

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

New York Independent System Operator, Inc.)))	Docket No. ER17-2271-000
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**REQUEST FOR LEAVE TO ANSWER AND ANSWER OF
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rule 213 of the Commission’s¹ Rules of Practice and Procedure,² the New York Independent System Operator, Inc. (“NYISO”) respectfully submits this request for leave to answer and answer (“Answer”) to the Limited Protest of the NRG Parties (“NRG”).³

On August 9, 2017, NYISO sought the Commission’s approval of tariff revisions which—in pertinent part—require that generating units participating in the Consolidated Edison (“Con Edison”) System Restoration Plan (“SRP”) satisfy testing requirements set forth in NYISO procedures and applicable mandatory reliability standards and rules.⁴ These revisions are made in response to a New York State Reliability Council Reliability Rule and in recognition of the fact that Con Edison is, as of July 1, 2016, a registered NERC Transmission Operator and therefore must demonstrate compliance with the black start testing requirements in NERC Reliability Standard EOP-005-2.⁵

In its Limited Protest, NRG acknowledges that its generating units are capable of meeting the testing requirements for the Con Edison SRP which will become mandatory upon the

¹ Capitalized terms not defined in this Answer shall have the meaning set forth in Section 2 of the NYISO Market Administration and Control Area Services Tariff (“Services Tariff”).

² 18 C.F.R. § 385.213 (2016).

³ *New York Independent System Operator, Inc.*, Limited Protest of the NRG Parties, Docket No. ER17-2271-000 (August 31, 2017) (“NRG Limited Protest”).

⁴ *New York Independent System Operator, Inc.*, Proposed Tariff Revisions Regarding Black Start and System Restoration Service (August 9, 2017).

⁵ *Id.* at pp. 2 – 4.

Commission’s approval of the NYISO’s tariff filing, and raises no substantive concern with the testing requirements and conditions proposed. Instead, NRG—which did not vote against the tariff filing in the NYISO stakeholder process⁶—raises a procedural concern about the potential for future proposed changes to the Con Edison SRP testing requirements.

The Commission should reject NRG’s Limited Protest for two reasons. First, by approving NERC Reliability Standard EOP-005-2, the Commission has already decided that it is not only Con Edison’s right as a NERC Transmission Operator but its *obligation* to develop and enforce testing requirements based on the requirements of Con Edison’s SRP. The Commission charges Con Edison with developing appropriate testing requirements for its SRP under the compliance monitoring oversight of NERC. For that reason, the NYISO—like other ISOs and RTOs—proposes to incorporate the applicable reliability standards by reference with respect to testing for the Con Edison SRP. NRG’s argument that specific Con Edison SRP test provisions must be detailed in the NYISO Tariff misses the mark.

Second, NRG fails to recognize or acknowledge that pursuant to NYISO procedures, any change to the System Restoration Manual in which the testing requirements for the Con Edison SRP are memorialized requires the approval of 58 percent of NYISO stakeholders. This ensures both adequate notice of any future proposed changes and an opportunity for NRG to provide input regarding such proposed changes – in the NYISO stakeholder process and, if NRG believes it is warranted, at the Commission.

The Commission should reject NRG’s Limited Protest and accept the NYISO’s proposed tariff revisions for the reasons set forth here.

⁶ *New York Independent System Operator, Inc.*, Proposed Tariff Revisions Regarding Black Start and System Restoration Service (August 9, 2017) at p. 5.

I. REQUEST FOR LEAVE TO ANSWER

The Commission routinely accepts answers to protests where, as here, they help to clarify complex issues, provide additional information, are otherwise helpful in the development of the record in a proceeding, or assist in the decision-making process.⁷ The NYISO's Answer to NRG's Limited Protest satisfies those standards and should be accepted because it provides additional information that will help the Commission to fully evaluate the arguments in this proceeding.

II. ANSWER

A. NERC EOP-005-2 Requires Con Edison to Develop SRP Testing Requirements Based on the Needs of its SRP, and Does Not Require That They Be Included in the NYISO Tariff.

In the Limited Protest, NRG asserts that the “rule of reason” mandates inclusion of all testing requirements for the Con Edison SRP in the NYISO's tariff, rather than in a manual or the Con Edison SRP itself, in order to prevent Con Edison from altering testing requirements without a tariff change.⁸ This assertion, however, disregards the Commission's approval of NERC Standard EOP-005-2, which not only requires but *mandates* that an entity certified as a NERC Transmission Operator develop its own black start testing protocols to support its system restoration plan, and assigns direct compliance oversight not to the Commission but to NERC.

