UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.) Docket No. ER11-2547-000

ANSWER AND REQUEST FOR LEAVE TO ANSWER OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, the New York Independent System Operator, Inc. ("NYISO") respectfully submits this answer, or in the alternative, this request for leave to submit an answer, to the *Motion to Intervene and Comments of H.Q. Energy Services (U.S.) Inc.* ("HQUS"), made in this proceeding.[1] The Commission should reject HQUS' request that the NYISO submit rules for modeling ramp constraints in a future tariff filing.

I. ANSWER OR, IN THE ALTERNATIVE, REQUEST FOR LEAVE TO ANSWER

The Commission's procedural rules require answers to certain pleadings and permit answers as of right to others.[2] In this case, HQUS has made a motion to intervene and submit comments. The Commission's rules permit an answer in these circumstances.[3] The Commission also has discretion to accept answers in situations where an answer is prohibited,[4] and has done so when such answers will not cause any delay in the proceedings, no prejudice will result to any

---

[1] Capitalized terms not specifically defined herein shall have the meanings ascribed to them in the NYISO's Open Access Transmission Tariff and Market Services Tariff.

[2] 18 C.F.R. §§ 385.212, 385.213 (2010).

[3] Id. § 385.213 (a) (3).

[4] Id. § 385.213 (a) (2).

of the parties, and the information provided is helpful in the Commission's decision-making process.[5]

The NYISO respectfully requests that the Commission accept its answer, or in the alternative grant leave to submit this answer because it corrects certain mischaracterizations of the underlying stakeholder process and otherwise provides information that will help the Commission reach an informed decision in this proceeding.

II. BACKGROUND

Pending before the Commission are the NYISO's proposed tariff changes implementing enhanced interregional transaction scheduling and related pricing rules.[6] On January 18, 2011, HQUS moved to intervene in this proceeding and submitted comments. While HQUS states that it generally supports the NYISO's tariff revisions, HQUS also requests that the Commission require a future proceeding and tariff filing to establish rules for how the NYISO calculates Ramp Constraints.[7]

III. ANSWER

A. The Pricing Rules NYISO has Proposed are Transparent

In its motion, HQUS asserts – without support – that further proceedings and a compliance filing are necessary because the NYISO sets Ramp Constraints without any "guidance, guidelines, or review." HQUS goes on to argue that the Commission should ensure

---

[5] See Shell Gas Pipeline Company, 76 FERC ¶ 61,126, 61,689 fn 20 (1996); see also New York Independent System Operator,Inc., 133 FERC ¶ 61,030 (2010) (accepting NYISO's answer to a protest because it "provided information that assisted [the Commission] in [its] decision making-process"); New York Independent System Operator, Inc., 132 FERC ¶ 61,031 (2010) (same); New York Independent System Operator, Inc. and New York Transmission Owners, 131 FERC ¶ 61,242 (2010) (same).

[6] See New York Independent System Operator, Inc., Docket No. ER11-2547-000 (filed Dec. 28, 2010).

[7] Under the NYISO's proposal for flexible transaction scheduling, Ramp Constraints for both the top of the hour and intra-hour reflecting Balancing Control Area ramp limits are enforced to ensure that the change in energy from one period to another does not cause Balancing Area control performance issues. Ramp limits are defined in terms of a rate of change and may also be referred to as ramp rates.

that the NYISO's procedures are "more transparent." These assertions mischaracterize the NYISO's proposal and ignore the fact that the NYISO has made, and will continue to make, its approach to calculating Ramp Constraints available to Market Participants.

Both the proposed pricing rules and the NYISO's approach to calculating Ramp Constraints are sufficiently visible to Market Participants. The pricing rules and the circumstances that trigger them are described in detail in the proposed tariff sheets. HQUS and other power marketers will be able to understand and predict the impact of real-time transmission system conditions on their transactions. The methodology for setting Ramp Constraints is documented by the NYISO operators in guidance documents that are available on the NYISO's web site. These documents are subject to Market Participant review as NYISO Procedures when they are incorporated into the NYISO's operating manuals. Thus, the Commission should reject HQUS' assertion that the NYISO's proposal lacks transparency and, therefore, requires further Commission oversight.

