is its projected New York Control Area-wide production cost savings. In addition, NYISO compares other metrics such as Locational-Based Marginal Pricing load costs, marginal loss payments, generator payments, Transmission Congestion Contract payments, emission allowance costs, and installed capacity market (ICAP) savings to estimate project costs on a net present-value basis. NYISO then performs a scenario analysis using factors such as load forecast uncertainty, fuel price uncertainty, and new resources, among others, to identify which factors could impact congestion in the base case. NYISO then presents the draft CARIS Phase 1 Report to stakeholders for review and comment, to the NYISO Business Issues Committee and Management Committee for review and action, and then to the NYISO Board of Directors for review, action, and approval.[5]

4. In addition to the regular CARIS Phase 1 Report, any interested party may request that NYISO perform an additional study, at any time, at the requesting party's expense. NYISO works with the requesting party to establish the scope, assumptions, and scenarios for the custom study and then NYISO conducts the study and provides the requesting party with the results on a confidential basis.[6]

5. NYISO evaluates developer-proposed transmission projects during the CARIS Phase 2 process. NYISO will evaluate the project using the same process as the CARIS Phase 1 process. In order to be eligible for cost allocation and recovery through the NYISO OATT, a project's benefits must exceed the first 10 years of costs, the total project capital cost must exceed $25 million, and the developer must obtain an approval vote from 80% or more of the beneficiary load-serving entities.[7]

6. NYISO explains that it undertook a comprehensive review of its Economic Planning Process in 2020, which was motivated, in part, by New York State's shift toward renewable resources under the New York Climate Leadership and Community Protection Act of 2019 (CLCPA) and the Accelerated Renewable Energy Growth and Community Benefit Act of 2020 (Renewable Act of 2020). The CLCPA requires that 70% of energy consumed in New York State be produced by renewable resources by 2030 and that by 2040, all energy consumed must be completely emissions free. The

[5] *Id.* at 4-5.

[6] *Id.* at 5.

[7] *Id.* at 5-6.

Renewable Act of 2020 calls for accelerated renewable resource siting and an additional statewide transmission planning study in consultation with NYISO to achieve the CLCPA targets. NYISO states that it worked to develop improvements to the Economic Planning Process to assist interested parties in economically and efficiently meeting the State's climate change-related goals, which led to this filing.[8]

II. Filing

7. NYISO proposes the following revisions to the Economic Planning Process: (1) enhance the three study components of the Economic Planning Process; (2) enhance the scope of the biennial system-wide congestion study to provide more comprehensive and useful information concerning the current and projected state of the New York State transmission system across a 20-year time horizon, including evaluating potential congested elements of the transmission system, assessing the benefits of addressing the identified congestion, and accounting for energy deliverability of generation resources; (3) incorporate the requirements, forms, and *pro forma* study agreement for an additional economic planning study request into the OATT; and (4) clarify and align certain requirements for NYISO's assessment of proposed regulated transmission solutions to address congestion with other economic planning studies. NYISO claims that the revisions are just and reasonable because they provide additional analysis and insights concerning New York State's transmission needs and because they continue to comply with the Commission's directives in Orders Nos. 890[9] and 1000.[10]

A. System & Resource Outlook

8. NYISO states that the CARIS Phase 1 study, to be renamed the System & Resource Outlook, will add a comprehensive system-wide summary of the current assessments, evaluations, and plans in the biennial Comprehensive System Planning Process and the sources relied upon by NYISO. NYISO states that this summary will

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[8] *Id.* at 7.

