

May 18, 2017

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: New York Independent System Operator, Inc.'s Proposed Tariff
Amendments to Coordination Agreement Between ISO New England Inc.
and the New York Independent System Operator; Docket No. ER17-____-000**

Dear Secretary Bose:

The New York Independent System Operator, Inc. ("NYISO") submits this filing pursuant to Section 205 of the Federal Power Act¹ to propose amendments to the Coordination Agreement between ISO New England Inc. ("ISO-NE") and NYISO ("Coordination Agreement") which is Section 37 of the NYISO's Open Access Transmission Tariff ("OATT"). The NYISO and ISO-NE worked together to develop the revisions proposed herein and gained approval of the revisions from their respective stakeholders. ISO-NE will separately file the revised Coordination Agreement that resides in its tariffs with the Federal Energy Regulatory Commission ("Commission"). The NYISO and ISO-NE are collectively referred to herein as the "ISOs."

The ISOs propose two sets of Coordination Agreement revisions in this filing. The revisions to Articles 1 and 6 of the Coordination Agreement propose minor corrections to improve the accuracy of the Agreement. The proposed revisions to Schedule C to the Coordination Agreement are improvements to the rules for pricing Emergency Energy. Both sets of revisions were approved by the NYISO Management Committee and are described further below.

I. Documents Submitted

1. This filing letter;

¹ 16 U.S.C. §824d.

2. A clean version of the proposed revisions to the NYISO's OATT ("Attachment I"); and
3. A blacklined version of the proposed revisions to the NYISO's OATT ("Attachment II").

II. Description and Justification of Proposed Revisions to the Coordination Agreement

A. Coordination Agreement Articles 1 and 6

On September 10, 2015, the ISOs each submitted a Federal Power Act Section 205 filing to the Commission, setting forth rules necessary to enable them to implement Coordinated Transaction Scheduling ("CTS")² (the "2015 Filings") at their primary A/C interface.³ The Commission accepted the 2015 Filings and Coordinated Transaction Scheduling between NYISO and ISO-NE was implemented on December 15, 2015.⁴ The ISOs identified minor additional revisions that are necessary to improve consistency within the rest of the Coordination Agreement and to eliminate unintended redundancy. The proposed revisions to Articles 1 and 6 of their Coordination Agreement are described below.

Coordination Agreement Article 1

In the 2015 Filings, the ISOs added a definition of "Transfer Limit" to their Coordination Agreement. Transfer Limit was defined as the maximum net interchange that can be scheduled at a CTS Enabled Interface. However, the ISOs later identified an inconsistency between that definition and Section 5.0 of Schedule D to the Coordination Agreement. Section 5.0 describes how Transfer Limits are established and states that a Transfer Limit sets the minimum or maximum net interchange that can be scheduled on a CTS Enabled Interface between NYISO and ISO-NE. Since the Transfer Limit can be a minimum or a maximum, the ISOs propose to revise the definition of "Transfer Limit" in Article 1.0 of the Coordination Agreement to be the minimum or maximum net interchange that can be scheduled at a CTS Enabled Interface. The proposed revision directly parallels the description of how a Transfer Limit is established in Section 5.0 of Schedule D to the Coordination Agreement.

² Capitalized terms not otherwise defined herein shall have the meaning specified in Article 1 of the Coordination Agreement.

³ *New York Independent System Operator, Inc.'s Proposed Tariff Amendments to Implement External Coordinated Transaction Scheduling with ISO New England Inc.*, Docket No. ER15-2640-000 (September 10, 2015); *ISO New England Inc. and New England Power Pool, Coordination Agreement, Market Rule 1, OATT Conforming Revisions Relating to Coordinated Transaction Scheduling*, Docket No. ER15-2641-000 (September 10, 2015).

⁴ *New York Independent System Operator, Inc.*, 153 FERC ¶ 61,158 (2015); *New York Independent System Operator, Inc.*, Docket No. ER15-2640-001 (unpublished letter order issued February 5, 2016); *ISO New England Inc.*, 153 FERC ¶ 61,159 (2015); *ISO New England Inc.*, Docket No. ER15-2641-001 (unpublished letter order issued February 5, 2016).