B. The NYISO Addressed HQUS' Concerns With Respect to the Methodology for Setting Ramp Constraints

HQUS claims that it sought additional information from the NYISO during the stakeholder process regarding how much ramp capacity would be made available during the hour, and that the NYISO failed to provide "satisfactory answers." HQUS submitted written comments to the August 10, 2010 meeting of the Market Issues Working Group, which was charged with developing and reviewing the proposed market rule changes needed to implement the Enhanced Interregional Transaction Coordination ("EITC") project. HQUS asked the NYISO to clarify how it would set Ramp Constraints and how those determinations might change over time.[8]

[8] See Comments of H.Q.Energy Services(U.S.)Inc., *available at*:

Contrary to HQUS' assertion, however, the NYISO specifically responded to the company's concerns. NYISO staff referred HQUS' comments to the NYISO's Operations Department, which has responsibility for real-time reliability operations and Balancing Area control performance obligations, as well as transaction interchange coordination with adjacent Control Area operators. NYISO Operations staff prepared a presentation responding to the comments for the September 21, 2010 System Operations Advisory Subcommittee ("SOAS") meeting. SOAS meetings are open to all Market Participants, including HQUS, whose representative was present for the discussion. A copy of the presentation is attached hereto as Exhibit A.

The NYISO Operations presentation explained the basis in the Reliability Rules for the NYISO's calculation of ramp constraints and its experience with the prevailing 700 MW top of the hour ramp limit. It also discussed reliability concerns arising from the transition to intra-hour scheduling and noted that the proposed intra-hour ramp limits were consistent with the anticipated technological capabilities of Hydro-Quebec-TransEnergie, the Quebec Control Area operator. The NYISO also addressed HQUS's concern for documenting the methodology for setting Ramp Rates by explaining that it would incorporate a description in the next update to the governing Transmission and Dispatch Manual.[9] In addition, the NYISO responded to HQUS' questions concerning the issues related to development of a dynamic value of ramp limit. Last, the NYISO presented the ramp limits employed by all other neighboring Control Areas, each of which will continue to employ a single top of the hour fixed ramp limit. HQUS' claim that the

---

http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2010-08-10/HQUS_Comments_EITC.pdf.

[9] The Commission should note that HQUS's affiliate Hydro Quebec TransEnergie, the adjacent Control Area transmission operator, reviewed the SOAS presentation and confirmed its agreement with the NYISO's approach.

NYISO did not respond to its concerns provides no support for its request for an additional tariff filing.

C. A Future Proceeding And Compliance Filing With The Commission Are Unnecessary

HQUS requests that the Commission require a future proceeding and compliance filing to establish tariff rules for how the NYISO will calculate Ramp Constraints. However, the tariff filing process is inappropriate in this instance because the real-time management of ramp and other transmission constraints requires operational flexibility and coordination with the needs of adjacent Control Areas. The strictures of the tariff filing process would not afford the NYISO this flexibility and could impair the NYISO's ability to meet its Balancing Area control performance reliability obligations.

The NYISO ordinarily handles concerns such as those posed here by HQUS by publishing its methodology in its technical bulletins and manuals, which are generally available to Market Participants.[10] In this instance, the NYISO proposes to include its methodology for setting Ramp Constraints in a technical bulletin within 30 days after the Commission's determination in this proceeding. Then, in the normal course of updating its manuals, the NYISO will incorporate the technical bulletin information in the next update of the NYISO's Transmission and Dispatch Operations Manual. That process will include opportunities for Market Participant comments and discussion; thus, HQUS will have further opportunities to raise its concerns and seek additional clarification of issues related to NYISO ramp limits, as the normal stakeholder documentation revision process goes forward.

[10] Access to operational materials that include Critical Infrastructure Information is restricted.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission accept its answer as filed, or in the alternative grant it leave to answer, and that the Commission reject HQUS' contention that any further tariff filing to define the NYISO's Ramp Rate calculation methodology is required.