⁷ See, e.g., *Southern California Edison Co.*, 135 FERC ¶ 61,093 at P 16 (2011) (accepting answers to protests “because those answers provided information that assisted [the Commission] in [its] decision-making process”); *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,058 at P 24 (2011) (accepting the answers to protests and answers because they provided information that aided the Commission in better understanding the matters at issue in the proceeding); *New York Independent System Operator, Inc.*, 140 FERC ¶ 61,160 at P 13 (2012) and *PJM Interconnection, LLC*, 132 FERC ¶ 61,217 at P 9 (2010) (accepting answers to answers and protests because they assisted in the Commission's decision-making process).

⁸ Limited Protest at pp. 3 – 4.

The Commission approved NERC Standard EOP-005-2 as filed as “just, reasonable, not unduly discriminatory or preferential, and in the public interest.”⁹ Requirement R9, which addresses the obligation to develop black start testing requirements, is described by the Commission as requiring testing protocols “the transmission operator must have to verify the Blackstart Resources meet required expectations.”¹⁰ Among those requirements is to “have Blackstart Resource testing requirements to verify that each Blackstart Resource is capable of meeting the requirements of its restoration plan,” and maintain “a list of required tests” that meet specific technical requirements, including the ability to start the unit with no support from the Bulk Electric System and to energize a bus.¹¹ Critically, NERC proposed and the Commission accepted that the Transmission Operator be solely responsible for Requirement R9 – not the NERC Reliability Coordinator or Generator Operator.

NRG complains that Con Edison “could simply change aspects of the testing procedure without any need to make a Tariff change or provide notice through the NYISO stakeholder process.”¹² While this is inaccurate with respect to the NYISO System Restoration Manual, as discussed below, it also ignores that the Commission *requires* that Con Edison be unilaterally accountable to develop appropriate testing procedures for its SRP, consistent with the NERC Functional Model and subject to compliance monitoring pursuant to the NERC Rules of Procedure: responsibility that is not shared by the NYISO as a NERC Reliability Coordinator or Blackstart Resources as NERC Generator Operators. Thus, NRG’s argument that the “rule of reason” requires that detailed testing requirements for the Con Edison SRP be subject to the

⁹ 134 FERC ¶ 61,215 (March 17, 2011) at P. 17.

¹⁰ *Id.* at P. 13.

¹¹ NERC EOP-005-2, R9, 9.2, 9.2.1, 9.2.2.

¹² NRG Limited Protest at p. 4

NYISO's Tariff revision process is not only unfounded but contrary to NERC EOP-005-2 as approved by the Commission.

Given that development and review of black start testing requirements is technical in nature and driven primarily by NERC and other mandatory reliability standards, FERC jurisdictional entities—including the NYISO itself for its own black start plan—regularly provide detailed rate information but otherwise incorporate testing requirements by reference in the tariff to manuals, operating procedures, or reliability standards, as the NYISO proposes to do here for the Con Edison SRP. For generating units that participate in the NYISO SRP, the tariff provides a cost recovery mechanism and states that “[g]enerators that provide Restoration Services shall conduct Black Start Capability Tests that are deemed necessary and appropriate for providers of these services under the ISO Procedures or local Transmission Owner procedures, as applicable.”¹³ The applicable NYISO testing requirements—established in conformance with NERC Reliability Standard EOP-005, Northeast Power Coordinating Council criteria, and NYSRC Reliability Rules—are described in the NYISO System Restoration Manual.¹⁴ FERC-jurisdictional entities consistently incorporate black start testing requirements by reference to manuals, operating procedures, or reliability standards. For example:

- ISO New England's Tariff states that “the Blackstart Owner shall, at least once every 12 months, ensure that the Designated Blackstart Resource passes all Blackstart Capability Tests and complies with all reporting requirements, *in accordance with [Operating Procedure] 11.*”¹⁵
- PJM Interconnection's Tariff states that “Black Start Units designated as critical shall be tested annually *in accordance with the PJM manuals,*” in order “[t]o

¹³ NYISO Services Tariff Section 15.5.2.

¹⁴ NYISO System Restoration Manual, Manual 33, June 2017, Section 3.1.9.

