



June 13, 2013

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Re: *New York Independent System Operator, Inc. and PJM Interconnection, L.L.C.,*
Jointly Submit Proposed Amendments to the Joint Operating Agreement Among
and Between NYISO and PJM;
Docket No. ER13-____-____.

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Act,¹ the New York Independent System Operator, Inc. ("NYISO") and PJM Interconnection, L.L.C. ("PJM") (collectively the "RTOs") submit to the Federal Energy Regulatory Commission ("FERC") proposed revisions to the Joint Operating Agreement Among and Between NYISO and PJM ("JOA"). On December 24, 2012, the RTOs requested a temporary, limited waiver of sections 7 and 10 of Schedule D (*Market-to-Market Coordination Process*) to the JOA.² The RTOs then worked together, and with their stakeholders, to revise the JOA to incorporate the terms of the Joint Waiver.³ Pursuant to Section 205 of the Federal Power Act,⁴ the RTOs hereby submit, in electronic format, proposed

¹ 16 U.S.C. § 824d.

² *PJM Interconnection, L.L.C. and New York Independent System Operator, Inc. Petition for Limited Tariff Waiver, Shortened Comment Period, and Expedited Commission Action*, Docket No. ER12-718, December 24, 2012 ("Joint Waiver").

³ The Joint Waiver was granted by the Commission on January 14, 2013, *PJM Interconnection, L.L.C. and New York Independent System Operator*, 142 FERC ¶ 61,026 (2013).

⁴ 18 C.F.R. § 385.205 (2012).

revisions to the JOA between NYISO and PJM that is set forth in Attachment CC to the NYISO's Open Access Transmission Tariff ("NYISO OATT").⁵

The Joint Waiver permits the RTOs to temporarily suspend the market-to-market ("M2M") coordination process and M2M settlements under the following concerns: (1) if the data link between the RTOs fails precluding the exchange of data necessary to implement the market-to-market coordination process; or (2) if either RTO's energy management system ("EMS")⁶ or real-time security constrained economic dispatch ("RTD"), fails rendering impossible the creation of data necessary for M2M coordination. The JOA revisions proposed in this joint filing: (a) incorporate the provisions of the RTOs' Joint Waiver into the JOA; and (b) clarify certain sections of the JOA M2M provisions based on the RTOs' M2M implementation and operating experience since the January 15, 2013 implementation date.

I. Background

On December 24, 2012, the RTOs submitted their Joint Waiver petition to address two concerns that were identified while developing a joint operating guide to implement the M2M coordination process and while testing the M2M data exchange between PJM and NYISO. While testing the M2M data exchange, the RTOs determined that they required Tariff authority to suspend both the M2M coordination process and M2M settlements when:

⁵ Order No. 714, *Electronic Tariff Filings*, ¶ 31,276 (2008), and Section 35.1 of the Commission's regulations, 18 C.F.R. § 35.1(a), allow multiple public utilities that are parties to the same tariff (e.g., a joint tariff such as the JOA) to designate one of the public utilities as the designated filer of the joint tariff. The designated filer submits a single tariff filing for inclusion in its database that reflects the joint tariff, along with the requisite certificates of concurrence from the other parties to the joint tariff. NYISO is the designated filing party for the JOA. Therefore, NYISO is submitting the JOA modifications in the instant filing along with PJM's Certificate of Concurrence. The designation of the NYISO as the designated filer for the JOA is for administrative convenience and in no way shall limit PJM's filing rights under the Federal Power Act as they relate to the JOA.

⁶ The EMS includes real-time telemetry, contingency and state estimator functions.

- 1) A failure of either RTO's EMS or RTD, which would prevent the calculation of data (e.g., transmission constraint data, and generator output data and distribution factors necessary to calculate market flows) necessary for M2M coordination; or
- 2) A failure of the data link between the RTOs, which would preclude the exchange of data, such as Shadow Prices, necessary to implement the M2M coordination process.

