

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

**Grid Resilience in Regional Transmission)
Organizations and Independent System)
Operators)**

Docket No. AD18-7-000

Reply Comments of the New York Independent System Operator, Inc.

Pursuant to the order initiating the above-referenced proceeding (“Grid Resilience Order”)¹ and the order extending the deadline to submit reply comments issued by the Federal Energy Regulatory Commission (“Commission”) on March 20, 2018,² the New York Independent System Operator, Inc. (“NYISO”) hereby submits these reply comments.³ The NYISO reiterates its request for the Commission to permit the NYISO to proceed with its ongoing collaboration with its stakeholders to develop and implement the necessary enhancements to address the challenges and opportunities presented by the continued transformation of the electric industry in New York.

I. NYISO REPLY COMMENTS

The Grid Resilience Order expressly recognized that regional differences exist with respect to the types and pace of change ongoing in the electric sector.⁴ The Commission also

¹ *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,012 (2018).

² *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC 61,256 (2018).

³ The NYISO is also a party to and supports the separate reply comments submitted jointly in this proceeding with California Independent System Operator Corporation, ISO New England Inc., Midcontinent Independent System Operator, Inc., and Southwest Power Pool, Inc.

⁴ *See, e.g.*, Grid Resilience Order at P 25-26.

acknowledged that these differences affect resilience considerations and needs within each region.⁵ The timeframe for required action in each region is driven by the circumstances present, the pace and nature of change occurring, the steps that have already been undertaken in preparation for and in response to such change, and the imminence of any potential resilience and/or reliability concerns.

In its response to the Grid Resilience Order, PJM Interconnection, L.L.C. (“PJM”) unilaterally recommended that the Commission impose certain near-term compliance obligations on all independent system operators and regional transmission organizations (“ISOs/RTOs”).⁶ Specifically, PJM requested that the Commission require all ISOs/RTOs to:

submit a subsequent filing, including any necessary proposed tariff amendments, for any proposed market reforms and related compensation mechanisms to address resilience concerns within nine to twelve months from the issuance of a Final Order in this docket.⁷

The NYISO takes no position on PJM’s recommendation as it relates to PJM’s markets or the necessity thereof in light of the circumstances present within PJM’s region. This recommendation, however, is unwarranted and unnecessary for New York. The Commission should not impose PJM’s suggested approach on the NYISO.

The NYISO demonstrated in its March 9, 2018 response to the Grid Resilience Order that its markets already consider, address, value, and compensate for various elements of resilience.⁸

⁵ *Id.* at P 25.

⁶ Docket No. AD18-7-000, *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, Comments and Responses of PJM Interconnection, L.L.C (March 9, 2018).

⁷ *Id.* at 6.

⁸ Docket No. AD18-7-000, *supra*, Response of the New York Independent System Operator, Inc. at 5-28 (March 9, 2018).

The NYISO has a history of success in evolving its markets in a responsive and complementary manner to changes in the electric industry driven by policy, economic, environmental, and other factors. The NYISO has already taken steps to evolve its markets over time in response to the ongoing changes to the electric system occurring in New York. The enhancements implemented to date have been successful and provide a solid foundation from which future market evolution can and should occur.

The NYISO does not currently face imminent resilience concerns that require immediate action. The NYISO, however, recognizes that the ongoing transformation of the electric grid in New York presents new and changing variables that must continue to be effectively and efficiently managed by the NYISO in its planning and operation of the bulk power system. As further described in its March 9, 2018 response to the Grid Resilience Order, the NYISO has already identified a number of initiatives to undertake in collaboration with its stakeholders to address the ongoing transformation of New York’s electric system.⁹

The NYISO and its stakeholders are already engaged in the review and discussion of the identified initiatives, including: (i) enhancements to the NYISO’s planning processes and procedures;¹⁰ (ii) potential changes to the amount of operating reserves procured and the reserve regions within which such reserves are procured;¹¹ (iii) re-evaluating Ancillary Services shortage

⁹ *Id.* at 28-33.

¹⁰ See, e.g., NYISO, *Potential Enhancements to the Public Policy Transmission Planning Process* (presented at the December 1, 2017 NYISO Electric System Planning Working Group [“ESPWG”] meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2017-12-01/pptpp%20Improvement%20List.pdf; and NYISO, *Short Term Improvements to Transmission Planning Processes* (presented at the April 30, 2018 ESPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_espwg/meeting_materials/2018-04-30/Short%20Term%20Improvements%20TP%20Processes.pdf.

¹¹ See, e.g., NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation* (presented at the February 6, 2018 joint meeting of the NYISO Market Issues Working Group [“MIWG”] and Installed Capacity Working Group [“ICAPWG”]), available at

pricing levels;¹² (iv) evaluating the need to implement a flexible ramping product;¹³ (v) distributed energy resource integration;¹⁴ and (ix) energy storage resource integration and

http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-02-06/Market%20Assessment%20Design%20Concepts%202.6%20MIWG%20FINAL.pdf; NYISO, *Performance Assurance* (presented at the February 21, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-02-21/Performance%20Assurance%20Feb%2021%20ICAPWG%20FINAL.pdf; and NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation: Ancillary Services Shortage Pricing and Reserve Procurement for Resilience* (presented at the April 10, 2018 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-10/Re%20Evaluate%20Shortage%20Pricing%20for%20Ancillary%20Services%20April%2010%20MIWG.pdf.

