

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

New York Independent System Operator, Inc. and)
PJM Interconnection, L.L.C.) Docket No. ER18-2442-000

**MOTION FOR LEAVE TO ANSWER AND ANSWER OF
PJM INTERCONNECTION, L.L.C. AND
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rules 212, and 213 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure,¹ PJM Interconnection, L.L.C. (“PJM”) and the New York Independent System Operator, Inc. (“NYISO”) (collectively the “RTOs”) hereby move for leave to answer and answer the Protest and Comments of Panda Power Generation Infrastructure Fund, LLC (“Panda”) filed in the captioned proceeding on October 9, 2018 (“Panda Protest”).

As explained herein, Panda’s protest and comments do not present any grounds to deny the approval of the joint waiver request filed by the RTOs in this proceeding on September 17, 2018 (the “Waiver Request”). To the contrary, Panda requests that the Commission grant a waiver of exactly the same sections of the Joint Operating Agreement Among and Between the NYISO and PJM (“JOA”) as the JOA sections identified in the RTOs’ Waiver Request.² In addition, Panda mischaracterizes the Waiver Request as “broad unlimited waiver” and seeks to address issues which are outside the scope of this proceeding. In this answer, the RTOs explain why Panda is incorrect in these assertions and address Panda’s substantive comments.

¹ 18 C.F.R. §§ 385.212, 385.213 (2017).

² Panda Protest at 8-9.

Accordingly, the Commission should accept this answer³ and approve the Waiver Request effective September 17, 2018.

I. BACKGROUND

As described in the Waiver Request, in order to add the East Towanda–Hillside Tie Line as a market-to-market (“M2M”) redispatch Flowgate (“M2M Flowgate”) and protect the reliability of the Bulk Electric System (“BES”), the RTOs request waiver of two specific provisions of the JOA that would otherwise be applicable. 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; 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.

³ PJM and the NYISO seek leave to submit this answer . This answer clarifies facts relevant to the Commission’s decision-making process and is offered to aid that process. In similar situations, the Commission has accepted answers. *See, e.g., Sw. Power Pool, Inc.*, 144 FERC ¶ 61,059, at P 17 (2013) (“We accept the answers . . . because they have provided information that assisted us in our decision-making process.”), *order on reh’g & compliance*, 149 FERC ¶ 61,048, at P 20 (2014) (“We will accept SPP’s answer filed in this proceeding because it has provided information that assisted us in our decision-making process.”), *aff’d sub nom. Okla. Gas & Elec. Co. v. FERC*, 827 F.3d 75 (D.C. Cir. 2016); *Sw. Power Pool, Inc.*, 144 FERC ¶ 61,224, at P 19 (2013) (accepting answers that aided the Commission’s decision-making process); *Morgan Stanley Capital Grp., Inc. v. N.Y. Indep. Sys. Operator, Inc.*, 93 FERC ¶ 61,017, at 61,036 (2000) (accepting answer as “helpful in the development of the record”).

These waivers will enable the RTOs to continue 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 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.

II. ANSWER

A. *The RTOs Request a Limited Specific Waiver of the Same Two JOA Sections as Panda Identified In Its Protest.*

1. *The RTOs Agree That the Waiver Request is a Specific Limited Waiver of JOA, Schedule D Sections 7.2.1, Sections 8.1 and 8.2.*

The Panda Protest incorrectly describes the scope of the Waiver Request as a request for “unfettered authority to violate each and every provision of (the JOA) as part of the authority that they seek.”⁴ Panda misunderstands the nature of the RTOs’ Waiver Request. While the RTOs included the catchall phraseology “and any other provisions of the JOA that may be necessary” in the opening paragraph of the Waiver Request, the Waiver Request filing makes clear that the RTOs request a waiver of only “two specific provisions of the JOA that would otherwise be applicable.” The two JOA provisions under the limited scope of the Waiver Request are (i) Section 7.2.1 (*Testing for an Appreciable Amount of Redispatch Relief and Determining the Settlement Market Flow*) and (ii) the Market-to-Market (“M2M”) redispatch settlement requirements in Sections 8.1 and 8.2 in Schedule D to the JOA. Indeed, in its protest Panda recognizes that these are the relevant JOA sections.⁵

The RTOs did not request a “broad unlimited waiver” as Panda claims. To ensure there is no further misunderstanding, the RTOs withdraw the catchall phrase “and any other provisions of the JOA that may be necessary.” The phrase was included only to allow the Commission to grant further waivers as it deemed necessary to achieve the intent of the Waiver Request.