On April 23, 2013, in Docket No. ER12-718-004, the RTOs submitted a joint request for an extension of the Joint Waiver to allow for additional time to develop the JOA revisions and obtain all necessary approvals. The Commission issued an order granting the extension of the Joint Waiver on May 30, 2013.⁷

The EMS, RTD, and data link are critical to implementing the M2M coordination process. When an M2M Flowgate for redispatch coordination binds in the Monitoring RTO's RTD, the Monitoring RTO will notify the Non-Monitoring RTO of the transmission constraint and will identify the M2M Flowgate that may benefit from redispatch coordination. Importantly, the Monitoring and Non-Monitoring RTOs will each provide to each other via a data link, among other data, the economic value of the constrained M2M Flowgate (*i.e.*, the Shadow Price) as calculated by their respective RTDs, including the EMS, and the RTD of the Non-Monitoring RTO. The Monitoring RTO will evaluate the actual loading of the M2M Flowgate constraint and request that the Non-Monitoring RTO modify its Market Flow via redispatch if it can do so more efficiently than the Monitoring RTO. Using the data link and each RTO's EMS and RTD, this iterative process of evaluating both participants' Shadow Prices to relieve the active M2M Flowgate constraint will continue until the RTOs Shadow Prices converge and an efficient redispatch solution is achieved.

⁷ *PJM Interconnection, L.L.C. et al.*, Docket No. ER12-718-004 (unpublished letter order issued May 30, 2013).

Section 10.1.5 (*Appropriate use of M2M Process: Abnormal Operating Conditions*) in Schedule D of the JOA allows the RTOs to delay or suspend the M2M coordination process where either PJM or NYISO are “experiencing system conditions that require the system operators’ immediate attention.” Here, “system conditions” clearly applies to bulk-electric system conditions (*e.g.*, generation outages, transmission outages, excessive loadings, etc.) that require the system operators’ immediate attention. However, Schedule D to the JOA did not specifically authorize suspension of M2M coordination during an outage of the data link or EMS between the RTOs; so PJM and NYISO submitted the December 24, 2012 Joint Waiver requesting a limited waiver of sections 7 and 10 in Schedule D of the JOA under the circumstances identified above.

Since submitting the Joint Waiver Filing, the RTOs have jointly developed, and reviewed with stakeholders, the proposed additions to section 10.1.5 of Schedule D to the JOA that are discussed below. The revised section 10.1.5 addresses the data system conditions that require the system operators’ immediate attention (*e.g.*, an outage of the data link between the RTOs or either RTOs’ EMS/RTD), and will allow the RTOs to suspend M2M coordination when the RTOs’ are unable to exchange information that is necessary to efficiently and accurately implement the M2M coordination process.

Since implementing the M2M coordination process on January 15, 2013, the RTOs have identified various M2M provisions that should be clarified to more clearly reflect the RTOs agreement and implementation of M2M. The RTOs propose to clarify certain elements of the M2M entitlement model and calculations, the special price convergence process, and M2M coordination data exchange discrepancies. The proposed clarifications are intended to reflect

existing practice, they do not fundamentally change the M2M coordination process that the RTOs filed and the Commission previously accepted.

Finally, the RTOs propose several ministerial revisions in this filing to correct numerical section references and to use a standard set of terms consistently throughout the JOA.

II. Communications and Correspondence

Copies of correspondence concerning this filing should be served on:

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III. Description of Proposed Tariff Revisions

The RTOs propose the following jointly developed revisions to Schedules A and D to their JOA. As discussed in detail below, the vast majority of the revisions submitted in this filing are to Schedule D to the RTOs' JOA, the M2M coordination provisions.

A. Proposed Revision to Schedule A to the JOA

The RTOs propose to revise section 35.21, Schedule A to the JOA, to update the name of one Interconnection Facility on the list of NY/PJM alternating current Interconnection Facilities.

B. Proposed Revisions to Schedule D to the JOA

Sections 6.1 and 6.2 - The RTOs propose minor changes to clarify that each RTO is computing M2M entitlements using its own static model.

Sections 6.3 and 6.4 - The RTOs propose clarifying changes to explain how the RTOs will address M2M entitlement impacts from Transmission Facility retirements and transmission upgrades that are not reflected in the detailed representation of an RTO's static model. New language is proposed in section 6.3 describing the impact thresholds that specify when new or upgraded Transmission Facilities, or Transmission Facility retirements, need not, may, or must be reflected in the non-building RTO's operational models.

Section 7 - The RTOs propose ministerial changes to capture the prior renumbering of other sections and to clarify and standardize the terms that are used in the JOA.

Section 8 - The RTOs propose modifications to the M2M settlement calculations to align the terminology with the calculation described in section 7.2.2 of Schedule D and to clarify the direction of payment, *i.e.*, when NYISO is paying PJM and when PJM is paying NYISO, as a result of the M2M coordination process.