¹⁵ ISO NE OATT, Schedule 16, Blackstart Service, Section 3.4 (emphasis added).

verify that they can be started and operated without being connected to the Transmission System.”¹⁶

- Midcontinent Independent System Operator’s Tariff states that “To verify that a Blackstart Unit can be started and operated without being connected to the Transmission System, Blackstart Units shall be tested periodically *in accordance with the NERC System Restoration and Blackstart reliability standards*. To be compensated for providing Blackstart Service, a Blackstart Unit Owner must provide the Transmission Provider by May 1 with all data necessary to demonstrate that it has met *all applicable NERC and Regional Entity Blackstart criteria, standards and requirements*.”¹⁷
- California ISO’s Tariff states in pertinent part that black start testing “shall include, but not be limited to . . . confirmation of the Generating Unit performance; and simulation of a Black Start event.”¹⁸ Detailed Test Criteria is set forth in an operating procedure.¹⁹

In sum, the NYISO’s proposed tariff language establishing black start testing requirements for the Con Edison SRP correctly recognizes that the Commission requires NERC Transmission Owners to develop testing requirements consistent with NERC Reliability Standard EOP-005 and their own SRP, incorporates those requirements by reference, and provides additional technical detail in the NYISO System Restoration Manual.

B. The NYISO System Restoration Manual Is Reviewed and Approved by NYISO Stakeholders.

NRG argues in its Limited Protest that the Commission should direct Con Edison to present future changes to black start testing procedures for its SRP through the NYISO stakeholder process and seek Commission approval. For the reasons argued above, such a requirement is directly at odds with the requirements of EOP-005-2. However, this argument also disregards that NYISO stakeholders have already reviewed and approved detailed testing

¹⁶ PJM OATT, Schedule 6A, Black Start Service, Section 12 (emphasis added).

¹⁷ MISO OATT, Tariff Schedule 33, Blackstart Service, Section IV (emphasis added).

¹⁸ CAISO Fifth Replacement Electronic Tariff, Appendix K, Part D., E10, 10.3, and 10.4.

¹⁹ CAISO Operating Procedure No. 5360, Blackstart Resource Testing, Version No 2.2, December 30, 2016.

requirements in the NYISO System Restoration Manual, and would be required to approve any subsequent proposed changes to the NYISO System Restoration Manual.

The NYISO's proposed tariff language regarding testing procedures for the Con Edison SRP states that generating units must test annually "in accordance with the test protocols required by the Reliability Rules and applicable reliability standards and set forth in ISO procedures."²⁰ The NYISO has revised its System Restoration Manual to include: (1) procedures for scheduling a black start test for Con Edison generating units,²¹ and (2) specific testing requirements for generating units participating in the Con Edison SRP established by Con Edison consistent with their obligations under NERC Reliability Standard EOP-005, including technical and duration requirements.²² These revisions were approved unanimously, with abstentions, by the NYISO's stakeholders at a NYISO Operating Committee meeting held on April 12, 2017.²³

Under the NYISO's posted Manual Review, Revision, and Approval Process,²⁴ all revisions to NYISO Manuals—including the System Restoration Manual—are subject to review by stakeholders, posted for review at least 15 days prior to a scheduled committee approval and, pursuant to NYISO committee bylaws must be approved by a majority of 58 percent of voting members of the applicable committee.²⁵ Thus, any revisions to the testing requirements set forth in the System Restoration Manual for Con Edison's SRP are subject to the stakeholder review process that NRG seeks under existing NYISO procedures.

²⁰ NYISO MST, Proposed Section 15.5.4.1.2.

²¹ NYISO System Restoration Manual, Manual 33, June 2017, Section 3.1.8.

²² *Id.* at Section 3.1.9.

²³ NYISO Operating Committee Minutes, April 12, 2017, available at https://www.nyiso.com/secure/webdocs/markets_operations/committees/oc/meeting_materials/2017-05-18/02_Draft%20OC%20Meeting%20Minutes_2017_04_12_for_review.pdf

²⁴ Available at http://www.nyiso.com/public/webdocs/markets_operations/documents/Manuals_and_Guides/nyiso_manual_posting.pdf

²⁵ *Id.*

Finally, in the event that Con Edison imposes a black start testing requirement or condition that increases a generator's actual, incremental cost beyond the NYISO's filed rate for participation in the Con Edison SRP, the generator has an existing right under the NYISO Services Tariff to compel a joint filing by the generator and the NYISO to seek a unit-specific rate.²⁶ And NRG retains its right to seek relief from the Commission subject to Section 205 of the Federal Power Act should a proposed testing requirement or condition change render compensation for SRP participation unjust or unreasonable.²⁷

Simply put, NRG's request for proposed process "improvements" is a solution in search of a problem, and the NYISO asks that the Commission reject it.

III. CONCLUSION

The New York Independent System Operator, Inc. respectfully requests that the Commission accept this Answer, deny the NRG Limited Protest, and accept the proposed tariff revisions in Docket No. ER17-2271-000.

Respectfully submitted,

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September 14, 2017

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²⁶ NYISO Services Tariff, Section 15.5.4.1.3.2.

²⁷ 16 U.S.C. § 824d(a).

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 14th day of September 2017.

By: /s/ John C. Cutting

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