

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc. and)
PJM Interconnection, L.L.C.) Docket No. ER12-718-00_

**PJM INTERCONNECTION, L.L.C. AND
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC. REQUEST
FOR LIMITED WAIVER, SHORTENED COMMENT PERIOD,
AND EXPEDITED COMMISSION ACTION**

Pursuant to Rule 207(a)(5) of the Federal Energy Regulatory Commission (“Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(5), PJM Interconnection, L.L.C. (“PJM”) and New York Independent System Operator, Inc. (“NYISO”) (collectively, the “RTOs”) respectfully request a temporary, limited waiver of Section 7.2.1 of Schedule D to the Joint Operating Agreement Among and Between NYISO and PJM (“JOA”), and any other provisions of the JOA that may be necessary. Schedule D of the JOA sets forth the rules for the Market-to-Market coordination process (“M2M”), which is designed to provide more efficient and lower cost transmission congestion management solutions, and to improve the convergence of prices at the boundary between the two markets.

A waiver is requested to remedy harm caused by increased congestion from the unplanned outage of one of the two Ramapo Phase Angle Regulators (“PARs”), which are utilized to control flows over the Branchburg - Ramapo (5018) A/C transmission line (the “5018 line”) between NYISO and PJM. Specifically, the RTOs request waivers to permit the RTOs to temporarily reduce from 61 percent to 46 percent, the net scheduled interchange that is expected to be directed by the remaining Ramapo PAR over the 5018 line while one of the Ramapo PARs is being repaired or replaced. This joint waiver

request, and timely Commission action on the same, will help address the present limited ability of both PJM and NYISO to efficiently coordinate operations to minimize congestion on both systems given the mechanical failure of one of the Ramapo PARs.

The RTOs respectfully request that the Commission grant this temporary waiver request by no later than May 14, 2013, the day before the date on which the 5018 line is scheduled to return from a planned maintenance outage. Expedited action is necessary because on May 15, 2013, the 5018 line will, again, be operational with only one of the two Ramapo PARs available. The RTOs recognize that it may not be possible for the Commission to act on the extremely expedited basis requested in this waiver filing. If the Commission is not able to act by May 15, 2013, the RTOs request that the Commission act on this request as expeditiously as it is able to do so.

May 15, 2013, is the expected¹ start date for the RTOs' waiver request because it is the scheduled return date for the 5018 line from a planned maintenance outage. While the 5018 line is out of service, M2M Ramapo PAR coordination cannot be implemented, which renders the issues caused from the Ramapo PAR outage moot. When the 5018 line returns to service, the RTOs seek authority to implement their proposed remedy to permit the available PAR to be operated to achieve a feasible interchange schedule on the 5018 line and mitigate the harm caused by increased congestion.

The RTOs respectfully request that the limited waiver be permitted to remain in effect until the earlier of: (a) the date on which both Ramapo PARs are returned to normal operation (following the testing of the repaired or replaced PAR); or (b) the date

¹ Out of an abundance of caution, the RTOs request that, in the unlikely event that the 5018 transmission line is returned to service prior to May 15, 2013, the RTOs be permitted to operate using the 46% of scheduled interchange expectation proposed in this filing commencing on the date that the 5018 line returns to service. *See* Section III of this request.

on which the Commission accepts a Federal Power Act Section 205 filing submitted by the RTOs that proposes revisions to the M2M rules that address the concern identified in this waiver request; or (c) December 31, 2014. While the Ramapo PAR repair or replacement is presently scheduled for December 18, 2013, it can be difficult to accurately predict when major equipment repairs/replacements will be completed. The RTOs do not want to unnecessarily expend the Commission's time reviewing multiple waiver requests related to the same PAR outage.

During the waiver period, the RTOs will discuss among themselves and with their stakeholders filing with the Commission JOA revisions which would apply the proposed changes (or other effective changes) to address future outages of one of the Ramapo PARs.

I. BACKGROUND

The JOA includes the Ramapo PARs in M2M because PAR controls at the NYISO/PJM border provide significant, cost effective regional congestion management. The Ramapo PARs are utilized to (i) facilitate scheduled interchange transfers between PJM and NYISO, (ii) ensure other transmission facilities between PJM and NYISO can meet their schedules, and (iii) reduce transmission congestion in NYISO and PJM.

In February 2013, one of the two Ramapo PARs - PAR 4500 at the Ramapo, New York substation of Consolidated Edison Company of New York, Inc. ("Con Edison") - failed. The failed PAR requires extensive repairs or replacement in order to restore the full operational capability of the 5018 line. Con Edison projects the repaired or replaced PAR to be in service by approximately December 18, 2013.

