

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

New York Independent System Operator, Inc.
Docket No. ER23-2040-000

Issued: 7/18/2023

On June 1, 2023, pursuant to section 205 of the Federal Power Act, New York Independent System Operator, Inc. (NYISO) submitted proposed revisions to its Open Access Transmission Tariff (OATT) and its Market Administration and Control Area Services Tariff (Services Tariff) that complement the market rules applicable to distributed energy resources (DER) and Aggregations. NYISO states that the proposed tariff revisions clarify and enhance the market rules which the Commission accepted on January 23, 2020.¹

Please be advised that the submittal is deficient, and that additional information is required to process the filing. Please provide complete responses to the following:

1. NYISO states,
“The tariff revisions submitted with this filing are not proposed in compliance with any one directive of Order No. 2222. These proposed tariff revisions modify and enhance the NYISO’s 2019 DER and Aggregation participation model. Certain tariff revisions proposed herein (e.g., the distribution utility review process) will be superseded by the NYISO’s Order No. 2222 compliance tariff revisions, when those revisions become effective.”² However, NYISO's transmittal does not clearly specify which tariff revisions will be superseded, if at all. Please identify all proposed tariff revisions, if any, that will be superseded by NYISO’s Order No. 2222 compliance tariff revisions, when those revisions take effect.
2. NYISO proposes to
establish a distribution utility review of individual DER interconnections and Aggregations. Proposed Services Tariff section 4.1.10 states:

¹ *N.Y. Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,033 (2020).

² Transmittal at 3 n.12; *see also Participation of Distributed Energy Res. Aggregations in Markets Operated by Reg’l Transmission Orgs. & Indep. Sys. Operators*, Order No. 2222, 172 FERC ¶ 61,247 (2020).

A distribution utility shall have the opportunity to review the reliability and safety impacts of each Distributed Energy Resource or group of Distributed Energy Resources that are connected to the distribution utility's electric facilities. Such review shall take place prior to each Distributed Energy Resource's enrollment in the ISO Administered Markets, and whenever there is a material modification to a Distributed Energy Resource that changes its physical or operational characteristics that were previously evaluated by the applicable distribution utility.

- a. Please describe the
maximum number of days, if any, a distribution utility shall have to perform its review of the reliability and safety impacts of each DER or group of DERs and where such time period is stated. Please also describe when a distribution utility may begin its review, e.g., who determines or how is a determination made that an Aggregator has submitted a complete set of DER enrollment data? Please clarify whether the Aggregator must receive a determination from the distribution utility on the safety and reliability impacts of each DER in order to proceed with the DER's enrollment or modification or if the Aggregator may proceed with no determination from the distribution utility after a certain number of days has passed. Please clarify if the length of the review period differs depending upon the specific characteristics of the DER or Aggregation and/or depending upon whether the distribution utility is performing its initial review of a DER or Aggregation or a modification thereof.
- b. Please describe
what constitutes a "material modification to a Distributed Energy Resource"³ that would trigger distribution utility review.
- c. Please describe the
process for the distribution utility review, including whether the distribution utility will be required to use specific evaluation criteria, whether the distribution utility will be required to provide articulable justifications of a distribution system reliability or safety risk in writing, and whether the results of the review will be made available to the Aggregator. Please explain whether this review will exclude matters the distribution utility already considered during the interconnection study process for the DER. If disputes arise during the distribution utility review process, can the Aggregator use NYISO's existing dispute resolution procedures to resolve

³ Proposed Services Tariff section. 4.1.10.

a dispute?

- d. NYISO states that “the NYISO will derate an entire Aggregation when the capability of one (or more) of the DER[s] comprising the Aggregation must be individually derated in order to resolve a distribution or transmission system safety or reliability concern.”⁴ Please clarify this proposed derating process and provide an example of how much an Aggregation would be derated to resolve a reliability concern caused by one DER in an Aggregation.
3. NYISO states that, “[r]ecognizing the limits on its ability to effectively administer the DER program, the NYISO proposes to implement a 10 kW minimum capability for all individual DER participating in an Aggregation.”⁵ Please explain in more detail why NYISO decided to propose a 10 kW threshold specifically, as opposed to another threshold, as the minimum capability for individual DER participating in an Aggregation. To what extent will the concerns underpinning NYISO’s proposal change or decrease once it deploys the automation features it is currently developing in 2024, as explained in its transmittal?
4. NYISO explains that, in its 2023 Engaging the Demand project, it is working with stakeholders to evaluate the ability of small facilities to provide wholesale market services as part of an Aggregation and develop a framework to consider how best to accommodate small facilities.⁶ Specifically, with reference to Question 1 above, will the proposed revisions establishing the 10 kW minimum capability requirement be superseded by the NYISO’s Order No. 2222 compliance tariff revisions?
5. NYISO proposes that “Single Resource type Aggregations (except Aggregations comprised only of Demand Side Resources) are required to obtain metering and meter data services from the applicable Member System.”⁷ Please explain the justification for this requirement. Further, please explain why it is appropriate to allow other types of Aggregations to use Meter Service Entities, while prohibiting Single Resource type Aggregations from using Meter Service Entities.

⁴ Transmittal at 5 n.17.

⁵ *Id.* at 6.

⁶ *Id.* at 7.

⁷ *Id.* at 12 (citing Proposed Services Tariff section 13.3.1.4).

6. NYISO states that its Mitigation References department will create a list of average marginal costs for different resource types to be used for cost-based reference levels for Aggregations.⁸ Please describe the methodology that NYISO will use to determine the average marginal costs for different resource types (for example, what are the “available operating costs data” that will be used? How will the average be determined?).
7. Please explain why it is appropriate to use the NYISO-estimated marginal cost of the lowest cost DER in the Aggregation as the reference level for that Aggregation if the Market Participant does not select a specific resources type, or an invalid resource type.
8. Although the proposed revisions “eliminate the use of LBMP and Bid-based reference levels for Aggregations,”⁹ NYISO states that “[t]ime-based and non-dollar parameters will also be used to develop *bid-based*, engine-type-based or NYISO determined reference levels.”¹⁰ Please explain this latter statement and how these bid-based reference levels will be used.

This letter is issued pursuant to 18 C.F.R. § 375.307 and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission’s electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code “M” (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code “E” (Electric Traditional Cost of Service and Market Based Rates Public Utilities).¹¹ In addition, submit an electronic version of your response to Emily Chen at emily.chen@ferc.gov. The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established.¹² A notice will be issued upon receipt of your

⁸ *Id.* at 14.

⁹ *Id.*

¹⁰ *Id.* (emphasis added).

¹¹ The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Elec. Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East

¹² See *Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) (“the Commission will consider any amendment or supplemental filing filed after a utility’s initial filing . . . to establish a new filing date for the filing in question”).