

transmission demand curve.³ Despite the NYISO's diligence, certain anomalies were identified within the software coding for the graduated transmission demand curve. The process involved to recode the software to correct the identified anomalies and then retest the revised software have resulted in making it impracticable for the NYISO to implement the graduated transmission demand curve on or before November 30, 2015.⁴

Consequently, the NYISO is unable to implement the revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT in November 2015. The NYISO currently plans to: (i) proceed with implementing all other aspects of the Comprehensive Shortage Pricing project on or before November 30, 2015; and (ii) submit the required advance notice thereof to establish a precise effective date in the near future.

The NYISO also requests that the Commission waive the normal period for responding to motions or, alternatively, shorten such period to no more than five days in order to facilitate expedited action with respect to this request by no later than October 30, 2015. Expedited action by the Commission will provide greater certainty to the NYISO and its Market Participants regarding the implementation of the Comprehensive Shortage Pricing project in light of the delayed implementation of the graduated transmission demand curve and its impacts on a very limited aspect of the project.

³ Docket No. ER15-485-000, *New York Independent System Operator, Inc.*, Letter Order (January 15, 2015) ("GTDC Order"). Capitalized terms not otherwise defined herein shall have the meaning specified in Section 2 of the Services Tariff and Section 1 of the OATT.

⁴ Before concluding that delaying implementation of the graduated transmission demand curve was its best available option, the NYISO considered all near-term project and software implementation commitments, including implementation of Coordinated Transaction Scheduling with ISO New England, Inc., as well as the potential benefits for winter operations that could be garnered from proceeding with implementation of the remaining components of the Comprehensive Shortage Pricing project.

I. REQUEST FOR EXTENSION OF COMPLIANCE FILING DEADLINE

Pursuant to Rule 2008 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.2008, the Commission may extend a compliance filing deadline it has imposed “for good cause, upon a motion made before the expiration of the period prescribed or previously extended.” The NYISO submits that there is good cause to grant its extension request.

On February 18, 2015, the NYISO filed proposed revisions to its Operating Reserve Demand Curves, Regulation Service Demand Curve and Transmission Shortage Cost related to its Comprehensive Shortage Pricing project.⁵ The project proposes to: (i) implement an additional reserve region encompassing southeastern New York;⁶ (ii) revise the currently effective shortage pricing levels to better reflect resource costs and ensure continued comparability with shortage pricing in neighboring regions;⁷ and (iii) place limitations on the contribution of reserves held on Long Island to the rest of New York in light of certain transmission constraints that limit the flow of energy off Long Island.⁸ The NYISO requested that the Commission approve a flexible effective date that would be no earlier than November 1, 2015. The NYISO proposed that the specific effective date would be established by a subsequent compliance filing submitted at least two weeks prior to the date on which the revisions will take effect.⁹

⁵ Docket No. ER15-1061-000, *New York Independent System Operator, Inc.*, Proposed Tariff Revisions to Ancillary Service Demand Curves and the Transmission Shortage Cost (February 18, 2015) (“Comprehensive Shortage Pricing Filing”).

⁶ *Id.* at 4-5.

⁷ *Id.* at 5-12

⁸ *Id.* at 4-5.

⁹ *Id.* at 17-18.

The April 20 Order approved the Comprehensive Shortage Pricing project, including the NYISO's request for a flexible effective date. The Commission directed the NYISO to establish an effective date for the tariff revisions related to the project "in November 2015, subject to the condition that NYISO provide the Commission with no less than two weeks' notice of the actual effective date."¹⁰

The NYISO currently remains on schedule to comply with the April 20 Order and implement the Comprehensive Shortage Pricing project on or before November 30, 2015, except for a very limited aspect of the project which is contingent on the implementation of a separate project – the graduated transmission demand curve.¹¹ Specifically, the NYISO will be unable to implement the revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT on or before November 30, 2015.

The graduated transmission demand curve will replace the NYISO's current, single price Transmission Shortage Cost with a series of pricing points that reflect an escalating cost associated with increasing levels of shortage in securing the transmission system.¹² Implementation of the revised Operating Reserve Demand Curve values associated with the Comprehensive Shortage Pricing project required a review of the pricing levels of the graduated transmission demand curve to ensure that the market software would maintain appropriate economic tradeoffs between the scheduling of reserves and securing

¹⁰ April 20 Order at P 20.

¹¹ See Docket No. ER15-485-000, *New York Independent System Operator, Inc.*, Proposed Tariff Amendments to Revise Transmission Shortage Costs (November 25, 2014) ("GTDC Filing"); and GTDC Order.

