

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

<b>NRG Curtailment Solutions, Inc.</b>	)	
<b>Complainant,</b>	)	
	)	
<b>v.</b>	)	<b>Docket No. EL18-188-____</b>
	)	
<b>New York Independent System Operator, Inc.</b>	)	
<b>Respondent.</b>	)	

**INITIAL BRIEF OF NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to the *Order on Complaint, Denying Tariff Waiver, and Establishing Paper Hearing* issued by the Federal Energy Regulatory Commission (“Commission”) in the above-captioned proceeding on December 20, 2018 (“December 2018 Order”),<sup>1</sup> the New York Independent System Operator, Inc. (“NYISO”) submits this Initial Brief.

In the December 2018 Order, the Commission determined in response to a complaint by NRG Curtailment Solutions, Inc. (“NRG”)<sup>2</sup> that the metering requirements in the NYISO’s Market Administration and Control Area Services Tariff (“Services Tariff”) are unjust and unreasonable, unduly discriminatory or preferential to the extent they require Curtailment Service Providers (“CSPs”) and Responsible Interface Parties (“RIPs”) that are not transmission owners to be certified as Meter Service Providers (“MSPs”) or Meter Data Service Providers (“MDSPs”) by the New York State Department of Public Service (“NYDPS”) to provide metering services in the NYISO-administered markets.<sup>3</sup> The Commission stated that these metering requirements are in need of remedy and established a paper hearing to supplement the

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<sup>1</sup>165 FERC ¶ 61,247 (2018).

<sup>2</sup> *NRG Curtailment Solutions, Inc. v. New York Independent System Operator, Inc.*, Request for Waiver, or in the Alternative, Complaint of NRG Curtailment Solutions, Inc., Docket No. EL18-188-000 (July 24, 2018) (“NRG Complaint”).

<sup>3</sup> December 2018 Order at P 37.

record regarding the appropriate remedy.<sup>4</sup> Specifically, the Commission requested that parties to the hearing address certain questions concerning metering requirements that could be implemented by the NYISO.<sup>5</sup>

As described in Part II below, the NYISO has developed a new metering framework as part of its ongoing initiative to integrate Distributed Energy Resources (“DERs”) into its wholesale markets. The proposal will replace the MSP and MDSP requirements with a set of rules by which an interested party may qualify as a Meter Services Entity (“MSE”) to provide metering and/or meter data services for itself or for other aggregators of DERs and Demand Side Resources (*e.g.*, CSPs, RIPS) participating in the NYISO-administered markets.<sup>6</sup> The NYISO developed this proposal in consultation with its stakeholders, following its review and consideration of the requirements for the provision of metering and meter data services at the New York State Public Service Commission (“NYPSC”) and in other Independent System Operators (“ISOs”) and Regional Transmission Organizations (“RTOs”).

As detailed in Part III below, the NYISO’s proposed framework is just and reasonable and represents an appropriate remedy to the concerns raised by the Commission in the December 2018 Order. The NYISO’s proposal is not unduly discriminatory and would effectively evaluate, measure, and verify customer meter data.

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<sup>4</sup> December 2018 Order at P 39.

<sup>5</sup> December 2018 Order at P 39-40.

<sup>6</sup> While NRG’s complaint focused on CSPs participating in the NYISO’s Emergency Demand Response Program (“EDRP”) and RIPS participating in the NYISO’s Special Case Resources Program, Market Participants must also obtain metering and meter data services to participate in the NYISO’s other demand response programs – *i.e.*, its Day-Ahead Demand Response Program (“DADRP”) and Demand Side Ancillary Services Program (“DSASP”). The implementation of the NYISO’s proposed metering framework described in this Initial Brief will apply to Market Participants participating in the DSASP and DADRP program as well.

Finally, as described in Part IV below, the NYISO is moving forward with stakeholder review and approval of its proposed tariff revisions concerning the DER initiative, including the related MSE metering requirements, and is currently targeting stakeholder and NYISO Board of Directors approval of those tariff revisions in the second quarter of this year, following which the NYISO will submit the tariff revisions pursuant to Section 205 of the Federal Power Act for the Commission's acceptance.<sup>7</sup> The NYISO respectfully requests that the Commission provide the NYISO the opportunity, within a reasonable amount of time: (i) to complete the development of the tariff revisions necessary to implement the MSE framework described in this Initial Brief in its stakeholder process, and (ii) to include these tariff revisions in its currently-planned Section 205 filing related to DERs.

