

153 FERC ¶ 61,158
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 9, 2015

In Reply Refer To:
New York Independent System
Operator, Inc.
Docket No. ER15-2640-000

New York Independent System Operator, Inc.
Attn: James H. Sweeney, Esq.
10 Krey Boulevard
Rensselaer, NY 12144

Dear Mr. Sweeney:

1. On September 10, 2015, pursuant to section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. (NYISO) filed revisions to its Market Administration and Control Area Services Tariff (Services Tariff), Open Access Transmission Tariff (OATT), and the Coordination Agreement between NYISO and ISO New England Inc. (ISO-NE) to add new real-time market external transaction bidding and scheduling rules that are necessary to implement Coordinated Transaction Scheduling (CTS) at their common border.² NYISO requests a flexible effective date between December 1, 2015 and December 30, 2015. As discussed below, we accept NYISO's proposed revisions, subject to condition, to become effective on the date that CTS becomes operational.

¹ 16 U.S.C. § 824d (2012).

² New York Independent System Operator, Inc., NYISO Tariffs, [NYISO OATT, 6.1-6.1.8 OATT Schedule 1 - ISO Annual Budget Charge, 11.0.0](#), [NYISO OATT, 6.1.9-6.1.15 OATT Schedule 1 - ISO Annual Budget Charge, 1.0.0](#), [NYISO OATT, 6.2 OATT Schedule 2 - Charges For Voltage Support Service, 5.0.0](#), [NYISO OATT, 6.5 OATT Schedule 5 - Charges For Operating Reserve Service, 4.0.0](#), [NYISO OATT, 16.3 OATT Attachment J Transmission Service, Schedules And Curtailment, 9.0.0](#), [NYISO OATT, 37 OATT Attachment EE - Coordination Agreement ISONE NYISO, 0.0.0](#), [NYISO MST, 4.4 MST Real-Time Markets and Schedules, 18.0.0](#), [NYISO MST, 17.1 MST Attachment B LBMP Calculation, 12.0.0](#).

2. NYISO explains that CTS is a set of real-time market rules allowing imports and exports to be scheduled based on a bidder's willingness to purchase energy sourced from the New England Control Area (NECA) or the New York Control Area (NYCA) and to sell the energy at a sink in the other Control Area if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the dollar value specified in the CTS Interface Bid.³ Specifically, NYISO states that NYISO and ISO-NE propose to implement CTS at the Sandy Pond and Roseton external proxy buses in NYCA and NECA (the NYISO/ISO-NE AC Interface), respectively. NYISO further states that the proposed revisions build upon the tariff amendments developed and accepted for CTS with ISO-NE in 2012.⁴

3. Under the proposed revisions, once a proxy bus is CTS enabled, transmission customers will be able to begin submitting CTS Interface Bids to schedule real-time imports and exports at this CTS enabled proxy bus in 15-minute intervals.⁵ In each of these intervals, NYISO will incorporate ISO-NE price points in its Real-Time Commitment (RTC) optimization and will use its economic evaluation of CTS Interface Bids to determine real-time cross-border transaction schedules. ISO-NE will develop these price points using a forward-looking, security-constrained economic dispatch system that co-optimizes energy and reserve requirements.⁶ NYISO will provide ISO-NE with forward looking, expected RTC interchange schedules and ISO-NE will use these schedules in order to develop a set of forecasted prices. ISO-NE will then provide these forecasted prices to NYISO for use in the next RTC optimization. In addition to providing price points, under the proposed revisions, ISO-NE will also have the ability to provide Transfer Limits⁷ to NYISO's RTC using Ramp Limits⁸ mutually agreed upon by NYISO and ISO-NE.

³ A CTS Interface Bid is a real-time bid to simultaneously purchase and sell energy on each side of an interface. CTS Interface Bids can be used to schedule both transactions to buy and sell energy from the ISOs' locational marginal price markets and bilateral transactions to schedule transmission service for a private energy sale. NYISO Transmittal at 3 n.8.

⁴ *N.Y. Indep. Sys. Operator, Inc.*, 139 FERC ¶ 61,048 (2012).

⁵ NYISO Transmittal at 3.

