

135 FERC ¶ 61,020
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 11, 2011

In Reply Refer To:
New York Independent System Operator, Inc.
Docket No. ER11-2906-000

New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Attention: David Allen, Attorney, New York Independent System Operator, Inc.

Reference: Proposed Tariff Revisions for the Special Case Resources' Baseline Load Methodology, and New Performance Factor Calculations and Performance Deficiency Penalties Applicable to Responsible Interface Parties

Dear Mr. Allen:

1. On February 17, 2011, pursuant to section 205 of the Federal Power Act (FPA),¹ the New York Independent System Operator, Inc. (NYISO) filed proposed revisions to its Market Administration and Control Area Services Tariff (Services Tariff) with respect to the NYISO Special Case Resource Installed Capacity program (ICAP/SCR) that allows for the participation of demand side resources to provide installed capacity through a Responsible Interface Party. As discussed below, we accept the proposed revisions, effective April 11, 2011, subject to conditions.

Summary of the February 17, 2011 Filing

2. NYISO proposes to amend the Services Tariff to apply new Special Case Resources baseline load methodology and new performance factor calculations and performance deficiency penalties that apply to Responsible Interface Parties. NYISO states that these revisions will allow NYISO to better align the participation and performance of demand response with the operational expectations of NYISO during an ICAP/SCR event called for reliability purposes by obtaining better estimates of the demand reduction capabilities of Special Case Resources.

¹ 16 U.S.C. § 824d (2006).

3. NYISO states that, currently, the Special Case Resource baseline amount, which is known as the Special Case Resource Average Peak Monthly Demand (APMD), is calculated in accordance with ISO procedures, i.e., its ICAP Manual.² NYISO states that the APMD is not coincident with the peak system loads in the New York Control Area (NYCA). NYISO proposes to replace the APMD methodology with a new baseline approach, the Average Coincident Load (ACL) methodology, which according to NYISO, better estimates the demand reduction capabilities of the ICAP/SCR program during peak load conditions.³ NYISO states that its ACL proposal calculates a baseline load level for each SCR by capability period using the top 20 hours of the resource's measured load that are coincident with the top 40 coincident hours of the New York Control Area (NYCA) peak load during the prior equivalent capability period.⁴ The January 26, 2011 version of Section 4.12.2.3 of its ICAP Manual also explains that the top 20 SCR load hours (which are to be averaged) from the top 40 hours of NYCA peak load, is to be adjusted to account for verified load reductions from deployment of a Transmission Owner's demand response program that occurred coincident with any of the top 40 hours of NYCA load.

4. However, NYISO states in its transmittal letter that it is unable to implement the foregoing ACL process into its ICAP/SCR program for the Summer 2011 Capability Period through its Demand Response Information System (DRIS) software for resource-

² NYISO states that, in accordance with ISO procedures found in section 4.12 of the NYISO Installed Capacity Manual (ICAP Manual), a Special Case Resource's APMD is the average one-hour peak load calculated using the Special Case Resource's four peak one-hour load values measured between noon and 8 p.m. during the four middle months of the prior equivalent capability period.

³ Section 5.12.11.1.1 of NYISO's proposal states that where a Special Case Resource has not previously been enrolled with NYISO and does not have adequate interval metering load data for the prior equivalent capability period, the Responsible Interface Party enrolling the resource is responsible for providing NYISO with a Provisional ACL that will apply to that resource for the entire capability period. Like the procedures for calculating the ACL, NYISO does not propose to include the actual Provisional ACL procedures in the Services Tariff and, instead, refers to its ICAP Manual.

⁴ NYISO February 17, 2011 Filing Transmittal Letter at 2. However, we note that this explanation of the proposed ACL methodology does not appear in NYISO's proposed tariff revisions and, instead, is a truncated summary of what is found in section 4.12.2.3 of the amended NYISO ICAP Manual approved by the NYISO Business Issues Committee on January 26, 2011 and found on the NYISO website at http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic.

specific adjustments to each applicable Special Case Resource's reported coincident load. NYISO states that this DRIS functionality is expected to be in place by the Winter 2011/2012 capability period. Therefore, NYISO states that, in accordance with ICAP Manual amendments approved by the NYISO Business Issues Committee on January 26, 2011, for the Summer 2011 Capability Period only, instead of using the top 40 SCR Load Zone Peak Hours as required by its proposal, NYISO will identify the top 50 SCR Load Zone Peak Hours to be used by Responsible Interface Parties in calculating the ACL values for their Special Case Resources. Further, the amended ICAP Manual provision, section 4.12.2.3, also provides that the adjustment for Transmission Owner demand response deployments will not be made for the Summer 2011 Capability Period.

5. The proposed tariff amendments also include changes in the calculation for Responsible Interface Party performance factors to allow individual resources that overperform during an hour of an SCR event or test to offset the underperformance of resources during that same hour that are within the same Special Case Resource aggregation.⁵ NYISO states the proposed tariff amendments will allow aggregation of individual resources by Responsible Interface Parties.

6. In addition, the NYISO proposal includes a separate shortfall calculation that applies to a Responsible Interface Party that enrolls a Special Case Resource with a provisional ACL. This calculation determines a shortfall, which will be attributed to the Responsible Interface Party, if the provisional ACL is higher than the individual Special Case Resource's actual ACL calculated for that capability period.⁶

7. NYISO requests that the Commission act expeditiously and issue an order accepting the proposed tariff revisions no later than April 11, 2011, so that NYISO can implement these tariff provisions for the Summer 2011 Capability Period. Should the Commission not issue an order on or before April 11, 2011, NYISO requests that the Commission indicate that the proposed tariff revisions will go into effect for the Winter 2011/2012 Capability Period and, in such case, NYISO requests waiver of the Commission's maximum 120 day notice period.

