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May 12, 2011

FILE NO: 55430.000072

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

**Re: New York Independent System Operator, Inc., Additional Compliance Filing to  
Revise Attachment C to the NYISO OATT and Request for Expedited Action and  
Request for Shortened Comment Period, Docket Nos. ER11-2048-000, -001, and -  
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Dear Ms. Bose:

Pursuant to Ordering Paragraph “B” of the Commission’s March 31, 2011 order in the above-captioned proceeding,<sup>1</sup> the New York Independent System Operator, Inc. (“NYISO”) respectfully submits this additional compliance filing. The purpose of this filing is to make further revisions to Attachment C of the NYISO’s Open Access Transmission Tariff (“OATT”) that the March 31 Order indicated were necessary for full compliance with Commission Order Nos. 729<sup>2</sup> and 890.<sup>3</sup> The proposed revisions provide additional detail and clarify Attachment C’s description of the NYISO’s procedures for calculating Available Transfer Capability (“ATC”). They also more clearly address elements of the North American Electric Reliability

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<sup>1</sup> *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,255 (2011) (“March 31 Order”).

<sup>2</sup> *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on reh’g*, Order No. 729-A, 131 FERC ¶ 61,109 (2010); Order No. 729-B, 132 FERC ¶ 61,027 (2010).

<sup>3</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh’g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2008), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g and clarification*, Order No. 890-C, 126 FERC ¶ 61,228 (2009); *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

Corporation's ("NERC") Reliability Standard MOD-001-1a. The NYISO is not proposing any changes to its actual ATC calculation procedures which it continues to believe are compliant with Commission and NERC requirements.

For the reasons specified in Section V, below, the NYISO respectfully requests that the Commission act expeditiously and issue an order accepting this compliance filing no later than May 27, 2011. The NYISO also requests that the Commission shorten the period for comments on this filing to seven calendar days in order allow for the expedited issuance of an order.

## **I. Documents Submitted**

1. This filing letter;
2. Clean Attachment C to the NYISO OATT incorporating the NYISO's proposed additional compliance tariff revisions ("Attachment I"); and
3. Blacklined Attachment C to the NYISO OATT depicting the NYISO's proposed additional compliance tariff revisions ("Attachment II").

## **II. Background**

### **A. ATC Calculation Requirements and the NYISO's "Financial Reservation" Transmission Model**

In Order Nos. 693<sup>4</sup> and 890, the Commission directed the industry to work with NERC to establish improved new methodologies for calculating ATC and other related values. In the interim, Commission-jurisdictional transmission providers were required to file revised versions of Attachment C to their OATTs to describe their existing ATC calculation methodologies more accurately and in greater detail. In Order No. 729 *et. al*, the Commission accepted three alternative ATC calculation methodologies that were set forth in NERC's MOD standards. It also established that compliance with the various MOD requirements would become mandatory on April 1, 2011.

In prior filings, including the NYISO's original November 8, 2010 compliance filing in this proceeding ("November 2010 Filing"),<sup>5</sup> the NYISO explained that there were numerous differences between its Commission-approved "financial reservation" transmission model and the "physical reservation" model contemplated by Order No. 890. As the March 31 Order acknowledged, the NYISO has previously been granted waivers of numerous Commission Open-

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<sup>4</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 FR 16416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242, at P 1022 (2007), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>5</sup> .See *Compliance Filing to Revise Attachment C to the NYISO OATT*, Docket No. ER11-2048-000 (originally submitted November 8, 2010) at 2-5.

Access Same-time Information System (“OASIS”) posting regulations and North American Energy Standards Board requirements that were inapplicable to its financial reservation model.<sup>6</sup>

NERC’s MOD standards were written with “physical reservation” transmission systems in mind.<sup>7</sup> There are various differences between the nature of ATC calculations, and the role of ATC, in the NYISO’s system that affect the manner in which the MOD standards apply to the NYISO. For example, the MOD standards require that ATC be calculated for “ATC Paths.” As the Commission recognized in its September 16 Order in Docket No. RD10-5-000,<sup>8</sup> however, the NYISO’s Internal Interfaces are not “ATC Paths” as that term is defined by the MOD standards or by the Commission’s own OASIS regulations.<sup>9</sup>