⁶ *Id.*

⁷ The Transfer Limit sets the minimum or maximum net interchange that can be scheduled on a CTS Enabled Interface in the RTC solution. The following limitations can impact Transfer Limits: (1) normal scheduling limits; (2) operating reserve limitations; (3) minimum generation limitations; (4) capacity requests; and (5) operator overrides. NYISO states that incorporating Transfer Limits into the RTC optimization

4. NYISO states that NYISO and ISO-NE propose to implement CTS in December 2015 and requests a flexible effective date between December 1, 2015 and December 30, 2015.⁹ NYISO explains that it is unable to propose a precise effective date due to uncertainty related to software deployment and testing. However, NYISO proposes to submit a compliance filing at least two weeks prior to the proposed effective date specifying the date on which CTS will take effect.¹⁰

5. Notice of NYISO's September 10, 2015 filing was published in the *Federal Register*, 80 Fed. Reg. 57,166 (2015), with interventions and protests due on or before October 1, 2015. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York Power Authority, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., Power Supply Long Island, and Rochester Gas and Electric Corporation (collectively, New York Transmission Owners) filed a timely motion to intervene and comments. The New York State Public Service Commission filed a notice of intervention, and the NRG Companies¹¹ and Exelon Corporation filed timely motions to intervene. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

6. Generally, the New York Transmission Owners support NYISO's proposed revisions. However, the New York Transmission Owners express concern over ISO-NE's ability to invoke transfer limits, and the possible reduction in the efficiency of CTS as a result of invoking such transfer limits.¹² The New York Transmission Owners explain that they expressed this concern in the NYISO stakeholder process and that it is their understanding that, to address the concern, NYISO plans to perform an evaluation

solution will produce more accurate interchange schedules, prices and external interface congestion allocation. *Id.* at 13-14.

⁸ A Ramp Limit is the maximum allowable amount of change in net interchange at a CTS Enabled Interface over a defined period of time, established in accordance with Section 5.1 of Schedule D of the Coordination Agreement. *Id.* at 9.

⁹ *Id.* 2, 16.

¹⁰ *Id.* at 16.

¹¹ NRG Companies are NRG Power Marketing LLC and GenOn Energy Management, LLC.

¹² New York Transmission Owners Comments at 4-6.

of the impact of the transfer limits on efficient scheduling and accordingly prepare an informational report one year after implementation of CTS.¹³

7. The Commission has previously found that CTS is a just and reasonable mechanism for enhancing the market efficiency of external transactions between ISO-NE and NYISO, and recognized the substantial benefits to consumers by addressing inefficiencies present in the current external transaction scheduling process.¹⁴ We expect that CTS will help improve scheduling efficiency for both regions by providing a scheduling option for transmission customers at the NYISO/ISO-NE AC Interface which takes into account relative price differences. We find that the proposed revisions appropriately build upon the tariff amendments developed and accepted for CTS with ISO-NE in 2012. Accordingly, we accept the proposed revisions, subject to condition, to become effective on the date that CTS will become operational.¹⁵ Specifically, NYISO must submit a compliance filing with revised tariff records no later than 14 days prior to the date on which CTS will become operational reflecting the effective date of the tariff provisions and correcting the typographical errors discussed below.

¹³ *Id.* at 7.

¹⁴ *N.Y. Indep. Sys. Operator, Inc.*, 139 FERC ¶ 61,048.

¹⁵ The Commission can revise a proposal filed under section 205 of the Federal Power Act as long as the filing utility accepts the change. *See City of Winnfield v. FERC*, 744 F.2d 871, 875-77 (D.C. Cir. 1984). A utility is free to indicate that it is unwilling to accede to the Commission's conditions in this order by withdrawing its filing.

8. First, in the Coordination Agreement, Article 1.0: Definitions, the definition of Coordinated Transaction Scheduling appears to contain an error. The section currently reads:

“Coordinated Transaction Scheduling” or “CTS” means an external transaction scheduling process between the NYCA and NECA in which Market Participants’ bid, to buy energy in one region and sell in another region, is economically and simultaneously cleared by ISO-NE and NYISO.

In accepting the proposed revisions subject to condition, we assume this language should read:

“Coordinated Transaction Scheduling” or “CTS” means an external transaction scheduling process between the NYCA and NECA in which Market Participants’ bids, to buy energy in one region and sell in another region, is are economically and simultaneously cleared by ISO-NE and NYISO.

9. Second, we note a typographical error in the last paragraph of Article 6.0: Exchange of Information and Confidentiality, section 6.5.g. It states, in relevant part:

If a governmental authority (including FERC and the CFTC) that requested or required *he* submission...

In accepting subject to condition the proposed revisions, we assume the italicized word in the above caption should be “the.”

10. Accordingly, in submitting its compliance filing to this order, NYISO must correct the typographical errors noted herein.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.