

April 6, 2018

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.*, ER18-____-000;
Proposed Revisions to the Requirement to Perform Certain
Informational Calculations related to Net Congestion Rent
Settlements**

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), the New York Independent System Operator, Inc. (“NYISO”) submits proposed revisions to Attachment N of the Open Access Transmission Tariff (“OATT”) to modify the current requirement to annually perform certain informational calculations related to Day-Ahead Market (“DAM”) Net Congestion Rent settlements.² The NYISO proposes that, going forward, such informational calculations be performed only at the request of a Transmission Owner subject to Net Congestion Rent settlements pursuant to Attachment N of the OATT.³

The NYISO Management Committee approved the proposed revisions, without opposition, on February 28, 2018. The NYISO respectfully requests that the proposed revisions become effective on June 6, 2018 (*i.e.*, the day following the end of the statutory 60-day notice period).

¹ 16 U.S.C. § 824d.

² Capitalized terms not otherwise defined herein shall have the meaning specified in the OATT.

³ Presently, the New York Transmission Owners (“NYTOs”) are the only Transmission Owners that are subject to these settlement procedures. The NYTOs consist of: (i) Central Hudson Gas & Electric Corporation; (ii) Consolidated Edison Company of New York, Inc.; (iii) Long Island Power Authority; (iv) New York Power Authority; (v) New York State Electric & Gas Corporation; (vi) Niagara Mohawk Power Corporation d/b/a National Grid; (vii) Orange and Rockland Utilities, Inc.; and (viii) Rochester Gas and Electric Corporation.

I. Documents Submitted

The NYISO respectfully submits the following documents with this filing letter:

1. A clean version of the proposed revisions to the OATT (“Attachment I”); and
2. A blacklined version of the proposed revisions to the OATT (“Attachment II”).

II. Background

Section 20.2 of Attachment N of the OATT provides the methodology for allocating Net Congestion Rent to the applicable Transmission Owners.⁴ These procedures seek to allocate the DAM Congestion Rent impact of transmission facility outages and returns-to-service to the responsible Transmission Owners on a cost causation basis. The NYISO generally accomplishes this direct allocation to responsible Transmission Owners by determining the contributing impact that transmission facility outages and returns-to-service not accounted for in NYISO-administered Transmission Congestion Contract (“TCC”) auctions have on the binding constraints for each hour of the DAM.

A *de minimis* threshold is utilized to exclude certain low dollar value binding constraints from such calculations.⁵ The *de minimis* threshold is intended to recognize that, in certain cases, the resources required to perform the detailed calculations necessary for the direct allocation of impacts exceed the benefits of absolute precision in allocating costs for all binding constraints regardless of their dollar value. The DAM Congestion Rent impacts of binding constraints excluded by the *de minimis* threshold are allocated on a *pro rata* basis among all the applicable Transmission Owners in proportion to the benefit that each Transmission Owner received from the sale of TCCs that are valid in the relevant month.

To assess the performance and appropriateness of the *de minimis* threshold value, Section 20.2.4.6.2 of Attachment N of the OATT requires the NYISO to perform certain informational calculations once per year. These informational calculations are intended to provide the affected Transmission Owners with data showing how Congestion Rent shortfalls and surpluses related to transmission facility outages and returns-to-service for a particular month would have been allocated in the absence of any *de minimis* threshold.

⁴ See Docket No. ER06-769-000, *New York Independent System Operator, Inc.*, Tariff Revisions Concerning a Revised Methodology to Allocate Among Transmission Owners Congestion Rent Shortfalls and Surpluses and TCC Auction Revenue Shortfalls and Surpluses (March 17, 2006); and Docket No. ER06-769-000, *supra*, Letter Order (April 14, 2006).

⁵ The current threshold applies to binding constraints that have a dollar value less than \$5,000, provided that the sum of all constraints below this threshold value is not greater than \$250,000 or 5% of the total aggregate dollar value of all binding constraints for the relevant month.

III. Description of the Proposed Tariff Revisions

The NYISO has performed the informational calculations required by Section 20.2.4.6.2 of Attachment N of the OATT for all years since the requirement became effective in 2006. After review of this information, the affected Transmission Owners have concluded every year that the current *de minimis* threshold value is appropriate and producing satisfactory outcomes.

The performance of these informational calculations requires the commitment of material resources by the NYISO, as well as material time and resource commitments by both the NYISO and the Transmission Owners in reviewing their results. In light of the consistent determinations for more than a decade that the current *de minimis* threshold value remains appropriate and is producing outcomes consistent with expectations, the NYISO proposes to modify the requirements for performing the informational calculations.

The NYISO proposes to modify Section 20.2.4.6.2 of Attachment N to no longer mandate that these informational calculations be performed annually regardless of whether any potential concerns exist with respect to the operation of the *de minimis* threshold. Instead, the NYISO will only be required to perform these calculations upon the request of any affected Transmission Owner. Consistent with the current requirements, the NYISO will, if requested by an affected Transmission Owner, perform such calculations once per twelve-month period.⁶

The proposed revisions retain the right of the affected Transmission Owners to require the NYISO to perform these informational calculations. However, absent a request to perform such calculations by an affected Transmission Owner, the NYISO would not be required to undertake this analysis. The proposed revisions appropriately balance the protections intended by this provision with the commitment of time and resources necessary to perform and review the required informational calculations. Notably, the affected Transmission Owners will continue to receive data related to the application and operation of the *de minimis* threshold as part of the detailed information provided by the NYISO in connection with the monthly settlement of Net Congestion Rent.

IV. Effective Date

The NYISO respectfully requests that the proposed tariff revisions become effective on June 6, 2018 (*i.e.*, the day following the end of the statutory 60-day notice period).

V. Stakeholder Process

The proposed revisions were approved by the Management Committee, without opposition, on February 28, 2018. The NYISO Board of Directors approved the proposed revisions on March 20, 2018.

⁶ The NYISO also proposes to clarify that the month utilized to perform any required informational calculations will be selected from among the most recent twelve months for which the NYISO has issued final settlements.

VI. Communications and Correspondence

Please direct all communications and service in this proceeding to:

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VII. Service

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

VIII. Conclusion

The NYISO respectfully requests that the Commission accept the proposed revisions to the OATT attached hereto with an effective date of June 6, 2018.

Respectfully submitted,

/s/ Garrett E. Bissell
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New York Independent System Operator, Inc.

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