2. *The Reporting and Filing Requirements Proposed by Panda Would Place an Unreasonable Administrative Burden on the RTOs and they are Unnecessary Because the Information Would Be Received by Panda Through the Normal Settlements Processes.*

⁴ Panda Protest at 5.

⁵ Panda Protest at 8-9.

The Panda Protest asks the Commission to place reporting and filing conditions on granting the waiver to require the RTOs:

(T)o notify the Commission and the stakeholders in each RTO of any violation of provisions of the JOA for which the waiver applies. Such notice should be required by the close of the business day immediately following the violation. Additionally, the RTOs should be required to prepare a report describing any violation of the waived provisions of the JOA including the time, the duration, the resource(s) redispatched, the cost of the redispatch to the owner of the resource(s), and the cost of the redispatch to the customers who bore that cost. That report should be filed with the Commission within 15 days of the violation.⁶

Before addressing why such unreasonable and burdensome conditions are unnecessary, the RTOs note that Panda incorrectly states that there would be a “violation of provisions of the JOA for which the waiver applies.” There would be no “violations” to report because the very purpose of seeking and obtaining a waiver from the Commission is to avoid violating any provisions of the filed rate (*i.e.* the JOA). Also, the M2M provisions of Schedule D of the JOA do not require the type of reporting that Panda is requesting. All the waiver does is allow the RTOs to apply JOA M2M coordination to the East Towanda-Hillside Tie Line for a limited period of time.

The RTOs respectfully submit that the reporting requirements are unnecessary for several reasons. First, any instance of M2M redispatch for the facility identified in the Waiver Request, or for any other M2M flowgate, is already posted in real-time to both RTOs’ limiting constraints postings on their respective OASIS’s. The OASIS postings describe the time, duration, and shadow price associated with M2M redispatch events. Real-time LMPs are also publicly posted. Links:

PJM: https://dataminer2.pjm.com/feed/rt_marginal_value/definition

NYISO: <http://mis.nyiso.com/public/P-33list.htm>

⁶ Panda Protest at 9.

Second, Panda, or any the owners of any resources which are dispatched through M2M coordination, will receive additional relevant information through the normal PJM Open Access Transmission Tariff settlements and billing procedures. In other words, Panda will get the relevant information through the normal course of business without the addition of such burdensome and broad reporting requirements and filing conditions.

As explained above, the RTOs post nodal and zonal LMPs along with day-ahead and real time binding constraints with marginal values. Resource owners already know their own output level quantities (MWs) and the RTOs post on their respective websites a list of M2M flowgates.⁷ Thus, stakeholders can already cross reference the M2M flowgate list with the hourly posted congestion files to get the information Panda requested. Specifically, the following procedure can be used to determine the time, duration, and cost of re-dispatch for the Panda resource for the East Towanda–Hillside Tie Line constraint.⁸ Additionally, as mentioned previously, Panda will receive the information through the normal PJM Tariff settlements and billing procedures:

Procedure for Panda to determine impacts for East Towanda–Hillside Tie Line constraint

Step 1: Review list of posted binding constraints for the relevant market (*i.e.* Day-ahead or Real-time market) at the below links to determine if the East Towanda–Hillside Tie Line constraint was binding. This information will provide the time and duration of the constraint.

https://dataminer2.pjm.com/feed/rt_marginal_value/definition

https://dataminer2.pjm.com/feed/da_marginal_value/definition

⁷http://www.nyiso.com/public/webdocs/markets_operations/market_data/reports_info/CoordinatedFlowgatesandEntitlements.mht

⁸ Procedure example provided for PJM market

Step 2: Determine if the Panda resource was instructed to change output quantity MWs and the amount. Panda already has this information because they own the resource. Additionally, Panda may contact PJM Operations.

Step 3: Determine the Locational Marginal Price (LMP) for the Panda resource by reviewing the posted LMP data for the relevant market (*i.e.* Day-ahead or Real-time market) at the below links.

http://dataminer2.pjm.com/feed/rt_hrl_lmps/definition

http://dataminer2.pjm.com/feed/da_hrl_lmps/definition

Step 4: Calculate cost of re-dispatch for Panda resource by multiplying the LMP value of the Panda resource for each hour by the change in dispatched MWs from Step 2.