Coordination Agreement Article 6

In the 2015 Filings, the ISOs proposed and the Commission accepted revisions to Article 6.0 of the Coordination Agreement related to the exchange of information between NYISO and ISO-NE and the treatment of Confidential Information or Critical Energy Infrastructure Information that the ISOs exchange. In preparing the materials for their respective filings with the Commission in September 2015,⁵ the ISOs discovered two provisions in Section 6.5 of the Coordination Agreement that they had intended to strike - specifically, Sections 6.5 (d) and (h) - were inadvertently removed from the draft Coordination Agreement *before* the proposed changes were presented to stakeholders for their consideration. Because stakeholders did not have the opportunity to review these proposed deletions, the ISOs agreed not to remove the two provisions from Section 6.5 in the 2015 Filings. The ISOs have now presented the removal of these two provisions to their respective stakeholders and obtained the needed approvals. The ISOs now propose to remove Sections 6.5(d) and 6.5(h) from the Coordination Agreement.

B. Emergency Energy Transactions Schedule

The ISOs propose revisions to the Emergency Energy settlement provisions specified in Schedule C to the Coordination Agreement. The proposed revisions provide a specific formula to price Emergency Energy based on which ISO is the delivering party. Two formulas allow the ISOs to align Emergency Energy settlement intervals and prices with their respective real-time energy market settlement intervals and prices. In addition, the ISOs propose to prevent negative prices from being used to settle Emergency Energy transactions. A negative real-time Locational Based Marginal Price ("LBMP"), or Locational Marginal Price ("LMP"), will be set to \$0.00 for purposes of an Emergency Energy transaction because the delivering ISO should not be required to pay the receiving ISO for the Emergency Energy that the delivering ISO provides when an Emergency Energy transaction occurs during an interval with negative prices.

For ISO-NE as the Delivering Party

When ISO-NE is the delivering party the proposed settlement formula aligns the Emergency Energy settlement intervals with the five-minute settlement intervals in ISO-NE's Real-Time Energy Market and for Real-Time reserves.⁶ The settlement interval associated with ISO-NE delivering Emergency Energy to New York should be consistent with the five-minute settlement interval used in the ISO-NE Real-Time Energy Market and apply the same five-minute prices to the Emergency Energy and the energy market. Therefore, the proposed Coordination Agreement revisions specify that when ISO-NE is the delivering Party, the

⁵ *New York Independent System Operator, Inc.'s Proposed Tariff Amendments to Implement External Coordinated Transaction Scheduling with ISO New England Inc.*, Docket No. ER15-2640-000 (September 10, 2015); *ISO New England Inc. and New England Power Pool, Coordination Agreement, Market Rule 1, OATT Conforming Revisions Relating to Coordinated Transaction Scheduling*, Docket No. ER15-2641-000 (September 10, 2015).

⁶ Letter Order issued in Docket No. ER16-1838-000 (July 26, 2016) (effective March 1, 2017, ISO-NE replaced its hourly settlement interval in its Real-Time Energy Market and for Real-Time reserves with a five-minute settlement interval.).

Emergency Energy charge for an hour equals the sum of the energy charges (LMP * MWh) for each five minute settlement interval in the hour multiplied by 110%.⁷

For NYISO as the Delivering Party

The ISOs propose similar, clarifying revisions to the settlement formula used when NYISO is the delivering Party. The proposed clarifications state that the Emergency Energy charge for an hour equals the sum of the energy charges (LBMP * MWh) for each real-time interval in that hour when NYISO is the delivering Party multiplied by 110%.

III. Effective Date

The NYISO respectfully requests that the Commission issue an order accepting the proposed tariff revisions by July 17, 2017 (*i.e.*, sixty days from the date of this filing) with an effective date of August 1, 2017.

IV. Stakeholder Approval

The proposed amendments to Coordination Agreement Articles 1 and 6 were approved without dissent by the NYISO Management Committee on March 30, 2016. The NYISO Board of Directors approved the filing of these proposed revisions on April 18, 2016.

The proposed revisions to Schedule C to the Coordination Agreement were approved unanimously by the NYISO Management Committee on March 29, 2017. The NYISO Board of Directors approved these proposed revisions on April 11, 2017.

V. Communications and Correspondence

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

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⁷ The 110% factor is not being proposed in this filing. The current formula multiplies the hourly energy settlement by 110% for Emergency Energy transactions.

VI. 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 State 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.

VII. Conclusion

The New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the proposed tariff revisions that are attached hereto with an effective date of August 1, 2017.

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney, Senior Attorney
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