

August 9, 2017

By Electronic Delivery

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

**Re: *New York Independent System Operator, Inc., Proposed Tariff Revisions
Regarding Black Start and System Restoration Service (ER17- -000)***

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed revisions to the Black Start and System Restoration Services (“Restoration Services”) provisions in its Market Administration and Control Area Services Tariff (“Services Tariff”). The proposed revisions require that generators participating in the Consolidated Edison Company of New York, Inc. (“Consolidated Edison”) local plan for Restoration Services (“Consolidated Edison Plan” or “Plan”) comply with all applicable testing requirements imposed by mandatory reliability standards—including North American Electric Reliability Corporation (“NERC”) Standards, Northeast Power Coordinating Council (“NPCC”) Criteria, and New York State Reliability Council Reliability Rules (“NYSRC”)—as set forth in NYISO procedures, and remove the existing, less stringent testing procedures.

The proposed tariff revisions presented here recognize new, more stringent testing requirements for generators providing Restoration Services that were adopted by the NYSRC² on November 10, 2016, in Proposed Reliability Rule 133 (“PRR 133”).³ PRR 133 directs the NYISO to “pursue the tariff revisions necessary to establish the authority needed to comply with this rule change.”⁴ As explained below, the NYISO is required to comply with Reliability Rules promulgated by the NYSRC.

¹ 16 U.S.C. § 824d.

² The NYSRC has the authority to create Reliability Rules that are consistent with, and may be more stringent than, those created by the NERC and the NPCC, as established in the Federal Power Act, Energy Policy Act of 2005 §215(i)(3) (“EPAct 2005”).

³ The NYSRC’s adoption of PRR 133 amended the NYSRC Local Reliability Rule F.1: System Restoration Plan and F.2: Retirement of System Restoration Training and Simulation Programs. PRR 133 can be viewed at: <http://nysrc.org/pdf/Revisions/PRR133-16-07.pdf>

⁴ NYSRC PRR 131C, Item No. 9, Implementation Plan.

The NYISO requests that the proposed tariff revisions be permitted to become effective on October 8, 2017, 60 days after the date of this filing.

I. List of Documents Submitted

The NYISO submits the following documents:

1. This filing letter;
2. A clean version of the proposed revisions to the Services Tariff (Attachment I); and
3. A blacklined version of the proposed revisions to the Services Tariff (Attachment II).

II. Copies of Correspondence

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

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III. Background

The tariff revisions proposed herein require the NYISO and its Market Participants to comply with the new, more stringent NYSRC Reliability Rules.⁵ In addition, they reflect Consolidated Edison's obligation to comply with NERC Reliability Standard EOP-005-2, which they are required to do as a NERC-registered Transmission Operator.

A. NYSRC Authority for Promoting and Preserving Reliability

⁵ Capitalized terms not otherwise defined herein shall have the meaning specified in Section 1 of the NYISO's Open Access Transmission Tariff ("OATT") and Section 2 of the Services Tariff.

The NYSRC is the local reliability organization charged with promoting and preserving the reliability of the New York State Power System (“NYS Power System”), consistent with Reliability Rules established by the NERC and the regional regulatory body, the NPCC.⁶ Section 2.02 of the NYSRC Agreement establishes that, “[t]he mission of the NYSRC is to promote and preserve the reliability of electric service...by developing, maintaining, and, from time to time, updating the Reliability Rules which shall be complied with by the ISO and all entities engaging in electric transmission, ancillary services, energy and power transactions on the NYS Power System.” Furthermore, the Agreement Between the NYISO and the NYSRC (“ISO/NYSRC Agreement”) establishes that the NYSRC “shall be responsible for developing Reliability Rules pursuant to which the ISO shall maintain the safety and short-term reliability of the NYS Power System.”⁷

The NYISO must comply with Reliability Rules promulgated by the NYSRC. Specifically, Section 5.2 of the Services Tariff establishes that “[i]n acting as the Control Area operator, the ISO will be responsible for maintaining the safety and the short-term reliability of the NYCA and for the implementation of reliability standards promulgated by NERC and NPCC and for the Reliability Rules promulgated by the NYSRC.”⁸ The NYISO must also comply with the Independent System Operator Agreement (“ISO Agreement”)⁹ and the ISO/NYSRC Agreement,¹⁰ which are on file with and were accepted by the Commission.

Following a development, review, and comment process, the NYSRC developed PRR 133, which imposes more stringent testing requirements for generators providing Restoration Services within the New York Control Area (“NYCA”). The NYSRC approved its final rule on November 10, 2016. Among other revisions, PRR 133 requires that all generators providing Restoration Services must annually test their ability to energize a dead bus without support from the transmission system.