[9] *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (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, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

[10] Transmittal at 8; *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth.* v. *FERC*, 762 F.3d 41 (D.C. Cir. 2014).

provide a comprehensive view of the New York State transmission system in a manner that no other report or study does currently. NYISO states that the System & Resource Outlook will aid interested parties in developing future resources and transmission facilities that will maintain system reliability while implementing the state's climate change protection goals. NYISO states that the System & Resource Outlook will extend the current 10-year study period to a 20-year study period to better capture trends in system congestion and benefits of potential transmission upgrades, as well as the impacts of New York State's 2030 and 2040 mandates resulting from the CLCPA. NYISO states that the 20-year study period will also better align the System & Resource Outlook with the CARIS Phase 2 study, to be renamed Economic Transmission Project Evaluation, which already has a 20-year timeframe. NYISO states that this revision will save significant time and resources by eliminating the current process of aligning the study periods in between the two studies.[11]

9. NYISO states that, rather than only focusing on the three most congested transmission paths as it does currently, the revised System & Resource Outlook will identify and address congestion on a statewide basis. NYISO states that it will conduct New York Control Area-wide production cost simulations both with and without the existing constraints on the New York State transmission system and report the results from relaxing individual or groups of constraints. NYISO states that it will also continue to use the additional metrics identified previously to provide more information concerning congestion and the benefits of addressing that congestion. NYISO states that it proposes to relocate its assessment of all types of generic solutions from the System & Resource Outlook to the Requested Economic Planning Study and Economic Transmission Project Evaluation to better enable developers to propose a Regulated Economic Transmission Project.[12] NYISO states that scenario evaluations in the System & Resource Outlook will continue as before, including different assumptions for the factors identified previously.[13]

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[11] Transmittal at 9-11.

[12] NYISO proposes to define a Regulated Economic Transmission Project as: "A transmission project or a portfolio of transmission projects proposed by Developer(s) to address constraint(s) on the [Bulk Power Transmission Facilities] identified in the Economic Planning Process, which transmission project(s) are evaluated in the Economic Transmission Project Evaluation and are eligible for cost allocation and cost recovery under the ISO OATT if approved by a vote of the project's Load Serving Entity beneficiaries pursuant to Section 31.5.4 of this Attachment Y." NYISO, OATT, Attach. Y, § 31.1 (26.0.0).

[13] Transmittal at 13-14; *see supra* P 3.

10. NYISO states that the metrics used in the System & Resource Outlook for assessing project benefits and costs will be expanded to include a new informational metric concerning energy deliverability. NYISO states that the energy deliverability metric will quantify the projected energy produced by each resource under applicable local, statewide, and interregional transmission constraints and fuel availability, rather than simply considering the total amount of energy that each resource can produce. NYISO states that the energy deliverability metric results will be available in the System & Resource Outlook and that interested parties can request energy deliverability analysis via a Requested Economic Planning Study. NYISO also states that the current ICAP cost metric will be replaced with a requirement that NYISO determine the metric in accordance with its procedures and in consultation with stakeholders to better align the ICAP cost metric with how NYISO establishes ICAP requirements and how NYISO's capacity markets fulfill capacity needs. NYISO states that the OATT will be amended to state that NYISO "may" rather than "will" include payments for ancillary services in the generator payments metric. NYISO states that it will also clarify that the System & Resource Outlook, in coordination with New York transmission owners, will identify congestion anywhere on the New York State transmission system, not simply congestion on the Bulk Power Transmission Facilities, consistent with NYISO's existing approach and allocation of responsibilities among NYISO and the New York transmission owners.[14]

11. NYISO's proposed revisions assume a reliable system through the 20-year study period of the System & Resource Outlook and state that NYISO will not be required to project reliability needs for the remaining years of the study period beyond what is covered by the Short-Term Reliability Process[15] and Reliability Planning Process. NYISO states that NYISO may still adjust load and resources in the base case and/or scenarios according to NYISO procedures and in consultation with stakeholders.[16]

12. NYISO states that state policies and related agreements, procurements, and credits, including Renewable Energy Credits and Offshore Renewable Energy Credits, will serve as a data input for the System & Resource Outlook. NYISO states that it will also include the impact of federal, state, and local policies and regulations among its consideration for creating scenarios. NYISO asserts that the expanded scenario analysis will enable it to capture system congestion, energy deliverability impacts, and related

[14] Transmittal at 17-20.