This procedure is the same procedure any PJM member may use to determine cost impacts to its resource(s).

B. *Panda's Request to Replace the JOA's Transmission Planning Protocols is Beyond the Scope of this Proceeding.*

The Panda Protest asks the Commission to direct the RTOs under Section 206 of the FPA to immediately replace the current transmission planning protocols in the JOA with transmission planning protocols that will solve what Panda asserts is the “real concrete problem.”⁹ The Panda Protest inappropriately conflates transmission planning at the RTOs’ common border with M2M coordination.

The RTOs respectfully submit that the JOA transmission planning provisions are distinct from the rules in the JOA that address M2M coordination. Revising the transmission planning protocols in the JOA is beyond the scope of the Waiver Request and Panda has failed to meet its

⁹ Panda Protest at 4, 5-7, and 10.

burden under FPA section 206 to demonstrate that the JOA is unjust and unreasonable. The RTOs will, however, commit to continue their discussions regarding improvements to transmission planning protocols.

The JOA provides that transmission planning activities are coordinated in accordance with the Amended and Restated Northeast ISO/RTO Planning Coordination Protocol between and the RTOs and ISO New England Inc. (“ISO-NE”), effective as of December 12, 2004 as amended on July 10, 2013 (“Planning Protocol”). Under the Planning Protocol, the RTOs work together to study the reliability impacts of interconnection requests on their respective systems. The Planning Protocol also provides for collaboration between the regions through the Joint ISO/RTO Planning Committee and the Interregional Planning Stakeholder Advisory Committee (“IPSAC”).

While the Planning Protocol establishes an effective framework to coordinate planning efforts, the RTOs have taken recent steps to enhance coordination under that framework. As of December 2015, each IPSAC meeting has included a presentation dedicated to identifying interconnection projects in PJM, NYISO and ISO-NE that may impact the neighboring regions. In addition, PJM and NYISO now hold standing monthly meetings to discuss Affected System studies that each RTO is performing and to discuss projects with potential impacts to the other RTO’s system for which Affected System studies may be required. In these monthly meetings, RTO planning staff also discusses improvements that the RTOs can make to transmission planning and interconnection coordination. Although the RTOs have already made significant strides in improving and coordinating their processes,¹⁰ they will continue to work together to

¹⁰ Improvements that the RTOs have made include the creation and refinement of procedures that govern the following: coordination of study costs, estimates of study costs, development of study scopes, workflow among the impacted ISOs/RTOs and their respective Transmission Owners, and the sharing of information among impacted parties.

identify opportunities to further improve coordination between their respective transmission and interconnection processes.

Panda's request is driven by a specific concern with what it describes as the "consequences of an inadequately sized wave trap on the New York State Electric & Gas ("NYSEG") side of the East Towanda to Hillside line."¹¹ The RTOs expect that the wave trap upgrade will increase the facility rating sufficiently to make the conductor the limiting element. This will make the rating equal on the PJM (First Energy – East) and NYISO (NYSEG) ends of the line allowing for PJM to initiate internal constraint control for the tie line while complying with the PJM Tariff; however, this will not eliminate the benefit of M2M coordination since the goal of M2M redispatch coordination between two markets is to achieve the most efficient solution across the seam. JOA Section 35.12.1 states "(t)he 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 ... to be jointly managed in real-time security-constrained economic dispatch models of both Parties" Even if the wave trap is replaced as, this will not eliminate the need for enhanced M2M coordination capability as a component of the long term solution .

PJM and NYISO still intend to develop JOA updates to enhance the M2M re-dispatch process as noted in the original filing. The JOA transmission planning provisions are distinct from the rules in the JOA that address M2M coordination. The question of whether the JOA transmission planning protocols should be revised, however, is beyond the scope of this waiver proceeding.

¹¹ Panda Protest at 6.

III. CONCLUSION

For the reasons set forth herein, PJM and the NYISO request that the Commission reject the Protests and approve the Waiver Request filing.

Respectfully submitted,

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Dated: October 24, 2018

CERTIFICATE OF SERVICE

I hereby certify that I have caused a copy of the foregoing document to be served on each person designated on the official service list compiled by the Secretary of the Commission in this proceeding on this 24th day of October, 2018.

/s/ Steven R. Pincus

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