

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

PJM Interconnection, L.L.C.

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Docket No. ER17-2073-000

**COMMENTS OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to the Commission’s July 11, 2017 notice in the above-captioned docket, the New York Independent System Operator, Inc. (“NYISO”) respectfully submits for the Commission’s consideration the following limited comments regarding the operational, reliability, resource adequacy, and regional markets ramifications of maintaining in service the Merchant Transmission Facility (“MTF”) owned by Hudson Transmission Partners, L.L.C. (“HTP”).

The NYISO does not seek to intervene in this proceeding, and takes no position on the merits of the July 10, 2017 filing (“July 10 Filing”) by PJM Interconnection, L.L.C. (“PJM”), which would amend an Interconnection Service Agreement (“ISA”) among PJM, HTP, and Public Service Electric and Gas Company (“PSEG”) to change HTP’s 320 MW of Firm Transmission Withdrawal Rights¹ (“FTWRs”) into Non-Firm Transmission Withdrawal Rights.

The NYISO seeks only to provide additional information for the Commission’s consideration regarding the potential implications of the HTP MTF permanently disconnecting from the New York and PJM transmission systems. The line provides important operational and reliability support for the New York transmission system that would be lost if the facility is taken out of service.

¹ Capitalized terms in this pleading have the meaning set forth in the PJM Open Access Transmission Tariff, unless otherwise expressly noted.

I. Communications

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II. Comments

A. Potential Disconnection of the HTP Line

The HTP MTF is a 345 kV merchant transmission line that interconnects the PJM and New York transmission systems, extending from Bergen County, New Jersey, in the PJM service territory, underneath the Hudson River, to the Consolidated Edison 49th Street substation in Manhattan, in the New York Control Area (“NYCA”). The New York Power Authority (“NYPA”) is a customer on the HTP MTF, and has rights to use the bulk of the line’s transmission capacity and its FTWRs. PJM submitted the July 10 Filing at the behest of HTP and NYPA. As the ultimate holder of most of the FTWRs allocated to the HTP MTF, NYPA is obligated to pay certain Regional Transmission Expansion Plan (“RTEP”) costs allocated by

PJM to FTWR holders.² NYPA seeks to downgrade its rights to use the HTP line in order to avoid what it asserts are excessive RTEP costs.³

Attachment E of the July 10 Filing includes a letter from PSEG to PJM in which PSEG conveys its refusal to execute the proposed amended ISA. PSEG asserts that HTP cannot amend the ISA without PSEG's consent, but that HTP has the unilateral right to terminate the ISA upon 60 days' notice to PJM and PSEG.⁴ In response to PSEG's letter, NYPA states that a termination of interconnection service would require PJM to "permanently disconnect the HTP line from the PJM transmission system."⁵ NYPA goes on to state that disconnecting the line would be "economically wasteful and contrary to the Commission's policy of encouraging much-needed transmission infrastructure development, particularly transmission between ISOs and into constrained markets."⁶

B. The HTP Line Provides Important Operational, Reliability, and Resource Adequacy Support for the NYCA as well as Interregional Market Benefits

The NYISO takes no position on the merits of the July 10 Filing or HTP's request to amend its ISA. The NYISO files these comments for the limited purpose of stating the significance of the HTP MTF as an interconnection between PJM and New York. Even if HTP and NYPA surrender the FTWRs, the HTP MTF can still provide important operational and reliability support for the NYCA and can facilitate interregional market transactions.

² See PJM Open Access Transmission Tariff, Schedule 12, Section (b)(i)(A).

³ Motion to Intervene and Supportive Comments of the New York Power Authority, *PJM Interconnection, L.L.C.*, Docket No. ER17-2073-000, filed July 26, 2017.

⁴ The letter states that "Section 16.1.2 of the ISA allows HTP to unilaterally terminate the ISA upon sixty days written notice to PJM and PSE&G. PSE&G will agree to accept the [l]etter as written notice of HTP's intent to terminate should HTP wish to proceed along that path."

⁵ Motion to Intervene and Supportive Comments of the New York Power Authority, *PJM Interconnection, L.L.C.*, Docket No. ER17-2073-000, filed July 26, 2017 at 22.

⁶ *Id.*

1. The HTP MTF reinforces the reliability and resilience of the NYCA

The HTP MTF can be used to address both statewide and local area operational and reliability issues by allowing the NYISO to schedule both market-based energy transactions and NYISO-directed emergency energy transactions from the PJM control area into the NYCA. The HTP MTF also provides grid resiliency benefits by increasing the ability of the NYCA to withstand various operational contingencies, which is particularly important in the New York City area where the HTP MTF point of withdrawal is located. The HTP MTF provides additional redundancy for the interconnected transmission system and improves the NYISO's ability to withstand the loss of other transmission facilities in that area.

2. The HTP MTF improves the NYISO's ability to manage severe weather events

Severe weather events that occur periodically in the New York City area can pose a significant operational and reliability threat. These weather events, such as Superstorm Sandy and summer thunderstorms, can result in outages of generation and transmission in the area. Having additional interconnections with neighboring control areas, like the HTP MTF, provides the NYISO with operational flexibility to manage these severe weather events.

3. The HTP MTF Contributes to the NYISO's reserve margin and satisfaction of resource adequacy obligations

The HTP MTF provides a means of obtaining emergency assistance from PJM and helps satisfy the NYISO's resource adequacy requirements. The NYISO is obligated to maintain adequate installed capacity reserve margins in order to maintain overall system reliability. The NYCA reserve margin is expressed as a percentage of peak load, and is based on a determination

of the amount of capacity needed to meet a loss of load expectation (“LOLE”) of one day in ten years.⁷

The determination of the LOLE is a function not only of how much generation exists on the NYISO system, but also of overall system configuration, including transmission interconnections and the ability to import power from neighboring regions. By facilitating the potential for energy transfers from PJM, the HTP MTF improves the overall robustness of the NYISO system – a factor that directly impacts the LOLE calculation in the NYCA and the amount of installed capacity that the NYISO is required to maintain.

4. The HTP MTF facilitates the implementation of Broader Regional Markets between the NYISO and PJM

The NYISO and PJM have undertaken a combined effort to optimize the flow of energy over their shared interconnections to enhance economics and reliability. Among the initiatives that the NYISO and PJM have implemented is the use of Coordinated Transaction Scheduling, a real-time process that improves interchange scheduling efficiency between the two regions to lower overall production costs and allow market participants in both regions better access to least-cost sources of power.⁸ The potential to conduct Coordinated Transaction Scheduling over the HTP MTF permits efficient market transactions between the two regions, and thus supports the efforts of the NYISO and PJM to implement a broader regional market.⁹

⁷ See New York State Reliability Council, LLC, New York Control Area Installed Capacity Requirement for the Period May 2017 to April 2018, issued December 2, 2016, at 2-3.

⁸ See *New York Independent System Operator, Inc.*, 146 FERC ¶ 61,097 (2014) (conditionally accepting tariff revisions necessary to implement Coordinated Transaction Scheduling).

⁹ See *New York Independent System Operator, Inc.*, 132 FERC ¶ 61,031 at P 40 (2010) (approving broader regional market development proposal).

III. Conclusion

The NYISO respectfully submits these limited comments in order to clarify that the continued availability of the HTP MTF as an interconnection between the NYCA and PJM provides important operational and reliability support for the NYISO system and can facilitate Coordinated Transaction Scheduling between the NYISO and PJM whether or not NYPA possesses FTWRs in PJM.

Respectfully submitted,

/s/ Kevin W. Jones

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July 31, 2017

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 31st day of July 2017.

/s/ Joy A. Zimmerlin

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