In addition, a principal input into the NYISO’s ATC calculations is the actual usage of the NYISO’s transmission system, which is determined through the continuous security-constrained economic dispatching performed by the NYISO’s day-ahead and real-time market software. The output of these market software systems is represented in the NYISO’s ATC calculations through a “Transmission Flow Utilization” variable. NERC found that the NYISO’s use of Transmission Flow Utilization was consistent with MOD-029-1a in a formal interpretation that was accepted by the September 16 Order.<sup>10</sup>

## **B. The March 31 Order and its Requirements**

In compliance with Order No. 890, the NYISO filed revisions to OATT Attachment C in 2007 to more accurately describe its ATC calculation procedures prior to NERC’s adoption of the MOD standards. These revisions, which included language expressly describing the NYISO’s use of Transmission Flow Utilization were accepted by the Commission in 2008.<sup>11</sup>

On November 8, 2010, the NYISO submitted its original compliance filing in this proceeding to update its Attachment C to reflect its compliance with MOD-001-1a,

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<sup>6</sup> See March 31 Order at P 11.

<sup>7</sup> As the NYISO has previously explained, it worked diligently, but ultimately unsuccessfully, during the NERC standards development process to try to revise the MOD standards to expressly address its financial reservation model. See, e.g., *Comments of the New York Independent System Operator, Inc.*, Docket No. RM08-19-000, *et. al.* at 5-7. The NYISO did succeed, however, in securing interpretations of the MOD standards (which were accepted by the Commission’s September 16, 2010 Order) that it believes clearly accommodate its continued use of its financial reservation model.

<sup>8</sup> *North American Electric Reliability Corp.*, 132 FERC ¶ 61,239 (2010) (“September 16 Order”).

<sup>9</sup> *Id.* at P 23.

<sup>10</sup> See September 16 Order at P 23.

<sup>11</sup> See *New York Independent System Operator, Inc.* 123 FERC ¶ 61,134 (2008); *New York Independent System Operator, Inc., Letter Order*, Docket No. OA08-13-003 (November 12, 2008).

MOD-004-1, MOD-008-1, and MOD-029-1a. The NYISO also proposed certain ministerial corrections to Attachment C.

In the March 31 Order, the Commission partially accepted and partially rejected the November 8, 2010 filing. It also accepted the NYISO's proposed ministerial corrections. Importantly, the March 31 Order does not appear to question earlier Commission determinations that: (i) the NYISO's Internal Interfaces do not constitute ATC Paths; and (ii) that the NYISO may incorporate Transmission Flow Utilization information into its ATC calculations consistent with MOD-029-1a.

The Commission did determine, however, that the NYISO must: (i) "update or clarify the frequency with which [it] calculates ATC....." to establish that it would comply with R2 and R8 of MOD-001-1a with respect to its External Interfaces;<sup>12</sup> (ii) revise language in sections 9.1 and 9.2 of Attachment C describing its ability to redispatch the transmission system to support additional transactions across Internal Interfaces with posted ATCs of zero (which the Commission had found to be insufficiently detailed);<sup>13</sup> (iii) provide a "current link" to the location of the "detailed algorithms" describing its ATC calculations in Attachment C;<sup>14</sup> (iv) "revise or explain the calculation assumptions used to determine its Total Transfer Capability and ATC values in compliance with MOD-001-1a Requirements R6 and R7;"<sup>15</sup> and (v) clarify how its "ATC values are calculated in coordination with other transmission providers."<sup>16</sup> The NYISO addresses each of these directives in Section IV, below.

In addition, the March 31 Order reiterated the Commission's earlier observation that the NYISO should revise its OATT's definition of "ATC" to more accurately reflect the "advisory" nature of ATC calculations under its financial reservation model.<sup>17</sup> The September 16 Order had noted that the NYISO planned to initiate a stakeholder process to make a section 205 filing to update the "ATC" definition and encouraged it to do so expeditiously.<sup>18</sup> With respect to the definition of "ATC" the stakeholder Business Issues Committee approved a proposed section 205 filing in February and the NYISO's Management Committee did so last month. The NYISO's independent Board of Directors recently ratified the Management Committee's

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<sup>12</sup> See March 31 Order at PP 17, 19.

<sup>13</sup> *Id.* at P 16.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at PP 18-19.

<sup>16</sup> *Id.* at P 20.

<sup>17</sup> *Id.* at n. 20 citing September 16 Order at P20.

