

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

New York Independent System
Operator, Inc
Docket No. ER13-1380-000

Issued: 6/6/13

New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Attention: Gloria Kavanah
Senior Attorney

Reference: New Capacity Zone Deficiency Letter

Dear Ms. Kavanah:

On April 30, 2013, New York Independent System Operator, Inc (NYISO) filed proposed tariff revisions to establish a new capacity zone. NYISO's filing also includes a report of the results of the NCZ Study that identified a Highway deliverability constraint, which triggered the requirement to create a new capacity zone. NYISO states that the filing proposes to establish a new capacity zone that would encompass NYISO Load Zones G, H, I, and J.

Please be advised that your filing is deficient and the following information must be provided in order for the Commission to be able to evaluate your submittal.

- 1) Are the only direct connections between Zone K and other NYISO zones the SENY zones? If so, why is it reasonable for NYISO to rely on capacity located in Zone K to help satisfy the NYCA capacity requirement (as is the case under the current NYISO market rules) but not reasonable to rely on the same capacity located in Zone K to satisfy the Indicative Locational Minimum Installed Capacity Requirement of a new capacity zone that includes Zones G, H, I, J, and K, which together comprise SENY?

- 2) If Zone K were to be added to the new capacity zone, capacity located in Zone K could be used to satisfy the Locational Minimum Installed Capacity Requirement for the new capacity zone. NYISO's experts, Chao and Adams (at P22 of their affidavit) argue that Zone K should not be included in the new capacity zone because, in their view, Zone K capacity would provide only limited value from a resource adequacy perspective to Zones GHI. Dr. Sasson (at P26 of his affidavit) disagrees, concluding that Zone K capacity would provide important reliability value to Zone GHI. In support of his conclusion, Dr. Sasson (relying on data from the Chao/Adams affidavit) states that adding 1000 MW of capacity to Zone K would reduce the LOLE of Zone GHI from 0.087 to 0.012, a significant reliability benefit in Dr. Sasson's view. Please respond to Dr. Sasson's argument.
- 3) What are the minimum quantitative criteria that are used across the multi-prong analysis to determine whether to include or exclude a Load Zone in a new capacity zone? How do the 300 MW from the LOLE study and the 344 MW from the transmission security analysis (N-1) apply in determining whether to exclude Load Zone K from the proposed new capacity zone (consisting of Load Zones GHIJ)? Please explain the basis for your answer. In addition, how do Dr. Sasson's assertions concerning NYISO's 2012 RNA report about Load Zone K's 530 MW transfer capability to the new capacity zone compare to the multi-prong analysis that NYISO used to evaluate Load Zone K's exclusion in the new capacity zone?
- 4) What quantity of fungible transfer capacity (MW) would have been sufficient for Load Zone K to be included in the proposed new capacity zone? Please explain the basis for your answer.

This letter is issued pursuant to delegated authority, 18 C.F.R. §375.307(a)(1)(v) (2012) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. NYISO must respond to this letter within 14 days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff requirements.¹ Please also email an additional electronic copy of the response to Adria Woods at adria.woods@ferc.gov.

The electronic tariff filing requested in this letter will constitute an amendment to your filing and a new filing date will be established, pursuant to *Duke Power Co.*, 57 FERC ¶ 61,215 (1991). A notice of amendment will be issued upon receipt of your response.

In addition, please provide a copy of the response to all parties that have either

¹ *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at P 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed).

requested or been granted intervention in this proceeding. Failure to respond to this letter within the time period specified may result in an order rejecting the filing. Until receipt of the amendment filing, a filing date will not be assigned to your filing.

Sincerely,

Jignasa Gadani, Director
Division of Electric Power
Regulation – East