[15] NYISO's Short-Term Reliability Process is a reliability planning process that evaluates and addresses reliability impacts resulting from generator deactivations and/or other reliability needs on the New York State Bulk Power Transmission Facilities that are identified in a Short-Term Assessment of Reliability. NYISO, OATT, Attach. FF, § 38.1 (3.0.0).

[16] Transmittal at 20.

economic transmission needs in the Economic Planning Process, and that such information will also be informative for other NYISO planning processes.[17]

13. NYISO states that the methodology for the System & Resource Outlook remains compliant with Order Nos. 890 and 1000 economic planning principles by expanding on the information and analysis provided in the current economic planning study. NYISO also argues that the revised process will continue to treat all resource types comparably, in compliance with the Order No. 890 comparability principle.[18]

B. Requested Economic Planning Study

14. NYISO states that the Additional CARIS Study will be renamed Requested Economic Planning Study. NYISO states that it will incorporate the Requested Economic Planning Study request form, study requirements, and *pro forma* study agreement, previously located in the Economic Planning Process Manual, into the OATT. NYISO states that the Requested Economic Planning Study is separate from the System & Resource Outlook in that any interested party may request, subject to NYISO's resource limitations, that NYISO address a study scope and deliverables developed between NYISO and the requesting party. NYISO states that following the receipt of a completed request form, NYISO will hold a scoping meeting to determine the scope and deliverables such as: (1) additional metrics for measuring congestion and benefits of congestion relief; (2) additional scenarios and assumptions; (3) possible analysis of potential transmission, generation, demand response, and/or energy efficiency solutions; and (4) the degree of certainty requested for the solution cost estimates. NYISO will then memorialize the scope and deliverables in the *pro forma* study agreement and provide the study agreement to the requesting party along with a non-binding estimate of the total study costs.[19]

15. NYISO states that, based on the results of the scoping meeting, it will complete the Requested Economic Planning Study by a date mutually agreed to with the requesting party. NYISO states that, upon completion of the study, it will provide the agreed-upon deliverables and review study results with the requesting party. NYISO states that the study results will remain confidential unless the requesting party requests that NYISO post the results, NYISO is informed that the results have been made public, or the requesting party seeks regulated cost recovery for a Regulated Economic Transmission Project under the OATT based upon the results of a study.[20]

[17] *Id.* at 20-21.

[18] *Id.* at 14-16.

[19] *Id.* at 21-22.

[20] *Id.* at 23-24.

C. Economic Transmission Project Evaluation

16. NYISO states that the CARIS Phase 2 Study will be renamed Economic Transmission Project Evaluation. NYISO states that, in line with current processes, if a developer proposes a Regulated Economic Transmission Project, NYISO will evaluate the project proposal in the Economic Transmission Project Evaluation in accordance with the same requirements in the OATT as for the CARIS Phase 2 study, including identifying load-serving entities that benefit from the project and the same 80% voting threshold required to approve such project.[21] However, NYISO proposes to clarify throughout the Economic Planning Process that although the Economic Planning Process identifies and assesses congestion on the entire New York State transmission system, a Regulated Economic Transmission Project must address constraints on the New York State Bulk Power Transmission Facilities. NYISO adds that New York transmission owners will continue to plan for needs related to their local transmission systems, including congestion relief, through the Local Transmission Planning Process.[22]

17. NYISO also proposes to optionally provide, for informational purposes, benefit/cost and other analysis of potential generic solutions to the identified congestion as part of the Economic Transmission Project Evaluation.[23] Additionally, NYISO proposes to align the additional metrics that it calculates as part of its benefits and costs analysis in the Economic Transmission Project Evaluation with the additional metrics in the System & Resource Outlook.[24]

III. Notice and Responsive Pleadings

18. Notice of NYISO's filing was published in the *Federal Register*, 86 Fed. Reg. 9501 (Feb. 16, 2021), with interventions and protests due on or before March 2, 2021. New York Transmission Owners,[25] Calpine Corporation, NRG Power Marketing LLC, and New York Transco, LLC filed timely motions to intervene. New York State Public Service Commission filed a notice of intervention.