Respectfully submitted,

Elizabeth A. Grisaru
Whiteman Osterman & Hanna
Counsel to the New York Independent System Operator, Inc.
One Commerce Plaza
Albany, New York 12260
mailto:egrisaru@woh.com

cc: Michael A. Bardee
Gregory Berson
Connie Caldwell
Anna Cochrane
Lance Hinrichs
Jeffrey Honeycutt
Michael Mclaughlin
Kathleen E. Nieman
Rachel Spiker
John Yakobitis

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 31st day of January, 2011

/s/ Mohsana Akter

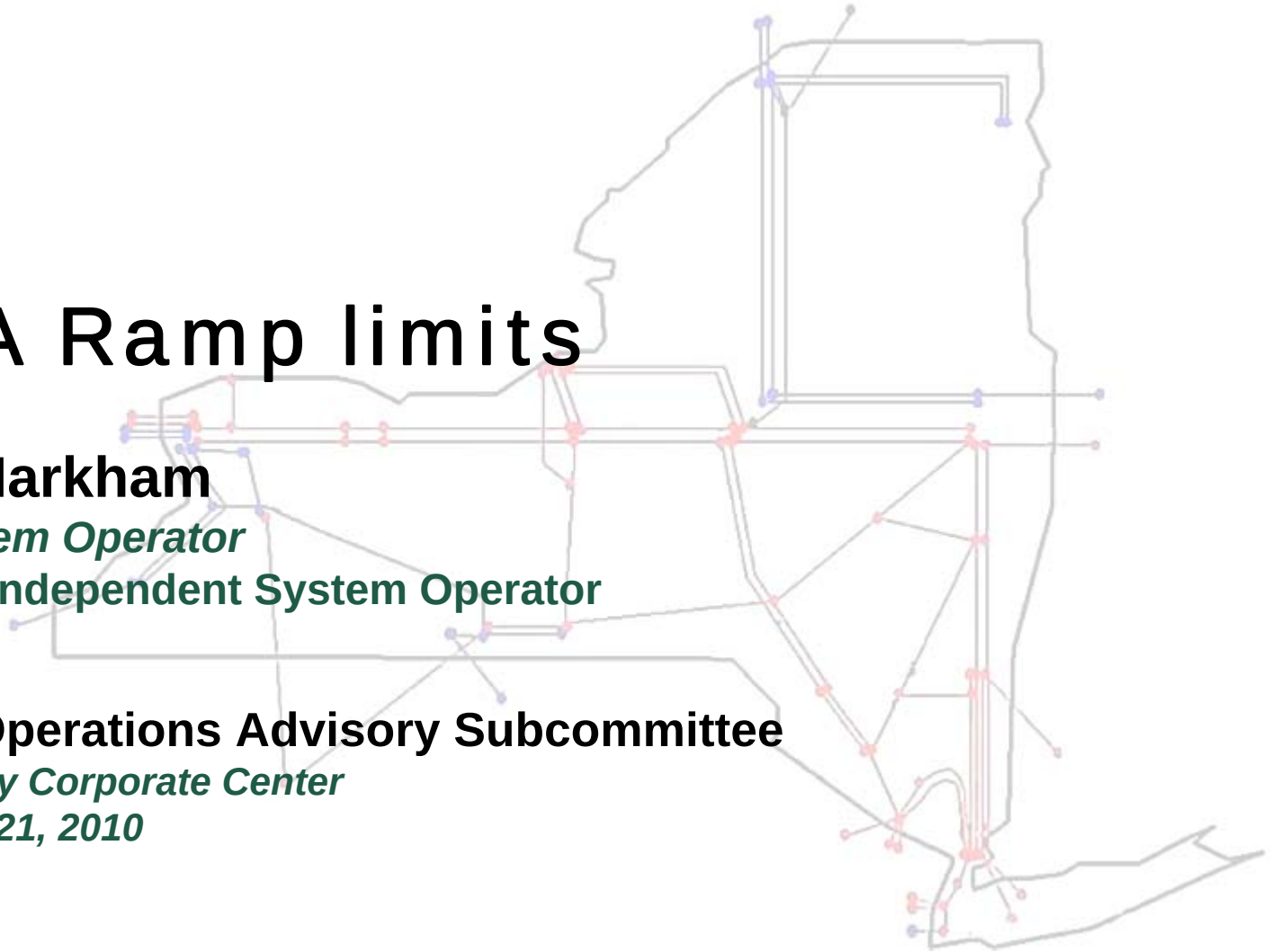
Mohsana Akter
Regulatory Affairs Associate
New York Independent System Operator, Inc
10 Krey Blvd.
Rensselaer, NY 12114
(518) 356-7560

Exhibit A

NYCA Ramp limits

Aaron Markham
Chief System Operator
New York Independent System Operator

System Operations Advisory Subcommittee
NYISO – Key Corporate Center
September 21, 2010