<sup>18</sup> Under the NYISO's "shared governance" system the NYISO may not make section 205 filings without first obtaining stakeholder approvals (with certain narrow exceptions that are not relevant here).

approval. The NYISO expects to make the section 205 filing shortly. The NYISO is therefore not addressing the OATT definition of “ATC” in this compliance filing.<sup>19</sup>

Finally, the March 31 Order stated that “[b]y combining external interfaces with internal interfaces, and proposing to continue to calculate ATC values after the fact, NYISO’s proposed tariff revisions do not comply with R2 and R8 of MOD-001-1a.”<sup>20</sup> The NYISO is proposing to address this issue by eliminating tariff language stating that the NYISO would calculate (or post) ATC “after the close of” its markets from sections 9.1 and 9.2 of its Attachment C. Other proposed compliance tariff revisions clarify that the NYISO will in fact be incorporating the most recent information generated by its market software into its ATC calculations. The NYISO believes that this approach is fully consistent with all MOD requirements and with the September 16 Order. The NYISO therefore does not read the March 31 Order as prohibiting the NYISO from continuing to use it.<sup>21</sup> A contrary reading would call into question the NYISO’s understanding that the MOD standards are sufficiently flexible to accommodate its use of its financial reservation transmission model, and thus its Commission-approved tariff and market design. If that were the case the NYISO would have to consider other options to ensure its compliance with all applicable Commission and NERC requirements.

#### **IV. Description of Proposed Compliance Tariff Revisions**

##### **A. Clarifying the NYISO’s Compliance with R2 and R8 of MOD-001-1a**

The November 2010 Filing used general language to state that the NYISO would calculate ATC at its Internal and External Interfaces for the various time periods specified by Commission and NERC requirements that were applicable to the NYISO. The March 31 Order found that the NYISO must clarify this language by making an additional filing that would include “a tariff amendment that will update or clarify the frequency with which NYISO calculates ATC.”<sup>22</sup>

In response, the NYISO is proposing to revise section 9.1 of Attachment C to clearly establish that it will make all required hourly, daily, and monthly ATC calculations for its External Interfaces (including Scheduled Lines). As was noted above, these calculations will incorporate “Transmission Flow Utilization” data produced by its market software. To ensure

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<sup>19</sup> Because the September 16 Order encouraged the NYISO to work through its stakeholder process to make a section 205 filing, and because the March 31 Order reiterated the September 16 Order’s directive on this question, the NYISO does not interpret either order as authorizing, or requiring, it to make a compliance filing to revise its definition of “ATC.”

<sup>20</sup> See March 31 Order at P 17.

<sup>21</sup> Similarly, the NYISO does not interpret P 17 of the March 31 Order’s as an official determination that the NYISO’s ATC calculation practices and procedures are not compliant with R2 and R8 of MOD-001-01a.

<sup>22</sup> March 31 Order at P 19.

clarity, the proposed compliance tariff revisions provide separate descriptions of its ATC calculation practices for its Internal and External Interfaces and, with respect to External Interfaces, directly incorporate the relevant language governing the frequency of ATC calculations, and re-calculations, from the MOD-001-1a, R2 and R 8 directly into Attachment C:

Hourly ATCs for the current day and for the next six days, and daily and monthly ATCs shall be calculated for all External Interfaces and for Scheduled Lines. Specifically, for External Interfaces and for all Scheduled Lines, the ISO shall calculate: (i) hourly ATC values for at least the next forty eight hours; (ii) daily values for at least the next thirty one calendar days; and (iii) monthly values for at least the next twelve months (*i.e.*, months 2-13). For External Interfaces and for all Scheduled Lines, the ISO shall recalculate ATC at a minimum on the following frequency, unless none of the calculated values identified in its ATC equation have changed: (i) for hourly values, once per hour (subject to the exception in MOD-001-1a which allows transmission service providers up to 175 hours per year during which calculations are not required); (ii) for daily values, once per day; and (iii) for monthly values, once per week. Hourly ATCs shall be calculated for all Internal Interfaces for the current day and for the next day.

The March 31 Order re-emphasized that even though the NYISO's Internal Interfaces do not themselves constitute "ATC Paths" the NYISO must make calculations for the Internal Interfaces to the extent necessary to support accurate ATC calculations for its External Interfaces.<sup>23</sup> The NYISO has determined that it is not necessary for it to calculate ATC on its Internal Interfaces for periods further than one day-ahead in order to ensure the accuracy of calculations on External Interfaces for such time periods. This is principally a function of the fact that the NYISO's Commission-approved market rules do not allow customers to schedule transactions, on either the Internal or External Interfaces,<sup>24</sup> further than one day ahead. Consequently, the only factors that impact the NYISO's calculation of daily, monthly, and hourly ATCs further ahead than the next day are already accounted for in the NYISO's calculations of Total Transfer Capability ("TTC") and Transmission Reliability Margin ("TRM") for its External Interfaces.

