

March 15, 2019

**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., Proposed Tariff Amendments  
Related to Real-Time Market Settlements;  
Docket No. ER19-\_\_\_\_-000***

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,<sup>1</sup> and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”),<sup>2</sup> the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed amendments to its Market Administration and Control Area Services Tariff (“Services Tariff”) and its Open Access Transmission Tariff (“OATT”). The proposed amendments clarify a number of Real-Time Market<sup>3</sup> Settlement calculations related to Energy injections and Energy withdrawals. The amendments proposed herein both clarify existing Settlement rules and prepare the Real-Time Market Settlement formulas to accommodate Energy Storage Resource participation as contemplated in NYISO’s Order No. 841 Compliance Filing.<sup>4</sup>

The NYISO Management Committee unanimously approved the proposed revisions on December 19, 2018. The NYISO respectfully requests that the proposed revisions become effective on May 15, 2019 (*i.e.*, the day after the conclusion of the statutory 60-day notice period).

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<sup>1</sup> 16 U.S.C. §824d.

<sup>2</sup> 18 C.F.R. § 35 *et seq.* (2017).

<sup>3</sup> Capitalized terms that are not otherwise defined herein shall have the meaning specified in the Services Tariff.

<sup>4</sup> See *New York Independent System Operator Inc.*, Compliance Filing and Request for Extension of Time of Effective Date, Docket No. ER19-467-000 (December 3, 2018) at pp. 41-42 (“NYISO’s Order No. 841 Compliance Filing”) (the proposed Energy Storage Resource related revisions can become effective at the same time as the rest of the revisions proposed herein. However, the changes that address Energy Storage Resources will not be utilized until software for Energy Storage Resources is developed and these resources begin participating in accordance with the NYISO’s Order No. 841 Compliance Filing.).

## **I. Documents Submitted with this Filing Letter**

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

## **II. Background and Justification**

The NYISO completed a review of the Services Tariff sections that address Real-Time Market Energy Settlements in 2018. The review identified the clarifications proposed herein and also provided an opportunity to develop modifications to the Real-Time Market Settlement rules that will apply to Energy Storage Resources that are consistent with those proposed amendments to clarify the existing text. The majority of the revisions proposed herein are generally applicable to real-time (or balancing market) settlements. However, as explained below, the NYISO also proposes some new Energy Storage Resource-specific settlement rules.

All injections and withdrawals not scheduled in the Day-Ahead Market, including real-time deviations from Day-Ahead schedules, are subject to the Real-Time Market Settlement (also commonly referred to as balancing market settlements). Balancing payments and charges account for differences between scheduled and Actual Energy Injections/Withdrawals, and between real-time Energy schedules and Day-Ahead Energy schedules. Services Tariff Section 4.5 describes the real-time Settlement rules for Transmission Customers and other Customers, including Suppliers, Importers, Load, and Exporters. Portions of Services Tariff Section 4.5 detail the Settlement rules for specific factual scenarios; for example, Section 4.5.6 addresses Generators that inject Energy *in excess* of Day-Ahead scheduled Energy injections, while Section 4.5.3 addresses Generators that inject *less* Energy in real-time than their Day-Ahead scheduled Energy injections. Discrete sections also address Energy withdrawals.

The NYISO proposes to consolidate and clarify the parts of Services Tariff Section 4.5 such that one section addresses Real-Time Market Settlement for Energy injections and one addresses Real-Time Market Settlement for Energy withdrawals. Differentiating between Actual Energy Injections that exceed or were less than Day-Ahead scheduled injections, and differentiating between Actual Energy Withdrawals that exceed or were less than Day-Ahead scheduled withdrawals adds unneeded complexity to the Tariff rules. The proposed revisions consolidate necessary settlement rules into single sections by transaction type (*e.g.*, Energy injections or Energy withdrawals).

