

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

**Coordination between Natural Gas and Electricity
Markets**

Docket No. AD12-12-000

**COMMENTS OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

In accordance with the Commission’s February 15, 2012 *Notice Assigning Docket Nos. and Requesting Comments* (“*Notice*”) in this proceeding, the New York Independent System Operator, Inc. (“NYISO”) respectfully submits these comments. The NYISO is also a signatory to the *Joint Comments*¹ of the six Commission-jurisdictional Independent System Operators and Regional Transmission Organizations, which are being filed concurrently.

The NYISO agrees with the *Joint Comments* that the Commission has an important role to play in promoting better communication and coordination between the natural gas and electric industries. The Commission should hold national level technical conferences to bring the two industries together to discuss the most important coordination issues. It seems likely that these discussions could lead to new national policies or rules on a number of subjects. As noted in the *Joint Comments*, however, there are also issues that it would be useful to consider at the national level but that will not lend themselves to “one-size fits all” solutions. In these cases, the Commission should defer to the regions and allow them to craft solutions, or to conclude that no solutions are needed, as individual circumstances warrant.

¹ *Joint Comments of California Independent System Operator, Inc., ISO New England, Inc., Midwest Independent System Operator, Inc., New York Independent System Operator, Inc., PJM Interconnection, L.L.C., and Southwest Power Pool, Inc.*, Docket No. AD12-12-000 (March 30, 2012).

The NYISO has taken, and is in the process of taking, a number steps to enhance communications and coordination between the gas and electric industries in New York. New York's *Gas-Electric Coordination Protocol*, which was implemented in response to Order No. 698,² has worked well. There is room to improve gas-electric industry communications protocols in non-emergency situations, including, *e.g.*, with respect to the scheduling of gas infrastructure maintenance outages. Such improvements can likely be achieved with the Commission's encouragement without requiring more direct action.

The NYISO recently established a stakeholder Electric Gas Coordination Working Group that is providing a forum for greater inter-industry communication and coordination. The initial focus of this Working Group has been on educating members on both electric system and gas system operations and issues. The NYISO has found this forum to be highly valuable for its staff and stakeholders, and it appears to be of value for gas industry participants. The NYISO encourages the Commission to conduct similar forums on the national level, as was done at the FERC-NARUC Collaborative in February, to further facilitate education and communication between these industries on issues that impact each other. The NYISO was honored to participate in the FERC-NARUC Collaborative panel, and stands ready to support similar industry efforts led by the Commission.

The NYISO is also already working with neighboring systems to define the scope of a study of the adequacy and security of the interaction of the gas and electric systems in the Northeast, Midwest, and Ontario. The NYISO agrees with the *Joint Comments'* recommendation that the Commission consider conducting or sponsoring an independent study

² *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, 72 Fed. Reg. 38,757 (July 16, 2007), FERC Stats. & Regs., Regs. Preambles ¶ 31,251 (2007), *order on reh'g*, Order No. 698-A, 73 Fed. Reg. 38 (Jan. 2, 2008), 121 FERC ¶ 61,264 (2007).

to evaluate the anticipated effects on pipeline flows of the increased use of natural gas in electric generation driven by shale gas production and other fundamental changes. As was noted in the *Joint Comments*, a national study might also explore the potential supply chain consequences of such changes, including their impacts on gas-fired generation. The scope of the study, the timetable for its completion, and related issues could all be addressed at national level technical conferences.

The New York State Reliability Council already has rules requiring dual-fuel capable units in New York City and Long Island to switch to oil when electric loads reach defined peak thresholds, which are adjusted for both summer and winter peak conditions. The NYISO administers these rules in conjunction with Consolidated Edison Company of New York, Inc. and the Long Island Power Authority, to avoid the potential that a loss of gas fuel supply could lead to an electric system outage. These rules help to make the electric system less vulnerable in the event that natural gas becomes unexpectedly difficult to obtain. The NYISO believes that other regions might benefit from developing additional dual-fuel generating capability and/or fuel switching requirements, but recognizes that there may be reasons why this may not be a desirable option in certain regions.

Differences between gas and electricity market scheduling timetables have not posed a problem in New York. The Commission concluded that there was no need to change NYISO market timetables to better coordinate with the “gas day” in 2006.³ Nothing has changed since then to alter that conclusion. The NYISO also believes that most of its stakeholders are satisfied

³ *California Independent System Operator, Inc., et al.* 120 FERC ¶ 61,206 (order terminating Section 206 proceedings for each Commission-jurisdictional ISO/RTO that had been initiated to examine “if additional procedures are needed to determine whether their scheduling and compensation mechanisms need to be revised to ensure that gas-fired generators can obtain gas when the gas-fired generation is necessary for reliability”).

with its existing electricity market timetable and would not favor changes to it. Thus, while it may be productive for issues related to the gas and electricity trading days to be discussed at national level technical conferences, the Commission should not begin with a presumption that greater “harmonization” is needed in all regions.

In conclusion, the NYISO respectfully requests that the Commission accept the recommendations set forth in these comments.

Respectfully Submitted,

/s/ Ted J. Murphy
Ted J. Murphy
Counsel to
New York Independent System Operator, Inc.

March 30, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list complied 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 (2011).

Dated at Washington, DC this 30th day of March, 2012.

By: /s/ Ted J. Murphy
Ted J. Murphy
Hunton & Williams LLP
2200 Pennsylvania Avenue, NW
Washington, DC 20037