¹² See, e.g., NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation* (presented at the February 6, 2018 joint MIWG/ICAPWG meeting), available at http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-02-06/Market%20Assessment%20Design%20Concepts%202.6%20MIWG%20FINAL.pdf; and NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation: Ancillary Services Shortage Pricing and Reserve Procurement for Resilience* (presented at the April 10, 2018 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-10/Re%20Evaluate%20Shortage%20Pricing%20for%20Ancillary%20Services%20April%2010%20MIWG.pdf.

¹³ See, e.g., NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation* (presented at the February 6, 2018 joint MIWG/ICAPWG meeting), available at http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-02-06/Market%20Assessment%20Design%20Concepts%202.6%20MIWG%20FINAL.pdf; NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation: Flexible Ramping Product* (presented at the March 7, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-03-07/Market%20Assessment%20Design%20Concepts%20-%20Flexible%20Ramping%20Product%203%207%202018.pdf; NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation: Flexible Ramping Product* (presented at the April 3, 2018 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-03/Flexible%20Ramping%20Product%20April%20MIWG%20FINAL.pdf; and NYISO, *Market Design Concepts to Prepare for Significant Renewable Generation: Flexible Ramping Product – Market Design Concept Proposal* (presented at the April 26, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-26/DER%20Market%20Design%20MV_MIWG%2020180426.pdf.

¹⁴ See, e.g., NYISO, *2017 DER Market Design Concept Proposal Summary* (presented at the December 19, 2017 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-12-19/Distributed%20Energy%20Resource%202017%20Concept%20Paper%20Summary.pdf; NYISO,

optimization.¹⁵ The objective of this multi-faceted effort is to identify and develop the near-term market enhancements necessary to address the ongoing transformation of New York's electric grid.

The NYISO's holistic approach represents its view that there is not one, single market enhancement or reform that will address the continued changes occurring in the electric industry. Instead, this approach recognizes the inter-related nature of the various components of the NYISO's markets and the need for all such components to operate in a complementary manner. The NYISO's approach, priorities, and timeline for implementing enhancements reflect the need for the NYISO markets to continuously evolve over time as the ongoing transformation of New York's electric grid unfolds. Proposals to establish prescriptive deadlines for action do not align

DER Market Design: Aggregations (presented at the March 6, 2018 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-03-06/DER%20Market%20Design%20-%20Aggregations.pdf; NYISO, *Granular Pricing and Market Price Delivery Update* (presented at the March 6, 2018 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-03-06/Granular%20Pricing%20Updates%20March%206.pdf; and NYISO, *DER Market Design: Measurement and Verification* (presented at the April 26, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-26/DER%20Market%20Design%20MV_MIWG%2020180426.pdf.

¹⁵ See, e.g., NYISO, *Energy Storage Integration: Market Design Concept Proposal Summary* (presented at the December 20, 2017 MIWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2017-12-20/Energy%20Storage%20I-O%20MIWG%2017%2012%2020.pdf; NYISO, *Energy Storage Integration: Ancillary Services Treatment* (presented at the February 21, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-02-21/Energy%20Storage%20I%20O%20MIWG%2018%2002%2021.pdf; NYISO, *Capacity Market Rules for Energy Storage Resources* (presented at the April 24, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2018-04-24/ESR%20Capacity%20Rules.pdf; and NYISO, *ESR Participation Model: Energy Level Monitoring* (presented at the April 26, 2018 joint MIWG/ICAPWG meeting), available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2018-04-26/Energy%20Storage%20I_O%20MIWG%20180426.pdf.

with the need for ongoing re-evaluation and market evolution to serve the ever-changing needs of the system.

PJM's request appears to imply that the imposition of prescriptive deadlines is necessary in order to aid the development of market enhancements and reforms to address resilience concerns in each region. The NYISO respectfully disagrees. The NYISO's shared governance process has a proven track record of success in addressing the challenges and opportunities facing the bulk power system and wholesale energy markets in New York. The NYISO is confident in its ability to work collaboratively with its stakeholders to continuously evolve and enhance its markets in response to the ongoing transformation of New York's electric system. Rather than assist the ongoing stakeholder efforts in New York, the imposition of PJM's recommended approach on the NYISO would likely adversely impact the development of broadly supported market enhancements and increase the likelihood of otherwise avoidable litigation before the Commission.

II. CONCLUSION

The NYISO respectfully reiterates its request that the Commission allow the NYISO to continue to work collaboratively with its stakeholders to assess and develop the specific enhancements necessary for New York's wholesale markets to continue to provide significant benefits to electricity consumers, while also addressing the evolving needs of New York's electric system.

Respectfully submitted,

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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 9th day of May, 2018.

/s/ *Mohsana Akter*

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