The NYISO developed the revisions proposed herein and discussed these revisions with its stakeholders during the same period as it was developing its tariff revisions to comply with

FERC Order No. 841. As explained on pages 41-42 of the NYISO's Order No. 841 Compliance Filing, the NYISO included real-time Settlement rules for Energy Storage Resources with the revisions proposed in this filing. The proposed Real-Time Market Settlement rules treat Energy Storage Resources as Suppliers.<sup>5</sup> Therefore, the proposed rules for Suppliers in Services Tariff Section 4.5.2.1 will apply to Energy Storage Resources when they are injecting or withdrawing Energy that was not scheduled Day-Ahead.

### **III. Description of Proposed Services Tariff Revisions**

#### **A. Services Tariff Sections 4.5.2 and 4.5.6**

The NYISO proposes to consolidate existing Services Tariff Sections 4.5.3.1 and 4.5.6 into revised Services Tariff Section 4.5.2.1. Proposed Services Tariff Section 4.5.2.1 includes Real-Time Market Settlement rules for Suppliers bidding Generators, including Energy Storage Resources, and for Suppliers scheduling Imports into the New York Control Area ("NYCA"). The proposed revisions specify that the real-time Energy imbalance formulas in Services Tariff Section 4.5.2.1 will apply to both injections and withdrawals for Energy Storage Resources.<sup>6</sup>

This comprehensive Supplier Settlement section adds two real-time payment formulas for Generators located within the NYCA and the real-time payment formula for Imports. The proposed formulas facilitate the same Settlement mechanics that exist today and are described in narrative form within the current Services Tariff Section 4.5. One proposed Generator payment formula is for Real-Time Dispatch ("RTD") intervals with positive LBMPs. The second proposed formula is for RTD intervals with negative LBMPs, or an ISO initiated large event reserve pickup, or a maximum generation pickup, or a Transmission Owner initiated reserve pickup.

The NYISO proposes to replace repetitive language describing real-time Energy imbalance charges for failed Import transactions with the proposed real-time payment formula for Imports in renumbered Services Tariff Section 4.5.2.2.

The NYISO also proposes to delete existing Services Tariff Section 4.5.6 with these revisions.

#### **B. Services Tariff Sections 4.5.3 and 4.5.1**

The NYISO proposes to consolidate existing Services Tariff Sections 4.5.1 and 4.5.4.1 into revised Services Tariff Section 4.5.3.1. Proposed Services Tariff Section 4.5.3.1 includes Real-Time Market Settlement rules for customers with Actual Energy Withdrawals and for Customers scheduling Exports from the New York Control Area. The proposed formulas facilitate the same Settlement mechanics that exist today and are described in narrative form within the current Services Tariff Section 4.5.

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<sup>5</sup> See NYISO's Order No. 841 Compliance Filing at pp. 9 and 21-22.

<sup>6</sup> See *id.*

The NYISO proposes to replace repetitive language describing real-time Energy imbalance charges for failed Export transactions with the proposed real-time charge formula for Exports in renumbered Services Tariff Section 4.5.3.2.

The NYISO also proposes to delete existing Services Tariff Section 4.5.1 with these revisions.

#### **C. Services Tariff Section 4.5, Services Tariff Section 2.9, and OATT Section 1.9**

The NYISO proposes minor revisions throughout Services Tariff Sections 4.5 and 2.9, and in OATT Section 1.9. These revisions include updating section numbers and cross-references to other sections of the NYISO Tariffs, and other ministerial clarifications.

#### **IV. Requested Effective Date**

The NYISO respectfully requests that the proposed tariff revisions become effective on May 15, 2019 (*i.e.*, the day after the conclusion of the statutory 60-day notice period).

#### **V. NYISO Stakeholder Review and Board of Directors Approval**

The NYISO's Management Committee unanimously approved the proposed revisions on December 19, 2018. The NYISO Board of Directors approved the proposed revisions for filing with the Commission on February 12, 2019.

#### **VI. Communications and Correspondence**

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

Karen Georgenson Gach, Acting General Counsel  
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\* Designated to receive service.

#### **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. In addition, the complete filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

### **VIII. Conclusion**

The NYISO respectfully requests that the Commission accept its proposed revisions to its Services Tariff and its OATT for filing by the NYISO's requested effective date.

Respectfully submitted,

/s/ James H. Sweeney

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New York Independent System Operator, Inc.

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