

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

New York Independent System Operator, Inc. and )  
PJM Interconnection, L.L.C. ) Docket No. ER18-\_\_\_\_-000

**PJM INTERCONNECTION, L.L.C. AND NEW YORK INDEPENDENT SYSTEM  
OPERATOR, INC. REQUEST FOR LIMITED WAIVER**

Pursuant to Rule 207(a)(5) of the Federal Energy Regulatory Commission (“Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(5), PJM Interconnection, L.L.C. (“PJM”) and the New York Independent System Operator, Inc. (“NYISO”) (collectively, the “RTOs”) respectfully request a temporary, limited waiver of Section 7.2.1 (*Testing for an Appreciable Amount of Redispatch Relief and Determining the Settlement Market Flow*) and the Market-to-Market (“M2M”) redispatch settlement requirements in Sections 8.1 and 8.2 in Schedule D to the Joint Operating Agreement Among and Between the NYISO and PJM,<sup>1</sup> and any other provisions of the JOA that may be necessary.

## I. BACKGROUND

The JOA sets forth the rules for the M2M coordination process to address transmission constraints and congestion between the two RTOs by generation dispatch changes in both the NYISO and PJM markets.<sup>2</sup> The “fundamental philosophy” for M2M coordination under the JOA is to allow any transmission constraints that are significantly impacted by generation dispatch changes in both the NYISO and PJM markets to be jointly managed in the real-time

<sup>1</sup> New York Independent System Operator, Inc. Open Access Transmission Tariff, Section 35 (the “JOA”).

<sup>2</sup> See JOA, Section 35.12.1 and Schedule D, section 1.

security-constrained economic dispatch models of both RTOs.<sup>3</sup> The RTO that is responsible for monitoring a M2M Flowgate (*i.e.*, the Monitoring RTO) is expected to control that Flowgate when it becomes congested, and to initiate M2M redispatch operations to utilize the more cost effective generation dispatch between the two markets to manage the congestion in accordance with JOA, Schedule D, Section 7.1.2.<sup>4</sup> Section 7.1.2, however, limits the ability of the Monitoring RTO to initiate M2M coordination to only when the Non-Monitoring RTO's M2M Market Flow is greater than the Non-Monitoring RTO M2M Entitlement for the constrained M2M Flowgate. M2M Entitlements are the equivalent of financial rights for the Non-Monitoring RTO to use the Monitoring RTO's transmission system.<sup>5</sup> The M2M Entitlement calculations are performed in accordance with JOA, Schedule D, Section 6.2.

PJM Open Access Transmission Tariff ("PJM Tariff"), Attachment K-Appendix, Section 1.7.6 (a) (Scheduling and Dispatching) grants PJM authority to dispatch or redispatch generation to control constraints on neighboring systems on coordinated flowgates (*i.e.*, M2M Flowgates) under the JOA. If a tie line is not a M2M Flowgate under the JOA and there is a constraint on the NYISO side of the tie line, PJM has no authority under the PJM Tariff to dispatch PJM generation to control the constraint.

In this case, the RTOs have seen and expect to continue to see contingency overloads on the East Towanda–Hillside 230 kV transmission line (the "East Towanda–Hillside Tie Line") at various times as a result of the addition by PJM of the Liberty (Asylum) Combined Cycle 850 MW unit ("Liberty (Asylum) Unit"), when the Liberty (Asylum) Unit is operating and there are transmission outages in the area. For example, from July 2016 to December 2017 PJM observed

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<sup>3</sup> JOA, Section 35.12.1.

<sup>4</sup> *See Id.*

<sup>5</sup> JOA, Schedule D, Section 6.

post-contingency overloads on the East Towanda–Hillside Tie Line at various times as a result of the operation of the Liberty (Asylum) Unit (which began commercial operation in July 2016), while there were transmission outages in the area. In response, PJM took the most efficient action and initiated redispatch operations which resulted in reductions in output on the Liberty (Asylum) Unit in order to control post-contingency flows on the East Towanda–Hillside Tie Line. PJM set proper Locational Marginal Prices (“LMPs”) to support the redispatch by treating the redispatch to address a NYISO post-contingency limit as a PJM internal constraint. PJM normally has efficient redispatch relief available that can relieve the constraint; however, the limiting element is on the New York side of the East Towanda–Hillside Tie Line - *i.e.*, a wave trap at Hillside (NYSEG) is the limiting element on the line. The East Towanda–Hillside Tie Line is not a coordinated flowgate under the JOA.<sup>6</sup>

Under these circumstances, PJM’s ability to take controlling actions is limited because, while PJM’s actions were taken to protect the reliability of the bulk electric system (“BES”) and redispatching the unit to address the constraint on the East Towanda–Hillside Tie Line was consistent with good utility practice and the applicable reliability standards (*e.g.*, TOP-001-4, R18), PJM determined that such actions violated PJM Tariff, Section 33.2 and PJM Tariff, Attachment K-Appendix, Section 1.7.6. These Tariff provisions limit PJM’s ability to redispatch resources to control constraints on the PJM Transmission System or on facilities external to PJM which are “coordinated flowgates ... in accordance with the (JOA).” Therefore, on June 7, 2018, PJM submitted a self-report to the Commission of this potential PJM Tariff violation.