Section 9 - The RTOs propose modifications to clarify that the special price convergence process should not result in the operationally inefficient redispatch of generation. The proposed modifications also allow the Non-Monitoring RTO to prevent such redispatch if it could have an adverse impact on system reliability.

Section 10 - The RTOs propose ministerial changes to standardize the terms that are used in the JOA.

Section 10.1.5 - The RTOs propose revisions to address the concerns that were identified in the RTOs' Joint Waiver. The proposed language allows either RTO to temporarily suspend an

active M2M coordination process or delay implementation of the M2M coordination process if one RTO is experiencing, or acting in good faith suspects it may be experiencing, (1) a failure or outage of the data link between the RTOs that prevents the exchange of accurate or timely real-time data necessary to implement the M2M coordination process; or (2) a failure or outage of any computational or data systems preventing the actual or accurate calculation of data necessary to implement the M2M coordination process. Under the proposed revision, the RTOs are expected to resolve the issue(s) causing the failure or outage of the data link, computational systems, or data systems as soon as possible in accordance with Good Utility Practice. The RTOs will resume implementation of the M2M coordination process following the successful testing of the data link or relevant system(s) after the failure or outage condition is resolved.

Section 10.2 - The RTOs propose ministerial changes to standardize the terms that are used in the JOA. The RTOs also propose adding new language to require mutual agreement by the RTOs before modifying data that was transmitted to and relied on by the Non-Monitoring RTO for M2M redispatch. The proposed language indicates that the data transmitted by the Monitoring RTO that was used to determine the Non-Monitoring RTO's shadow cost will not be modified except by mutual agreement prior to calculating M2M settlements if the data exchanged for the M2M redispatch process was relied on by the Non-Monitoring RTO's dispatch to determine the shadow cost the Non-Monitoring RTO was dispatching to when providing relief at an M2M flowgate. This modification is necessary to ensure that the Non-Monitoring RTO receives an M2M settlement based on the data that it relied on when evaluating whether or not it was cost effective to redispatch generation. The RTOs agree that the Non-Monitoring RTO should be able to rely, in good faith, on the data transmitted by the Monitoring RTO for redispatch. The Non-Monitoring RTO should not have to consider whether or not it

will receive an M2M settlement, based on inaccurate data from the Monitoring RTO, when evaluating a request for M2M redispach.

Sections 11.2 and 11.3 - The RTOs propose ministerial changes to capture the prior renumbering of other sections and to standardize the terms that are used in the JOA.

IV. Documents Enclosed

The RTOs enclose with this transmittal letter:

1. This filing letter;
2. A clean version of the RTOs' proposed revisions to their JOA, which is on file with the Commission as Attachment CC to the NYISO's OATT, (Attachment I);
3. A blacklined version of the RTOs' proposed revisions to their JOA, which is on file with the Commission as Attachment CC to the NYISO's OATT, (Attachment II); and
4. PJM's concurrence letter, concurring with the proposed revisions to the JOA (Attachment III).

V. EFFECTIVE DATE

The RTOs respectfully request that the Commission permit the proposed JOA revisions to become effective on August 14, 2013, more than sixty days after the date of this filing. The RTOs Limited Tariff Waiver extension⁸ will expire on August 15, 2013.

VI. STAKEHOLDER REVIEW

The proposed tariff revisions were approved unanimously, with abstentions, by the NYISO's Management Committee on May 29, 2013. The NYISO Board of Directors approved the proposed tariff revisions on June 11, 2013.

PJM provided notification and an overview of these proposed revisions at its June 5, 2013 Market Implementation Committee ("MIC"). The revisions were discussed under item no.

⁸ *PJM Interconnection, L.L.C et al.*, Docket No. ER12-718-004 (unpublished letter order issued May 30, 2013).

5 of the agenda, which can be found at: <http://www.pjm.com/~media/committees-groups/committees/mic/20130605/20130605-agenda.ashx>.

VII. Service

A. NYISO Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

B. PJM Service

PJM will serve a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,⁹ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region¹⁰ alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

⁹ See 18C.F.R. §§ 35.2(e) and 385.2010(f)(3).

¹⁰ PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

VIII. Conclusion

Wherefore, for the foregoing reasons, the RTOs respectfully request that the Commission accept the proposed JOA revisions identified in the Attachments hereto, with an effective date of August 14, 2013.

Respectfully submitted,

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