

March 28, 2016

By Electronic Delivery

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

**Re: New York Independent System Operator, Inc., *Report of the Results of
Triennial NCZ Study*, Docket No. ER16-____-000**

Dear Ms. Bose:

In accordance with Section 5.16.4 of the Market Administration and Control Area Services Tariff (“Services Tariff”), the New York Independent System Operator, Inc. (“NYISO”) respectfully submits this report of the results of its recently completed triennial New Capacity Zone (“NCZ”) Study. As discussed below, the NCZ Study¹ did not identify a Highway deliverability constraint. Therefore, in accordance with the Services Tariff, tariff revisions to create an NCZ are not proposed herein.²

I. LIST OF DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents:

1. This filing letter;
2. The NYISO’s *2016 New Capacity Zone Study Report* (“Attachment I”); and
3. Confirming Affidavit of Steven Corey (“Attachment II”).

II. BACKGROUND

In September 2011 the Commission issued an order³ directing the NYISO to file tariff revisions establishing a specific process for evaluating, identifying and, if necessary, establishing NCZs in the New York Control Area. The NYISO made that filing in November 2011, and in

¹ Capitalized terms not defined herein have the meaning set forth in the Services Tariff, and if not defined therein, then as defined in the NYISO’s Open Access Transmission Tariff (“OATT”).

² Services Tariff Section 5.16.4(b).

³ *New York Independent System Operator, Inc.*, 136 FERC ¶ 61,165 (2011).

the August 2012 Order, the Commission accepted the filing and made it effective as of January 9, 2012.

The August 2012 Order accepted Section 5.16 of the Services Tariff. As discussed below, this provision requires the NYISO to commence a triennial NCZ Study by September 1 of the year preceding an ICAP Demand Curve Reset Filing Year (in this instance 2015,) review the inputs and assumptions to be used in it with stakeholders by October 1 of that preceding year,⁴ and complete the NCZ Study by January 15 of the ICAP Demand Curve Reset Filing Year.⁵ The Services Tariff also requires the NYISO to make one of two types of NCZ filings on or before March 31 of each ICAP Demand Curve Reset Filing Year,⁶ in this instance, by March 31, 2016.

Under Sections 5.16.2 and 5.16.4(a), if the NCZ Study identifies a constrained Highway interface into one or more Load Zones, the NYISO is to identify the boundary of one or more NCZs, and file tariff revisions to implement new NCZ(s). In 2013, the NYISO conducted an NCZ Study that identified a constrained Highway Interface and triggered the creation of the G-J Locality.⁷

By contrast, Section 5.16.4(b) states that “[i]f the NCZ Study does not identify a constrained Highway interface, the ISO shall file with the Commission the ISO’s determination that the NCZ Study did not indicate that any New Capacity Zone is required pursuant to this process, along with a report of the results of the NCZ Study.” As noted above, and discussed below, the NYISO’s 2016 NCZ Study did not identify a constrained Highway interface.

Finally, Section 5.16.4 specifies that the NYISO “shall provide an opportunity for the Market Monitoring Unit to review and comment on the NCZ Study ... consistent with Services Tariff Attachment O Section 30.4.6.3.2.”

III. THE 2016 NEW CAPACITY ZONE STUDY REPORT

As required by Services Tariff Sections 5.16.4 and 5.16, the NYISO commenced work on the 2016 NCZ Study by September 1, 2015 and completed it by January 15, 2016. A copy of the *2016 New Capacity Zone Study Report* is included as Attachment I to this filing.

The 2016 NCZ Study concluded that “all of the Highway Interfaces were found to have positive Additional Transmission Capacity, *i.e.*, none of the Highway Interfaces were found to be

⁴ Services Tariff Section 5.16.1.2.

⁵ Services Tariff Section 5.16.

⁶ Services Tariff Section 2.9.

⁷ See New York Independent System Operator, Inc., *Proposed Tariff Revisions to Establish and Recognize a New Capacity Zone and Request for Action on Pending Compliance Filing*, Docket No. ER13-1380-000 (April 30, 2013).

constrained.” Thus, the conclusion of the 2016 NCZ Study was “that there is no need to trigger the Services Tariff requirement for the filing of tariff revisions to establish an NCZ.”⁸

As discussed in more detail therein, the 2016 NCZ Study was performed in accordance with the procedures and methodology set forth in Section 5.16. The rules require the NYISO to use, in large part, the deliverability methodology from the Class Year Study set forth in Attachment S to the NYISO OATT. The NYISO’s conduct of the 2016 NCZ Study and its conclusions are endorsed by the Confirming Affidavit of Steven Corey.

IV. MARKET MONITORING UNIT REVIEW

In accordance with Section 5.16.4, the NYISO provided the Market Monitoring Unit (“MMU”) with an opportunity to review the *2016 New Capacity Zone Study Report*.⁹ The MMU asked the NYISO a few questions but raised no objections.

V. STAKEHOLDER REVIEW

On September 28, 2015, the NYISO presented to the Installed Capacity (“ICAP”) Working Group the NCZ Study inputs and assumptions. On January 13, 2016, the NYISO presented the results of the NCZ Study to the ICAP Working Group. The NYISO released a final version of the *2016 New Capacity Zone Study Report* incorporating stakeholder feedback on January 15, 2016. At the January 19, 2016 meeting of the ICAP Working Group, the NYISO responded further to stakeholder questions regarding the NCZ Study and the report. Also in response to a stakeholder request at the January 19, 2016 ICAP Working Group meeting the February 8, 2016 the Interconnection Project Facilities Study Working Group meeting, the NYISO provided further information regarding certain NCZ Study inputs on February 23, 2016.

VI. SERVICE

This filing will be posted on the NYISO’s website at www.nyiso.com. In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to this proceeding, to each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

⁸ *2016 New Capacity Zone Study Report* at 12.

⁹ See Services Tariff Section 5.16.4(b).

VII. COMMUNICATIONS

Copies of correspondence concerning this filing should be served on:

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VIII. CONCLUSION

In accordance with the above, the New York Independent System Operator, Inc. respectfully submits this filing.

Respectfully submitted,

/s/ Gloria Kavanah
Gloria Kavanah
New York Independent System Operator, Inc.

Dated: March 28, 2016

cc: Michael A. Bardee
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