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<sup>23</sup> See March 31 Order at PP 5, 7, 17.

<sup>24</sup> For a number of years it was possible for NYISO market participants to "pre-schedule" transactions across External Interfaces as far as eighteen months in advance. This feature was very little used, however, and was recently eliminated. See *Tariff Amendments to Eliminate Pre-Scheduled Transaction Capability*, Letter Order, Docket No. ER10-2517-000 (November 2, 2010).

## **B. Additional Description of the NYISO's ATC Calculation Procedures**

Section 9.1 of the November 2010 Filing included language explaining that the NYISO would calculate ATC in a manner consistent with its financial reservation model. It also stated that the NYISO would use the output of its day-ahead and real-time market software in those calculations, would not limit a Transmission Customer's ability to schedule transactions based on ATC values, and had the ability to provide additional Firm Transmission Service over Internal Interfaces by re-dispatching even when posted ATCs were zero.

The March 31 Order directed the NYISO to provide additional details on its ATC calculation procedures. The NYISO is therefore proposing to add new compliance tariff language to section 9.1 describing the role of its Security Constrained Unit Commitment ("SCUC") and Real-Time Commitment ("RTC") software in producing Transmission Flow Utilization data that is incorporated into the ATC equation. The NYISO is also proposing new language describing the operation of its Non-Firm Transaction Selector ("NFTS") and "longterm ATC Calculator" software and their role in the ATC calculation process. Finally, the NYISO is proposing minor adjustments to section 9.3 of Attachment C, which includes its previously accepted "process flow diagram." The revised diagram more clearly illustrates the role played by NFTS and more clearly depicts the NYISO's calculation of ATCs on External Interfaces for periods further than one day-ahead.

## **C. Current Link to ATC Algorithms**

In compliance with P 16 of the March 31 Order the NYISO's proposed compliance tariff revisions including a link to a web page that will present, no later than May 27, 2011, the MOD-029-1a compliant versions of its ATC calculation algorithm. Given the nature of the NYISO's financial reservation model, and the large role played by market software output in ATC calculations, the posted algorithm will be the same as those included in Attachment C. The Commission previously accepted the NYISO's practice of posting the ATC algorithm included in its Attachment C as compliant with Order No. 890's algorithm posting requirement.<sup>25</sup> The NYISO respectfully requests that the Commission renew that finding in this proceeding.

## **D. Compliance with R6 and R7 of MOD-001-1a**

The March 31 Order stated that Requirements R6 and R7 of MOD-001-1a were not addressed by the November Filing.<sup>26</sup> The NYISO has therefore proposed compliance tariff revisions to sections 9.1 and 9.5 which clarify that the NYISO will use assumptions in its ATC

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<sup>25</sup> See *Letter Order*, Docket No. OA08-13-003 (November 12, 2008) (accepting the NYISO's October 2008 amendment to a compliance filing in that proceeding which explained that it would comply with Order No. 890 by posting the same ATC algorithms that were included in the then effective version of Attachment C on its website).

<sup>26</sup> March 31 Order at PP 18, 19.

and TTC calculations “no more limiting than” those used in the planning of operations. For clarity, the NYISO is also proposing to add language from NERC’s compliance measures for R6 and R7 to those sections. That language specifies that the use of more recent information in ATC/TTC calculations does not constitute the use of a different “assumption.”

#### **E. Coordination of ATC Calculations with Other Transmission Providers**

Finally, the March 31 Order requires the NYISO “to include in its compliance filing a clarification of how NYISO ATC values are calculated in coordination with other transmission providers.”<sup>27</sup> In response, the NYISO has renamed and revised section 9.8 to explain how the NYISO coordinates seasonal operating studies and transmission outages with its neighbors. In particular, if a neighboring Control Area determines a more limiting TTC corresponding to a transmission outage, the NYISO will use the other Control Area’s TTC in its scheduling systems. That more limiting TTC would in turn be incorporated into the NYISO’s ATC calculations. The revised tariff language also states that the established practice of the NYISO and its neighbors is to exchange outage and TTC related data in a timely manner.<sup>28</sup>

The NYISO respectfully submits that its proposed new compliance language is consistent with, and presents a comparable level of detail as, the information provided by the NYISO’s two Commission-jurisdictional neighbors, ISO New England, Inc. (“ISO-NE”) and the PJM Interconnection, LLC (“PJM”) in their respective “Attachment C” filings.<sup>29</sup> Both of those filings have been accepted by the Commission.<sup>30</sup>

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<sup>27</sup> March 31 Order at P 20.