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<sup>6</sup> As part of their effort to develop an effective solution to the problem described in this waiver request the RTOs will consider enhancements to the JOA to permit redispatch of the Liberty (Asylum) Unit to solve the identified post-contingency constraint when it arises.

While the RTOs see that adding the East Towanda–Hillside Tie Line as a M2M Flowgate for generation redispatch would allow PJM to redispatch its generation to address constraints on the NYISO side of the East Towanda–Hillside Tie Line to protect the reliability of the BES, there are concerns with the provisions in JOA, Schedule D, Section 7.1.2 which provides that PJM and the NYISO will invoke M2M coordination under JOA, Schedule D, Section 7.1.2 only when the Non-Monitoring RTO Market Flow is greater than its M2M Entitlement for the East Towanda–Hillside Tie Line. This limitation on the ability to bind M2M Flowgates can cause the Monitoring RTO to control a M2M Flowgate tie line as an internal constraint when the M2M Flowgate is not active which, as noted above, violates PJM’s Tariff. In order to consistently control the post-contingency exceedance without violating PJM’s Tariff, the RTOs must be able to keep the M2M Flowgate activated consistently for the entire period the post-contingency exceedance is observed in the PJM and/or the NYISO Energy Management System (“EMS”) applications. Revisions to the associated M2M settlement rules may also be necessary.

Thus, PJM’s ability to take controlling actions on the East Towanda–Hillside Tie Line continues to be limited and PJM cannot initiate redispatch operations on the East Towanda–Hillside Tie Line to control constraints on the NYISO side without violating the PJM Tariff. This problem will continue until the JOA is amended to allow the addition of the East Towanda–Hillside Tie Line as a M2M Flowgate as a long term solution. This long term solution will require JOA amendments to be developed, filed and accepted by the Commission. The RTOs

anticipate it will take approximately one year to complete the process of amending the JOA and implement the changes.<sup>7</sup>

## **II. THE LIMITED WAIVER REQUEST**

In order to add the East Towanda–Hillside Tie Line as a M2M redispatch Flowgate and protect the reliability of the BES, PJM and the NYISO request waiver of two specific provisions of the JOA that would otherwise be applicable. Granting the requested waiver will permit PJM to conduct redispatch operations to control flows to the most restrictive rating on the NYISO side of the East Towanda–Hillside Tie Line without violating the PJM Tariff. As stated above, the RTOs seek this limited one time waiver because the RTOs have not yet reached a resolution of issues related to the initiation, conclusion and settlement of M2M coordination on the East Towanda–Hillside Tie Line under the JOA.

Specifically, the RTOs request temporary, limited waivers to permit the RTOs to add the East Towanda – Hillside Tie Line as a M2M Flowgate by:

- (1) Temporarily waiving the application of JOA, Schedule D, section 7.1.2 and allow PJM and the NYISO to invoke M2M coordination even when the Non-Monitoring RTO Market Flow is less than its RTO M2M Entitlement for the East Towanda–Hillside Tie Line when it is constrained;<sup>8</sup> and
- (2) Temporarily excluding from M2M real-time redispatch settlements under JOA, Schedule D, Sections 8.1 and 8.2 any redispatch events directly tied to the management of the East Towanda–Hillside Tie Line.

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<sup>7</sup> The JOA is part of the NYISO's filed Tariff. In order to submit a Federal Power Act Section 205 filing to amend the JOA, the RTOs must develop proposed JOA revisions and the NYISO must obtain a stakeholder vote supporting the proposed JOA changes. *See* Section 19.01 of the NYISO's Commission-accepted *ISO Agreement*. The NYISO stakeholder review and approval process ordinarily takes several months to complete.

<sup>8</sup> Once the East Towanda–Hillside Tie Line is an M2M Flowgate and available for coordination, the RTOs expect that PJM will be the Monitoring RTO and NYISO will be the non-Monitoring RTO for that flowgate.

These waivers will enable the RTOs to initiate M2M coordination and protect the reliability of the BES for a limited period of time while they work to develop a permanent solution.

The RTOs respectfully request that the Commission grant this temporary, limited waiver, effective September 17, 2018. The RTOs request that the limited waiver be permitted to remain in effect until the earlier of: (a) the date on which the Commission permits JOA revisions proposed in a Federal Power Act Section 205 filing submitted by the RTOs to implement a long term solution to address the concerns identified in this waiver request to become effective; or (b) the date on which the RTOs jointly request that the waiver end; or (c) September 17, 2019, whichever is soonest. Until a long term solution is adopted by the RTOs and implemented, it can be difficult to accurately predict when the NYISO will need PJM to initiate redispatch operations to control post-contingency flows and set proper LMPs to support the redispatch. The RTOs do not want to unnecessarily expend the Commission's time reviewing multiple waiver requests related to the same set of circumstances.

During the waiver period, the RTOs will discuss among themselves and with their stakeholders filing with the Commission JOA revisions which will permit the parties to add the East Towanda–Hillside Tie Line as a M2M Flowgate and eliminate the need for the waivers requested herein.