[21] *Id.* at 24-25.

[22] *Id.* at 25.

[23] *Id.* at 25-26.

[24] *Id.* at 26.

[25] New York Transmission Owners consist 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; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.

IV. Discussion

A. Procedural Matters

19. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2020), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Substantive Matters

20. We accept NYISO's filing, effective April 11, 2021, as requested. We find that NYISO's proposed revisions to its OATT and Services Tariff are just and reasonable. NYISO's proposed revisions will improve the congestion study process by enabling NYISO to more comprehensively identify congestion on the New York State transmission system and the benefits of relieving that congestion as part of the System & Resource Outlook.[26] For example, by extending the System & Resource Outlook congestion study period from 10 to 20 years, NYISO will study congestion on a longer-term basis, allowing it to better capture trends in system congestion and the longer-term benefits of potential transmission upgrades. Additionally, by studying congestion on a statewide basis, rather than focusing only on the system's three most congested transmission paths, NYISO will expand the number of congested transmission paths evaluated in the congestion study, potentially leading to the identification of additional transmission solutions and production cost savings.

21. Moreover, several of NYISO's proposed changes will allow the congestion study process to better incorporate information that will be useful for transmission planning. The inclusion of an energy deliverability metric in the congestion study for informational purposes will allow NYISO to assess and provide information about the ability of resources to deliver their full energy capability to the system and potential curtailments based on transmission constraints and fuel availability. This additional information will better position market participants, developers, policymakers, and other interested parties to meet New York State's transmission infrastructure needs. The incorporation of state policies (e.g., renewable energy credits and direct procurements) in the congestion study will enable NYISO to better reflect the effect of state policies in its transmission planning models. Finally, the development of congestion study scenarios that examine the impacts of federal, state, and local policies will allow NYISO to better assess factors that affect congestion and economic transmission needs.

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[26] The proposed System & Resource Outlook is a revised and expanded version of NYISO's current CARIS Phase 1 congestion study process. The System & Resource Outlook provides a summary of current assessments, evaluations, and plans regarding the New York State transmission system, projects congestion, and assesses the benefits of addressing congestion. NYISO, OATT, Attach. Y, § 31.1.4 (26.0.0).

The Commission orders:

NYISO's proposed tariff revisions are hereby accepted, effective April 11, 2021, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

New York Independent System Operator, Inc., FERC FPA Electric Tariff, NYISO Tariffs, NYISO OATT, 6.10 OATT Schedule 10 - Rate Mechanism For Recovery Of RTFC, 15.0.0; NYISO OATT, 22 OATT Attachment P - Transmission Interconnection Procedur, 6.0.0; NYISO OATT, 25.5 OATT Att S Class Year Study and Expedited Deliverabilit, 15.0.0; NYISO OATT, 25.7 OATT Att S Cost Allocation Methodology for CRIS, 16.0.0; NYISO OATT, 31.1 OATT Att Y New York Comprehensive System Planning Proce, 26.0.0; NYISO OATT, 31.2-31.2.7 OATT Att Y Reliability Planning Process, 32.0.0; NYISO OATT, 31.3 OATT Att Y Economic Planning Process, 13.0.0; NYISO OATT, 31.5 OATT Att Y Cost Allocation and Cost Recovery, 27.0.0; NYISO OATT, 31.7 OATT Att Y Appendices A-D, 17.0.0; NYISO OATT, 31.13 OATT Att Y Requested Economic Planning Study Request F, 0.0.0; NYISO OATT, 31.14 OATT Att Y Requested Economic Planning Study Agreement, 0.0.0; NYISO MST, 30.4 MST Att O Market Monitoring Unit, 61.0.0