The Ramapo PARs are operated to achieve a target of 61 percent of the net scheduled interchange on A/C tie lines between New York and PJM over the 5018 line.

JOA, Schedule D Section 7.2.1 sets the target value that each Ramapo PAR will operate to based on, among other factors, delivery of 61 percent of the net scheduled interchange across the 5018 line. In particular, 61 percent of the net scheduled interchange between PJM and NYISO is the “RamapoInterchangeFactor” used in the formula to determine a Ramapo Target Value for flow between PJM and NYISO on the 5018 line. The “RamapoInterchangeFactor” requires 61 percent of net scheduled interchange to be directed across the in-service PARs. With one Ramapo PAR out-of-service, the RTOs have found the 61 percent target difficult to achieve, even after reducing the transfer capability made available to schedule interchange between PJM and NYISO. Failure to achieve the 61 percent target has financial consequences under the Ramapo PAR Settlement rules set forth in JOA, Schedule D Section 8.3. After more than two months of actual operation with one Ramapo PAR out-of-service, the RTOs agree that the 61 percent target needs to be modified to address this unique operating circumstance.

JOA, Schedule D Section 8.3 explains the determination of the Ramapo PARs settlement. Comparison of the actual real-time Ramapo PAR flow and Ramapo PAR Target Value determines which RTO is exceeding its JOA megawatt target for flows across the Ramapo PARs/5018 line. The RTO receiving MWs across Ramapo in excess of the Ramapo PAR Target Value compensates the other RTO based on the difference between the actual real-time Ramapo PAR flow and Ramapo PAR Target Value times the transmission congestion cost at the Ramapo bus of the other RTO. The settlement provisions were developed based on the RTOs’ experience with both Ramapo PARs in service.

While the RTOs contemplated simultaneous outage scenarios of both Ramapo PARs allowing for suspension of M2M,² the RTOs now agree that the M2M rules do not adequately address an outage scenario involving only one Ramapo PAR. The current unplanned outage of one Ramapo PAR results in significant regional congestion costs which cannot be remedied because of the limits on the remaining Ramapo PAR.³ Reducing the expected interchange over the 5018 line from 61 percent to 46 percent of net scheduled interchange will redirect the interchange flow onto other transmission facilities and may permit the RTOs to employ redispatch options to manage congestion on those facilities. The RTOs therefore propose to mitigate the harm caused by the ongoing PAR outage by temporarily reducing the Ramapo Interchange Factor of the Ramapo Target Value from 61 percent to 46 percent. The limitation of operational flexibility caused by directing 61 percent of scheduled interchange over the remaining in-service PAR requires mitigation of the harm caused by the outage.

In order to implement this temporary change to the JOA, the RTOs respectfully request a limited waiver of JOA, Schedule D Section 7.2.1. Section 7.2.1 contains the rules and formula for calculating the Ramapo Target Value for flows between NYISO and PJM for each Ramapo PAR. The “RamapoInterchangeFactor” component of the formula is defined as “61% of the net interchange schedule between PJM and NYISO over AC tie lines distributed evenly across the in-service PARs; A positive value indicates flows from PJM to NYISO and a negative value indicates flows from NYISO to

² JOA, Schedule D Section 10.1.9.

³ The planned outage of the 5018 line from April 7, 2013 until May 15, 2013, temporally suspended this issue because M2M cannot be implemented for the Ramapo PARs during an outage of the 5018 line.

PJM.” During the duration of the Ramapo PAR outage the RTOs propose to use 46 percent of the net interchange schedule for the “RamapoInterchangeFactor.”

II. THE REQUESTED WAIVER CONFORMS TO THE COMMISSION’S APPLICABLE CRITERIA AND IS IN THE PUBLIC INTEREST

The RTOs request waiver of JOA, Schedule D Section 7.2.1. “The Commission has previously granted Independent System Operators and Regional Transmission Organizations limited waivers of their own tariff provisions when: (1) the underlying error was made in good faith; (2) the waiver is of limited scope; (3) a concrete problem needed to be remedied; and (4) the waiver did not have undesirable consequences, such as harming third parties.”⁴ PJM and NYISO’s waiver request meets each of these criteria.

A. Good Faith

PJM and NYISO acted in good faith to develop and include in the JOA the M2M process that contained all scenarios in which the RTOs must suspend M2M operations and settlements. The RTOs, however, did not adequately consider an outage scenario involving only one Ramapo PAR and the resulting harm through increases in regional congestion costs that cannot be remedied because of the operating limits on the remaining Ramapo PAR.