### **III. THE REQUESTED WAIVER CONFORMS TO THE COMMISSION'S APPLICABLE CRITERIA AND IS IN THE PUBLIC INTEREST**

“The Commission has previously granted Independent System Operators and Regional Transmission Organizations limited waivers of their own tariff provisions when: (1) the underlying error was made in good faith; (2) the waiver is of limited scope; (3) a concrete

problem needed to be remedied; and (4) the waiver did not have undesirable consequences, such as harming third parties.”<sup>9</sup> The RTOs’ waiver request meets each of these criteria.

**A. *Good Faith***

The RTOs’ need for the waiver is based on a good faith objective to permit PJM to initiate redispatch operations and redispatch generation to control constraints on the NYISO side of the East Towanda–Hillside Tie Line under the above described limited circumstance and protect the reliability of the BES. The proposed operations as described herein are consistent with good utility practice.

**B. *The Requested Temporary Waiver is Limited in Scope***

The RTOs requested temporary waiver is limited in scope because it is for duration of no greater than 365 days while PJM and NYISO pursue a long term solution to amend the JOA requirements for adding a Flowgate as an M2M Flowgate for redispatch coordination and development of corresponding software as needed to implement the JOA revisions; and/or to make system upgrades that would render the need for a waiver moot. Moreover, the request is for a one-time finite waiver of the JOA, which is limited to securing the East Towanda-Hillside Tie Line.

**C. *The Temporary Waiver Will Remedy a Concrete Problem***

The requested temporary waiver will remedy a concrete problem. The concrete problem to be remedied are those situations which are expected when contingency overloads on the East

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<sup>9</sup> *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,108, at P14 (2012). See also, e.g., *PJM Interconnection, LLC*, 137 FERC ¶ 61,184, at P 13 (2011); *PJM Interconnection, LLC*, 137 FERC ¶ 61,109, at P 11 (2011); *PJM Interconnection, LLC*, 135 FERC ¶ 61,069, at P 8 (2011); *ISO-New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010); *Hudson Transmission Partners*, 131 FERC ¶ 61,157, at P 10 (2010); *Pittsfield Generating Co., L.P.*, 130 FERC ¶ 61,182, at P 9-10 (2010); *ISO New England Inc. - EnerNOC*, 122 FERC ¶ 61,297 (2008); *Central Vermont Public Service Corp.*, 121 FERC ¶ 61,225 (2007); *Waterbury Generation LLC*, 120 FERC ¶ 61,007 (2007); *Acushnet Co.*, 122 FERC ¶ 61,045 (2008).

Towanda–Hillside Tie Line result from the operation of the Liberty (Asylum) Unit while there are transmission outages in the area (*e.g.*, the loss of the Lackawanna-Oxbow 230 kV transmission line). Under these circumstances PJM’s ability to take controlling actions is limited under the PJM Tariff because the East Towanda–Hillside Tie Line is not an M2M Flowgate. Any market actions PJM can take is limited to controlling the constraint on the PJM side of the East Towanda–Hillside Tie Line, which may not be sufficient to address overloads on the NYISO’s system. Actions NYISO can take to reduce PJM-NYISO transfers may not be sufficient to secure the East Towanda–Hillside Tie Line under the described circumstances. Thus, the RTOs may be forced to use other less desirable and potentially harmful measures to protect the reliability of the BES, such as Transmission Loading Relief (“TLR”) measures (*i.e.*, curtailment of transactions and associated Native Network Load obligations under TLR-5).

***D. Granting the Temporary Waiver Will Not Harm Third Parties***

As stated above, the RTOs are requesting this waiver to allow the RTOs to add the East Towanda–Hillside Tie Line as a M2M Flowgate and will allow PJM to initiate redispatch operations on the Tie Line to control constraints on the NYISO side of the East Towanda–Hillside Tie Line until a long term solution is implemented. In doing so, the RTOs will be able to more efficiently protect system reliability and at less cost by avoiding the use of less desirable and potentially harmful measures to protect the reliability of the BES. Also, the waiver request is consistent with the JOA, Section 35.12.1: “The fundamental philosophy of the M2M transmission congestion coordination process that is set forth in the attached Market-to-Market Coordination Schedule is to allow any transmission constraints that are significantly impacted by generation dispatch changes in both the NYISO and PJM markets.” Therefore, there is no harm to third parties and the waiver will benefit the BES.



#### **IV. CORRESPONDENCE AND COMMUNICATIONS**

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#### **V. SERVICE**

The PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissioners in the PJM Region by posting this filing electronically. PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>10</sup> alerting them this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp>

The NYISO will send an electronic link to this filing to the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public

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<sup>10</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

Service Commission, and the New Jersey Board of Public Utilities. The NYISO will also post the complete filing on its website at [www.nyiso.com](http://www.nyiso.com).

## **VI. CONCLUSION**

For the reasons stated above, PJM and NYISO request that the Commission grant this request a temporary waiver of the relevant provisions of the JOA.

Respectfully submitted,

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