Notice

8. Notice of NYISO's filing was published in the *Federal Register*, 76 Fed. Reg. 10,578 (2011), with comments, protests, and interventions due on or before March 10, 2011. By notice of February 18, 2011, the comment period was shortened to and including March 4, 2011.

⁵ NYISO February 17, 2011 Filing at 2.

⁶ *Id.* at 7.

9. TC Ravenswood, LLC; NRG Companies; EnerNOC, Inc.; Viridity Energy, Inc.; The E Cubed Company, LLC and Joint Supporters; Astoria Generating Company, L.P.; Energy Curtailment Specialists, Inc.; Demand Response Partners, Inc.; Ace Energy, Inc.; Consumer Power Advocates; Innoventive Power, LLC; Alliance for Clean Energy New York, Inc.; and Absolute Energy, Inc. filed motions to intervene. New York Public Service Commission filed a motion to intervene out-of-time.

10. Multiple Intervenors,⁷ Multiple Supporters,⁸ the New York State Consumer Protection Board, and New York Transmission Owners⁹ filed motions to intervene and comments in support of NYISO's filing. Independent Power Producers of New York, Inc. (IPPNY) and New York City Suppliers;¹⁰ filed motions to intervene, comments in support, and limited protests.

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2010), the Commission will grant the New York Public Service Commission's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

⁷ Multiple Intervenors is an unincorporated association of approximately 55 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State. Many of Multiple Intervenors' members participate in demand response programs administered by NYISO, including the Special Case Resource program.

⁸ Multiple Supporters consists of Absolute Energy Inc., Ace Energy, Inc., Alliance for Clean Energy New York, Inc., Consumer Power Advocates, Demand Response Partners, Inc., Energy Curtailment Specialists, Inc., EnerNOC, Inc., Innoventive Power, LLC, Viridity Energy, LLC, and The E Cubed Company, LLC.

⁹ The New York Transmission Owners consists of Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Power Authority, 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.

¹⁰ New York City Suppliers for purposes of this filing consists of Astoria Generating Company, L.P., the NRG Companies, and TC Ravenswood, LLC.

Comments and Protests

12. Supportive commenters state that NYISO's proposed tariff revisions represent a significant improvement to the measurement and verification of performance by Special Case Resources, that they are the result of extensive discussions with market participants, and that they received unanimous approval (with abstentions) at the Business Issues Committee and Management Committee meetings. Several commenters also note that the filing represents a comprehensive package that couples the baseline and performance aggregation rule changes.¹¹ Multiple Supporters state that their support for the baseline changes is expressly conditioned upon the adoption of the aggregation proposal.¹² Multiple Intervenors state that addressing NYISO's proposed modifications as a package is necessary to ensuring continued success and advancement of the SCR program.¹³ New York Transmission Owners state that the proposed ICAP/SCR baseline calculation is an important first step toward developing a more accurate baseline, and NYISO has committed to conduct a review of this methodology by 2014 to determine if the new baseline is sufficiently accurate.

13. The protests are limited to NYISO's request that, if the Commission cannot issue the requested order on or before April 11, 2011, the Commission should direct that the proposed revisions go into effect for the Winter 2011/2012 Capability Period, which formally begins on November 1, 2011.¹⁴ IPPNY objects to the proposed delay and would have the Commission order implementation of the revisions for the first month following issuance of the Commission order, which they state should be no later than the June 2011 Spot Market Auction, if the Commission is unable to act quickly enough for the May Spot Market Auction.¹⁵ New York City Suppliers also contend that, if expedited action cannot be granted, the methodology should be implemented mid-2011 Summer Capability Period to ensure the ongoing reliable operation of the New York system during peak summer conditions.¹⁶ Because the Commission is issuing the order on or before April 11, 2011, the protests are moot.

¹¹ Multiple Intervenors March 4, 2011 Comments at 9; Multiple Supporters March 4, 2011 Comments at 4 - 5.

¹² Multiple Supporters March 4, 2011 Comments at 5.

¹³ Multiple Intervenors March 4, 2011 Comments at 9.

¹⁴ NYISO February 11, 2011 Filing at 8.

¹⁵ IPPNY March 4, 2011 Comments at 6.

¹⁶ New York City Suppliers March 4, 2011 Comments at 8.

Commission Determination

14. For the reasons discussed by NYISO and the commenters, we will accept the proposal. However, NYISO's proposed tariff provisions only refer to procedures in its ICAP Manual for calculating the ACL and Provisional ACL and do not actually include the procedures in the tariff. As these procedures constitute and define its actual ACL proposal, they should appear in the tariff.

15. Accordingly, NYISO's proposed tariff revisions are hereby accepted for filing, to become effective April 11, 2011, as requested, subject to the condition that NYISO file a revised tariff record within 20 days of this order (1) to incorporate into section 5.12.11.1.1 of the Services Tariff the ACL provisions of section 4.12.2.3 of the ICAP Manual (version January 26, 2011) and (2) to incorporate into section 5.12.11.1.2 of the Services Tariff the Provisional ACL provisions of section 4.12.2.4 of the ICAP Manual (version January 26, 2011). NYISO must include any other conforming changes to the Services Tariff definitions and other provisions as needed to reflect these required changes.

By direction of the Commission.

Kimberly D. Bose,
Secretary.