⁴ *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,108, at P14 (2012). *See also, e.g., PJM Interconnection, LLC*, 137 FERC ¶ 61,184, at P 13 (2011); *PJM Interconnection, LLC*, 137 FERC ¶ 61,109, at P 11 (2011); *PJM Interconnection, LLC*, 135 FERC ¶ 61,069, at P 8 (2011); *ISO-New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010); *Hudson Transmission Partners*, 131 FERC ¶ 61,157, at P 10 (2010); *Pittsfield Generating Co., L.P.*, 130 FERC ¶ 61,182, at P 9-10 (2010); *ISO New England Inc. - EnerNOC*, 122 FERC ¶ 61,297 (2008); *Central Vermont Public Service Corp.*, 121 FERC ¶ 61,225 (2007); *Waterbury Generation LLC*, 120 FERC ¶ 61,007 (2007); *Acushnet Co.*, 122 FERC ¶ 61,045 (2008).

B. The Requested Temporary Waiver is Limited in Scope

The RTOs requested temporary waiver is limited in scope. First, the waiver applies to the finite period of May 15, 2013, to the earlier of: (a) the date on which both Ramapo PARs are returned to normal operation (following the testing of the replacement PAR); or (b) the date on which the Commission accepts a Federal Power Act Section 205 filing submitted by the RTOs that proposes revisions to the M2M rules that address the concern identified in this waiver request; or (c) December 31, 2014.⁵ Second, the waiver applies to only one section of the JOA.

C. The Temporary Waiver Will Remedy a Concrete Problem

The requested temporary waiver will remedy a concrete problem; the unplanned outage of one Ramapo PAR and the resulting significant regional congestion costs which cannot be remedied because of the limits on the remaining Ramapo PAR. This remedy will improve operational feasibility, allowing the RTOs to operate the 5018 line by redirecting the interchange flow onto other transmission facilities and may present additional M2M redispatch options to manage congestion on those other facilities.

D. Granting the Temporary Waiver Will Not Harm Third Parties

PJM and NYISO are requesting the waiver to address significant increases in regional congestion due to the unplanned outage of one Ramapo PAR. If the Commission grants the waiver, the RTOs will be able to more efficiently operate the operational Ramapo PAR to reduce regional congestion to the benefit of PJM and NYISO. The waiver request is consistent with the JOA, Schedule D Section 7.2: “The

⁵ While the Ramapo PAR replacement is presently scheduled for December 18, 2013, it can be difficult to accurately predict when major equipment replacements will be completed. The RTOs do not want to unnecessarily expend the Commission’s time reviewing multiple waiver requests related to the same PAR outage.

Ramapo PARs will be operated to facilitate interchange schedules while minimizing regional congestion costs.”

III. REQUESTED EFFECTIVE DATE, REQUEST FOR SHORTENED NOTICE PERIOD, AND REQUEST FOR COMMISSION ACTION BY MAY 14, 2013

The RTOs respectfully request that the Commission grant this temporary waiver request by no later than May 14, 2013, the day before the date on which the 5018 line is scheduled to return from a planned maintenance outage. Expedited action is necessary because on May 15, 2013, the 5018 line will, again, be operational with only one of the two Ramapo PARs available. The RTOs recognize that it may not be possible for the Commission to act on the extremely expedited basis requested in this waiver filing. If the Commission is not able to act by May 15, 2013, the RTOs request that the Commission act on this request as expeditiously as it is able to do so.

The RTOs request that the Commission permit the requested waiver to become effective on the earlier of May 15, 2013 or the date that the 5018 transmission line returns to service, and expire on the earlier of: (a) the date on which both Ramapo PARs are returned to normal operation (following the testing of the repaired or replaced PAR); or (b) the date on which the Commission accepts a Federal Power Act Section 205 filing submitted by the RTOs that proposes revisions to the M2M rules that address the concern identified in this waiver request; or (c) December 31, 2014.

To meet the RTOs’ proposed, expedited schedule, the RTOs respectfully request that the Commission immediately issue notice of this waiver request and provide, in accordance with its Rule 210(b),⁶ for a shortened comment period of seven days.

⁶ 18 C.F.R. § 385.210(b).

IV. CORRESPONDENCE AND COMMUNICATIONS

Copies of correspondence concerning this filing should be served on:

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V. CONCLUSION

For the reasons stated above, PJM and NYISO request that the Commission grant this request for an expedited, temporary waiver of the relevant provisions of the JOA. The RTOs further request that the Commission provide for a shortened comment period and rule on this request on or before May 14, 2013, or as expeditiously thereafter as possible.

Respectfully submitted,

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Dated: May 3, 2013

CERTIFICATE OF SERVICE

I hereby certify that I this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rensselaer, New York this 3rd day of May 2013.

/s/ Alex M. Schnell

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