<sup>28</sup> P 20 of March 31 Order directed the NYISO to “to provide a description of how it responds to requests for data even when such requests are made more frequently than the transmission service provider updates its available transfer or flowgate capability model.” In response, the NYISO would clarify that it attempts to respond to neighboring systems’ requests for data in as timely a manner as possible, without reference to its own timetable for updating its ATC model.

<sup>29</sup> See ISO New England, Inc. and New England Power Pool, *Revisions to Attachment C of Open Access Transmission Tariff*, Docket No. ER11-000 (December 15, 2010) (stating at Section 6.5 of ISONE’s Attachment C that ISO-NE “does not coordinate ATC values with neighboring BAAs” but coordinates outages with neighboring Balancing Authority Areas that could impact TTCs on external interfaces and provides for “timely” communication of resulting TTCs with neighboring systems). PJM’s Attachment C includes a three-sentence description of its “Coordination with Neighboring Systems” that focuses on its coordination of available flowgate capacity calculations with other neighbors that have not adopted the MOD-029-1a methodology.

<sup>30</sup> See *Revisions to Attachment C of Open Access Transmission Tariff*, Docket No. ER11-2372-000 (February 3, 2011) (letter order accepting ISO-NE Attachment C filing); *Order Nos. 676-E and 729 Compliance Filing*, Docket Nos. ER11-2460-000 and -001 (March 28, 2011) (letter order accepting PJM’s Attachment C compliance filing).



## **F. Ministerial Changes**

In addition to the compliance revisions described above, the NYISO's proposed tariff changes include limited ministerial corrections. The most noteworthy are the elimination of unclear language regarding the NYISO's practices regarding ATC calculations for Scheduled Lines from section 9.1 and the addition of clarifying references to non-firm ATC calculations in section 9.2. The Commission has previously accepted the inclusion of these kinds of minor adjustments in compliance filings, including in the March 31 Order.

## **V. Request for Expedited Action and for a Shortened Comment Period**

The NYISO respectfully requests that the Commission issue an order accepting this compliance filing no later than May 27, 2011. The March 31 Order raised a question regarding the NYISO's compliance with the MOD standards one-day before compliance with them became mandatory. Out of an abundance of caution, and consistent with Commission precedent,<sup>31</sup> the NYISO immediately obtained a sixty-day extension of time to come into full compliance with the relevant MOD standards from NERC. If the Commission issues an order accepting this filing by May 27 then the questions raised by the March 31 Order will have been fully resolved immediately before NERC's compliance extension expires (given the Memorial Day holiday). By contrast, if the Commission is unable to act by that time, the NYISO would face additional uncertainty and would have to consider additional measures to address potential compliance issues. The NYISO has attempted to facilitate expedited Commission review by making this filing two weeks before the filing deadline.

The NYISO also requests that the Commission shorten the period for filing comments on this filing to seven calendar days. No entity had substantive comments regarding the NYISO's November 2010 Filing and the NYISO is not proposing any changes to its ATC calculation practices now. It is simply adding more detail, and greater clarity, to the revisions that were partially accepted by the March 31 Order. Shortening the comment period to seven calendar days will therefore not harm any potentially interested party. To the extent necessary, the NYISO also requests that the Commission waive any answer period that might otherwise apply to its request for a shortened comment period.

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<sup>31</sup> See *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, 134 FERC ¶ 61,118 (2011) (clarifying that requests for compliance extensions should be directed to NERC in the first instance).

## **VI. Requested Effective Date**

The NYISO respectfully requests that its proposed compliance tariff revisions become effective on May 27, 2011, the date by which the NYISO has asked the Commission to issue an order and the last business day before the NYISO's current compliance extension from NERC expires.

## **VII. 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 electric utility regulatory agency of New Jersey. In addition, the complete filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

## **VIII. Conclusion**

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this additional compliance filing and take expedited action so that it may become effective as specified above.

Respectfully submitted,

/s/Ted J. Murphy

Ted J. Murphy

Counsel to

the New York Independent System Operator, Inc.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 12<sup>th</sup> day of May, 2011.

/s/ Joy Zimmerlin

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