¹² GTDC Filing at 3-5. Implementation of a graduated transmission demand curve will replace the current, single value Transmission Shortage Cost, which prices all shortages at \$4,000 per MWh, with the following series of escalating pricing points: (a) \$350 per MWh for shortages greater than zero and less than or equal to 5 MW; (b) \$1,175 per MWh for shortages greater than 5 MW and less than or equal to 20 MW; and (c) \$4,000 per MWh for shortages greater than 20 MW.

transmission constraints. This review indicated a need to revise the value of the middle pricing point of the graduated transmission demand curve (*i.e.*, the value associated with shortages of greater than 5 MW and less than or equal to 20 MW).¹³ The proposed revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT are intended to ensure that appropriate economic priority is maintained between the scheduling of 10-minute total reserves in the East of Central-East region and securing the Central-East interface.¹⁴

For quality assurance and to avoid the potential for inappropriate market outcomes, the NYISO conducts extensive testing prior to the implementation of software changes. The testing of the initial software coding for the graduated transmission demand curve revealed the presence of certain anomalies. Identification of the anomalies has required recoding of the software and additional testing of the revised software. Despite the NYISO's diligence, the process involved, and time required, to recode the software to correct the previously-identified anomalies and then retest the revised software have resulted in making it impracticable for the NYISO to implement the graduated transmission demand curve on or before November 30, 2015.

In the absence of the graduated transmission demand curve, the current, single price Transmission Shortage Cost is sufficiently high to maintain the appropriate economic scheduling priority between the scheduling of 10-minute total reserves in the East of Central-East region and securing the Central-East interface due to the valuing of all

¹³ Specifically, as part of the Comprehensive Shortage Pricing project, the NYISO proposed to increase the value of the middle pricing point of the graduated transmission demand curve from \$1,175 per MWh to \$2,350 per MWh. *See* Comprehensive Shortage Pricing Filing at 11-13.

¹⁴ *Id.* at 11, fn. 37.

transmission shortages at \$4,000 per MWh regardless of the magnitude of such shortages. Accordingly, the revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT are not needed at this time to facilitate appropriate market outcomes. The NYISO is capable of proceeding with the implementation of all other aspects of the Comprehensive Shortage Pricing project.

The NYISO respectfully requests an extension of the implementation deadline imposed by the April 20 Order only as it relates to the very limited aspect of the Comprehensive Shortage Pricing project that is contingent on the implementation of the graduated transmission demand curve. Specifically, the NYISO requests an extension to delay the effective date of the proposed revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT beyond November 2015. Consistent with the mechanics of the flexible effective date approved by the Commission, the NYISO proposes to submit a compliance filing at least two weeks prior to the proposed effective date for Section 2.20 of the Services Tariff and Section 1.20 of the OATT which will specify the date on which these revisions will take effect. The NYISO is unable to establish a specific effective date until after the revised software has been tested and deemed ready for implementation.

The NYISO currently remains on schedule to implement all other aspects of the Comprehensive Shortage Pricing project on or before November 30, 2015. The NYISO currently plans to: (i) proceed with implementing the Comprehensive Shortage Pricing project on or before November 30, 2015, except for the very limited aspect of the project related to the graduated transmission demand curve; and (ii) submit the required advance notice to establish a precise effective date in the near future for the tariff revisions related

to the project, except for the proposed revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT.

II. REQUEST FOR SHORTENED RESPONSE PERIOD AND EXPEDITED ACTION

The NYISO respectfully requests that the Commission waive the normal period for answering motions or, alternatively, shorten such period to no more than five days in order to facilitate action by the Commission on this request as expeditiously as possible, but no later than October 30, 2015. The NYISO informed Market Participants of its intent to seek this request at a Business Issues Committee meeting held on October 14, 2015. Expedited action by the Commission will provide certainty regarding the NYISO's ability to proceed with implementing all aspects of the Comprehensive Shortage Pricing project, except for the revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT, on or before November 30, 2015. This will also provide certainty to the marketplace regarding the ability to proceed with implementation of these important market design changes prior to the upcoming winter period. The Comprehensive Shortage Pricing project, among other benefits, is intended to significantly improve performance of supply resources during critical operating periods. By providing schedules and appropriate price signals to supply resources, this project seeks to ensure that resources are properly incented to be available to meet their schedules and procure the necessary fuel supplies to achieve such availability.

III. CONCLUSION

For the foregoing reasons, the NYISO respectfully requests that the Commission:

(i) grant an extension of time to implement the proposed revisions to Section 2.20 of the Services Tariff and Section 1.20 of the OATT until the NYISO implements the graduated

transmission demand curve; and (ii) waive the normal period for responding to this request or, alternatively, shorten such response period to no more than five days, to facilitate expeditious action by the Commission with respect to this request by no later than October 30, 2015.

Dated: October 16, 2015

Respectfully submitted,

/s/ Garrett E. Bissell

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 16th day of October 2015.

/s/ Joy A. Zimmerlin

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