B. Consolidated Edison Obligation as a NERC-Registered Transmission Operator

⁶ On June 30, 1998, FERC issued an Order conditionally approving the formation of the NYSRC and conditionally accepting the NYSRC Agreement and the ISO/NYSRC Agreement. 83 FERC ¶ 61,362. On April 30, 1999, FERC issued a subsequent Order requesting further revisions regarding the governance of the NYSRC and the relationship of the NYISO and NYSRC. 87 FERC ¶ 61, 135. On July 29, 1999, following a compliance filing that addressed FERC’s request for further revisions, FERC issued an Order approving the formation of the NYSRC and accepting the NYSRC Agreement and ISO/NYSRC Agreement. 88 FERC ¶ 61,138.

⁷ ISO/NYSRC Agreement Section 4.1.

⁸ Services Tariff Section 5.2.

⁹ See ISO Agreement Section 6.02, “The ISO OATT and the ISO Services Tariff will require those entities having a Service Agreement with the ISO to comply with the Reliability Rules and ISO Procedures regarding the reliability of the NYS Power System and to furnish data to the ISO as required.”

¹⁰ See ISO/NYSRC Agreement Section 2.1 which establishes that “[p]ursuant to the NYSRC Agreement, the NYSRC shall develop Reliability Rules which shall be complied with by the ISO and all entities engaged in transactions on the NYS Power System.”; see also ISO/NYSRC Agreement Section 3.3 which establishes that the NYISO shall “implement and comply with all Reliability Rules established by the NYSRC.”

On July 1, 2016, Consolidated Edison became a NERC-registered Transmission Operator pursuant to a Coordinated Functional Registration with the NYISO. Consequently, Consolidated Edison is—for the first time—obligated to comply with NERC Reliability Standard EOP-005-2, which imposes obligations for units providing Black Start service in the Consolidated Edison Plan.¹¹ The testing requirements currently described in the NYISO Services Tariff for generators providing Restoration Service in the Consolidated Edison Plan are less stringent than those now required by EOP-005-2. Revising the Services Tariff to remove the less stringent testing requirements will reflect Consolidated Edison's obligation to comply with EOP-005-2.

IV. Description of Proposed Tariff Revisions

Services Tariff Section 15.5.4.1.2, as revised, states that generators providing Restoration Services under the Consolidated Edison Plan must conduct annual tests in accordance with the requirements of all applicable Reliability Rules and Standards as set forth in ISO procedures. The current content of Services Tariff Rate Schedule 5, Appendix I includes the testing procedures for the Consolidated Edison Plan which are less stringent than those now required by NERC EOP-005-2 and NYSRC PRR 133. The NYISO proposes to delete the existing Appendix I procedures. The current Rate Schedule 5, Appendix II, which contains a Restoration Services Certification Form, is renumbered as Rate Schedule 5, Appendix I and revised to require a certification to the testing requirements in the ISO Procedures, rather than in Rate Schedule 5, Appendix I.

Additional ministerial revisions to Services Tariff Section 15.5 are proposed to: (1) correct or delete references in 15.5.4, 15.5.4.1.2, and Rate Schedule 5, Appendix II to Rate Schedule 5, Appendices I and II consistent with the revisions described to those Sections; and (2) delete a requirement in Section 15.5.4.1.3.1 that the ISO calculate Restoration Services payments by May 1st of each year, as the published Index with which the NYISO must calculate Restoration Services payments is generally not available before May 1st.

V. Proposed Effective Date

The NYISO respectfully requests that the Commission accept the proposed tariff revisions for filing with an effective date of October 8, 2017, which is 60 days after the date of this filing.

VI. Stakeholder Approval

The tariff revisions proposed in this filing were discussed with stakeholders at the NYISO's April 12, 2017 Operating Committee meeting and its April 26, 2017 Management

¹¹ The NYISO was already bound to comply with the requirements of NERC EOP-005-2 and has administered its NYCA System Restoration Plan accordingly. The testing requirements for the generators that participate in the NYCA System Restoration Plan are already consistent with those required by NERC EOP-005-2, and are set forth in the NYISO System Restoration Manual, available at: http://www.nyiso.com/public/webdocs/markets_operations/documents/Manuals_and_Guides/Manuals/Operations/srp_mnl.pdf.

Committee meeting. The proposed revisions were unanimously approved at the Operating Committee with six abstentions and unanimously approved by the Management Committee with five abstentions. On June 12, 2017 the NYISO Board of Directors approved the proposed tariff revisions for filing with the Commission, pursuant to Section 205 of the Federal Power Act.

VII. Service List

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.

VIII. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the Services Tariff revisions proposed in this filing, without modification, effective October 8, 2017.

Respectfully submitted,

/s/ Christopher R. Sharp

Senior Compliance Attorney

New York Independent System Operator, Inc.

cc: Michael Bardee
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