

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.)

Docket No. ER11-2547-000

ANSWER AND REQUEST FOR LEAVE TO ANSWER
OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, the New York Independent System Operator, Inc. ("NYISO") respectfully submits this answer, or in the alternative, this request for leave to submit an answer, to the *Motion to Intervene and Comments of H.Q. Energy Services (U.S.) Inc.* ("HQUS"), made in this proceeding.¹ The Commission should reject HQUS' request that the NYISO submit rules for modeling ramp constraints in a future tariff filing.

I. ANSWER OR, IN THE ALTERNATIVE, REQUEST FOR LEAVE TO ANSWER

The Commission's procedural rules require answers to certain pleadings and permit answers as of right to others.² In this case, HQUS has made a motion to intervene and submit comments. The Commission's rules permit an answer in these circumstances.³ The Commission also has discretion to accept answers in situations where an answer is prohibited,⁴ and has done so when such answers will not cause any delay in the proceedings, no prejudice will result to any

¹ Capitalized terms not specifically defined herein shall have the meanings ascribed to them in the NYISO's Open Access Transmission Tariff and Market Services Tariff.

² 18 C.F.R. §§ 385.212, 385.213 (2010).

³ *Id.* § 385.213 (a) (3).

⁴ *Id.* § 385.213 (a) (2).

of the parties, and the information provided is helpful in the Commission's decision-making process.⁵

The NYISO respectfully requests that the Commission accept its answer, or in the alternative grant leave to submit this answer because it corrects certain mischaracterizations of the underlying stakeholder process and otherwise provides information that will help the Commission reach an informed decision in this proceeding.

II. BACKGROUND

Pending before the Commission are the NYISO's proposed tariff changes implementing enhanced interregional transaction scheduling and related pricing rules.⁶ On January 18, 2011, HQUS moved to intervene in this proceeding and submitted comments. While HQUS states that it generally supports the NYISO's tariff revisions, HQUS also requests that the Commission require a future proceeding and tariff filing to establish rules for how the NYISO calculates Ramp Constraints.⁷

III. ANSWER

A. The Pricing Rules NYISO has Proposed are Transparent

In its motion, IIQUS asserts – without support – that further proceedings and a compliance filing are necessary because the NYISO sets Ramp Constraints without any “guidance, guidelines, or review.” IIQUS goes on to argue that the Commission should ensure

⁵ See Shell Gas Pipeline Company, 76 FERC ¶ 61,126, 61,689 fn 20 (1996); see also New York Independent System Operator, Inc., 133 FERC ¶ 61,030 (2010) (accepting NYISO's answer to a protest because it “provided information that assisted [the Commission] in [its] decision making-process”); New York Independent System Operator, Inc., 132 FERC ¶ 61,031 (2010) (same); New York Independent System Operator, Inc. and New York Transmission Owners, 131 FERC ¶ 61,242 (2010) (same).

⁶ See New York Independent System Operator, Inc., Docket No. ER11-2547-000 (filed Dec. 28, 2010).

⁷ Under the NYISO's proposal for flexible transaction scheduling, Ramp Constraints for both the top of the hour and intra-hour reflecting Balancing Control Area ramp limits are enforced to ensure that the change in energy from one period to another does not cause Balancing Area control performance issues. Ramp limits are defined in terms of a rate of change and may also be referred to as ramp rates.

that the NYISO's procedures are "more transparent." These assertions mischaracterize the NYISO's proposal and ignore the fact that the NYISO has made, and will continue to make, its approach to calculating Ramp Constraints available to Market Participants.

Both the proposed pricing rules and the NYISO's approach to calculating Ramp Constraints are sufficiently visible to Market Participants. The pricing rules and the circumstances that trigger them are described in detail in the proposed tariff sheets. HQUS and other power marketers will be able to understand and predict the impact of real-time transmission system conditions on their transactions. The methodology for setting Ramp Constraints is documented by the NYISO operators in guidance documents that are available on the NYISO's web site. These documents are subject to Market Participant review as NYISO Procedures when they are incorporated into the NYISO's operating manuals. Thus, the Commission should reject HQUS' assertion that the NYISO's proposal lacks transparency and, therefore, requires further Commission oversight.