Draft – For Discussion Only

Background

- During the August 2010 SOAS meeting, the NYISO was asked to consider the Comments of H.Q. Energy Services (U.S.) Inc. regarding Enhanced Interregional Transaction Coordination (EITC)
- The purpose of this presentation is to address the following questions:
  - *The basis of the 700 MW top of hour NYCA ramp constraint*
  - *Documentation of the ramp constraints*
  - *The basis of the proposed intra-hour ramp constraint at the HQ proxy bus as described in the EITC project*
  - *Preliminary thoughts on a dynamic ramp limit*

Reliability need for ramp constraints

- Schedule changes have a significant impact on the following:
  - *Area Control Error (ACE)*
  - *Voltage profiles across the NYCA*
  - *Flow changes on monitored stability and voltage collapse interfaces*
  - *Internal resource dispatch*
- Operations experience has found the current ramp limits to be effective at maintaining NYCA reliability
- The NYISO will incorporate a description of the ramp limits into the next update of the Transmission & Dispatching Operations Manual

Basis of the 700 MW top of hour NYCA ramp constraint

- NYISO as a Balancing Authority is required to comply with NERC BAL-001-0.1a Real Power Balancing Control Performance
  - *The purpose of BAL-001 is to* maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time
  - *Available at http://www.nerc.com/files/BAL-001-0_1a.pdf*
- Schedule changes have a significant impact on NERC Control Performance Standards (CPS1 & CPS2)
- The ramp limit is required by the NYISO to comply with CPS1 & CPS2

Observations on Performance

- Operations observes that CPS1 & 2 performance during the current ramp period at the top of the hour, XX:55-XX:05, is significantly lower than for the non-ramp periods
  - *Operations has observed degradations of approximately 25% in CPS 1 performance during ramp periods*
- There is concern that increasing the top of the hour ramp will result in a further degradation of performance

EITC proposed intra-hour ramp

- Intra-hour ramp introduces additional concerns with respect to reliability needs including compliance with CPS1 & 2 criteria
- The proposed EITC intra-hour ramp constraints interface support NYCA reliability needs
  - *The current proposal is also in line with TransEnergie's anticipated technical capability for the HQ interface*

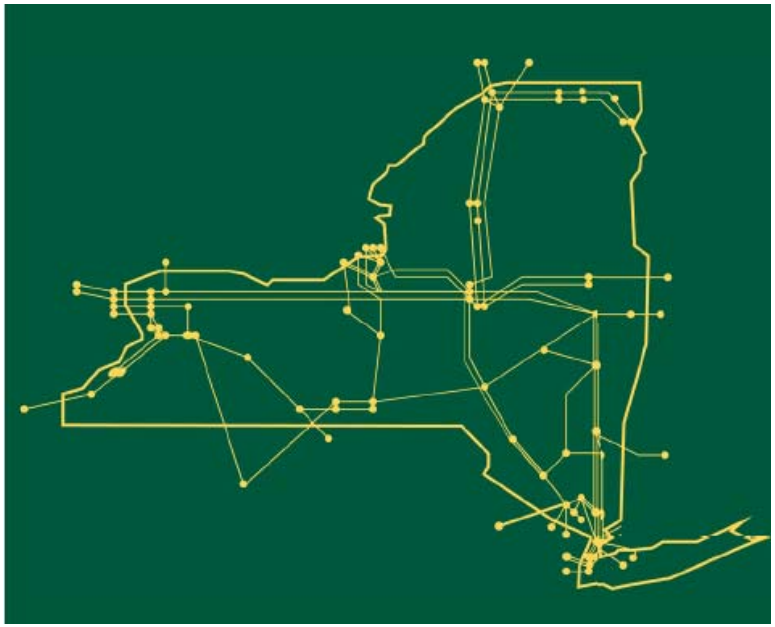
Preliminary thoughts on a dynamic ramp limit

- Dynamic limits would require careful consideration from a reliability perspective
  - *Including coordination with neighboring control areas*
- If there is sufficient Market Participant interest in pursuing this concept analysis, the scope would require a defined project effort

Reference: Neighboring Control Area Ramp Limits

- NYISO – 700 MW (peak load of 33,939 MW)
- IESO – 700 MW (peak load of 27,005 MW)
- ISO-NE – 500 MW (peak load of 28,130 MW)
- PJM – 1000 MW (peak load of 144,000 MW)

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



www.nyiso.com

Draft – For Discussion Only