

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection L.L.C.

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Docket No. EL15-31-000

**MOTION TO INTERVENE AND COMMENTS OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

In accordance with Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, the New York Independent System Operator, Inc. (“NYISO”) respectfully seeks leave to intervene and submits comments on PJM Interconnection L.L.C.’s (“PJM”) December 15, 2014, Federal Power Act Section 206 filing in this docket (“PJM Filing”). The NYISO does not take a position on the PJM Filing at this time. The NYISO submits these comments to support PJM’s belief that Commission led action is the appropriate approach to address market-based offer cap issues.¹

I. Motion to Intervene

The NYISO is a not-for-profit corporation responsible for providing open-access transmission service and administering open and competitive wholesale markets in New York State. The NYISO maintains and implements an Open Access Transmission Tariff and a Market Administration and Control Area Services Tariff (collectively, the “Tariffs”). The NYISO is responsible for the reliable operation of the bulk electricity grid, and both short-term and long-term planning for the bulk power system in New York State. The NYISO is also responsible for

¹ PJM Filing at 7.

the economic evaluation and scheduling of Import offers and Export bids between the New York Control Area (“NYCA”) and neighboring Public Utilities, including PJM.²

The NYISO and PJM operate neighboring transmission systems, administer neighboring energy markets and facilitate energy trading between the two markets. A Commission order raising the energy market offer cap³ within PJM could increase energy prices in PJM and, given the close ties between the two markets, could drive electric power and natural gas away from the New York Control Area (“NYCA”) and towards PJM’s control area.

Accordingly, the NYISO has multiple interests at stake in this proceeding that cannot be represented by any other entity and should be permitted to intervene.

II. Comments

The NYISO supports the regional coordination of comparable offer caps in order to limit potential seams issues between neighboring regions, satisfy reliability, and avoid inefficient market outcomes. Offer caps must be discussed at a regional level in order for all interested parties to evaluate the potential for seams issues that could arise from different offer caps. While different offer caps already exist across the country, ISOs/RTOs should consider the potential impacts of changes to offer caps on neighboring regions prior to adjusting one region’s offer cap. Any increases in offer caps should be appropriately justified to ensure that consumers realize the associated reliability and economic benefits.

Materially different offer caps in neighboring regions that depend on the same natural gas supply could require operator actions to avoid electric system reliability impacts during periods

² Capitalized terms that are not otherwise defined herein shall have the meaning specified in the Tariffs.

³ PJM Filing at 2.

of cold weather and high gas prices. NYISO is concerned that a number of markets in the Mid-Atlantic and Northeast are competing for the same supply of gas and generators subject to lower offer caps could be denied access to fuel. Regional or national coordination to establish, and change, appropriate offer caps is essential to avoid shutting out one region's access to fuel in favor of another region.

NYISO, similar to PJM, is aware that the Commission is currently considering whether changes should be made on a national level to both cost-based and market-based offer caps. NYISO supports the Commission's efforts on this topic and encourages the Commission to continue exploring offer caps at the regional or national level. NYISO also agrees with PJM and the other ISOs/RTOs that "raising the market-based offer cap in one RTO, such as PJM, while leaving it at \$1,000/MWh in others could create significant seams issues between RTOs that would disrupt harmonization of neighboring RTO energy markets."⁴

III. Copies of Correspondence

All correspondence and service in this proceeding should be directed to:

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* Designated to receive service.

⁴ *Id.* at 7 and fn 18.

IV. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission (i) allow the NYISO to intervene in this proceeding and (ii) accept the NYISO's comments.

Respectfully submitted,

/s/ James H. Sweeney
James H. Sweeney, Attorney
New York Independent System Operator, Inc.

Dated: December 23, 2014

Cc: Michael Bardee
Gregory Berson
Anna Cochrane
Jignasa Gadani
Morris Margolis
David Morenoff
Daniel Nowak
Jamie Simler

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 23rd day of December, 2014.

/s/ Joy A. Zimmerlin

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