B. The NYISO Addressed HQUS' Concerns With Respect to the Methodology for Setting Ramp Constraints

HQUS claims that it sought additional information from the NYISO during the stakeholder process regarding how much ramp capacity would be made available during the hour, and that the NYISO failed to provide "satisfactory answers." HQUS submitted written comments to the August 10, 2010 meeting of the Market Issues Working Group, which was charged with developing and reviewing the proposed market rule changes needed to implement the Enhanced Interregional Transaction Coordination ("EITC") project. HQUS asked the NYISO to clarify how it would set Ramp Constraints and how those determinations might change over time.⁸

⁸ See Comments of H.Q. Energy Services(U.S.)Inc., *available at*:

Contrary to HQUS' assertion, however, the NYISO specifically responded to the company's concerns. NYISO staff referred HQUS' comments to the NYISO's Operations Department, which has responsibility for real-time reliability operations and Balancing Area control performance obligations, as well as transaction interchange coordination with adjacent Control Area operators. NYISO Operations staff prepared a presentation responding to the comments for the September 21, 2010 System Operations Advisory Subcommittee ("SOAS") meeting. SOAS meetings are open to all Market Participants, including HQUS, whose representative was present for the discussion. A copy of the presentation is attached hereto as Exhibit A.

The NYISO Operations presentation explained the basis in the Reliability Rules for the NYISO's calculation of ramp constraints and its experience with the prevailing 700 MW top of the hour ramp limit. It also discussed reliability concerns arising from the transition to intra-hour scheduling and noted that the proposed intra-hour ramp limits were consistent with the anticipated technological capabilities of Hydro-Quebec-TransEnergie, the Quebec Control Area operator. The NYISO also addressed HQUS's concern for documenting the methodology for setting Ramp Rates by explaining that it would incorporate a description in the next update to the governing Transmission and Dispatch Manual.⁹ In addition, the NYISO responded to HQUS' questions concerning the issues related to development of a dynamic value of ramp limit. Last, the NYISO presented the ramp limits employed by all other neighboring Control Areas, each of which will continue to employ a single top of the hour fixed ramp limit. HQUS' claim that the

http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2010-08-10/HQUS_Comments_FITC.pdf.

⁹ The Commission should note that HQUS's affiliate Hydro Quebec TransEnergie, the adjacent Control Area transmission operator, reviewed the SOAS presentation and confirmed its agreement with the NYISO's approach.

NYISO did not respond to its concerns provides no support for its request for an additional tariff filing.

C. A Future Proceeding And Compliance Filing With The Commission Are Unnecessary

HQUS requests that the Commission require a future proceeding and compliance filing to establish tariff rules for how the NYISO will calculate Ramp Constraints. However, the tariff filing process is inappropriate in this instance because the real-time management of ramp and other transmission constraints requires operational flexibility and coordination with the needs of adjacent Control Areas. The strictures of the tariff filing process would not afford the NYISO this flexibility and could impair the NYISO's ability to meet its Balancing Area control performance reliability obligations.

The NYISO ordinarily handles concerns such as those posed here by HQUS by publishing its methodology in its technical bulletins and manuals, which are generally available to Market Participants.¹⁰ In this instance, the NYISO proposes to include its methodology for setting Ramp Constraints in a technical bulletin within 30 days after the Commission's determination in this proceeding. Then, in the normal course of updating its manuals, the NYISO will incorporate the technical bulletin information in the next update of the NYISO's Transmission and Dispatch Operations Manual. That process will include opportunities for Market Participant comments and discussion; thus, HQUS will have further opportunities to raise its concerns and seek additional clarification of issues related to NYISO ramp limits, as the normal stakeholder documentation revision process goes forward.

¹⁰ Access to operational materials that include Critical Infrastructure Information is restricted.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission accept its answer as filed, or in the alternative grant it leave to answer, and that the Commission reject HQUS' contention that any further tariff filing to define the NYISO's Ramp Rate calculation methodology is required.

Respectfully submitted,



Elizabeth A. Grisaru
Whiteman Osterman & Hanna
Counsel to the New York Independent System
Operator, Inc.
One Commerce Plaza
Albany, New York 12260
<mailto:egrisaru@woh.com>

cc: Michael A. Bardee
Gregory Berson
Connie Caldwell
Anna Cochran
Lance Hinrichs
Jeffrey Honeycutt
Michael McLaughlin
Kathleen E. Nieman
Rachel Spiker
John Yakobitis