## **I. BACKGROUND**

### **A. NYISO's Current Metering Requirements for CSPs and RIPs**

The NYISO's tariffs and procedures establish the metering requirements that a CSP<sup>8</sup> must satisfy to participate in the NYISO's Emergency Demand Response Program and that a RIP<sup>9</sup> with Special Case Resources ("SCRs")<sup>10</sup> must satisfy to participate in the NYISO-

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<sup>7</sup> As described in Part IV below, the full implementation of the NYISO's MSE requirements will require, among other things, the development of new software that will not be immediately available. However, the NYISO expects to be able to allow CSPs, RIPs, and other aggregators of Demand Side Resources to use the MSE framework prior to the integration of DER.

<sup>8</sup> A CSP is defined in the NYISO Services Tariff as "A qualified entity that can produce real-time, verified reductions in NYCA Load of at least 100 kW in a single Load Zone, pursuant to the Emergency Demand Response Program and related ISO procedures. The procedure for qualifying as a Curtailment Services Provider is set forth in Section 3 below and in ISO Procedures." NYISO Services Tariff Section 2.3.

<sup>9</sup> A RIP is defined in the NYISO Services Tariff as "A Customer that is authorized by the ISO to be the Installed Capacity Supplier for one or more Special Case Resources and that agrees to certain notification and other requirements as set forth in this Services Tariff and in the ISO Procedures." NYISO Services Tariff Section 2.18.

<sup>10</sup> Special Case Resources are defined in the NYISO Services Tariff as "Demand Side Resources whose Load is capable of being interrupted upon demand at the direction of the ISO, and/or Demand Side Resources that have a Local Generator, which is not visible to the ISO's Market Information System and is rated 100 kW or higher, that can be operated to reduce Load from the NYS Transmission System or the distribution system at the direction of the ISO. Special Case Resources are subject to special rules, set forth in Section 5.12.11.1 of this ISO Services

administered installed capacity market. Specifically, a CSP or RIP must currently obtain metering and/or meter data services from either the local New York transmission owner<sup>11</sup> or an entity that has been certified by the NYDPS<sup>12</sup> as an MSP and/or an MDSP.<sup>13</sup> The requirements for becoming certified and maintaining certification as an MSP or MDSP are currently set forth in the regulations and rules of the NYPSC. The NYISO understands that the NYDPS has ceased to certify entities as MSPs and MDSPs for the purpose of providing metering services in connection with the NYISO's wholesale markets.<sup>14</sup>

## **B. NYISO Development of Revised Metering Framework as Part of its DER Initiative**

In 2017, the NYISO commenced an initiative to more fully integrate the participation of DERs into its wholesale energy, ancillary services, and installed capacity markets.<sup>15</sup> As part of this initiative, the NYISO developed, with the input of its stakeholders in its Market Issues Working Group and two consultants, proposed revisions to its metering requirements applicable to aggregators of DERs, along with entities offering Load reductions by Demand Side Resources

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Tariff and related ISO Procedures, in order to facilitate their participation in the Installed Capacity market as Installed Capacity Suppliers.” NYISO Services Tariff Section 2.19.

<sup>11</sup> The New York transmission owners were granted MSP and MDSP status by order of the NYPSC. *See* Order Providing for Competitive Metering, NYPSC Case No. 94-E-0952 at p 24 (May 19, 1999).

<sup>12</sup> The NYISO's manuals refer to a NYPSC-certified MDSP. In practice, an interested entity submits its application to the NYDPS requesting eligibility to provide meter data services in New York.

<sup>13</sup> *See* NYISO Emergency Demand Response Manual Sections 5, 5.1; *see also* NYISO Revenue Metering Requirements Manual Section 4.3. Additional requirements concerning CSPs are included in Section 22.8 of the Services Tariff, and additional requirements concerning RIPs are included in Section 5.12.11.1 of the Services Tariff and Section 4.12 of the NYISO Installed Capacity Manual.

<sup>14</sup> The NYPSC has recently initiated a process to consider removing the MSP and MDSP certification requirements from its regulations and rules. *See* Proposed Rulemaking, Commission Programs for Meter Service Providers and Meter Data Service Providers, NYS Register, I.D. No. PSC-40-18-00013-P at p 61 (October 3, 2018).

<sup>15</sup> *See, e.g.,* New York Indep. Sys. Operator, Inc., Distributed Energy Resources Roadmap for New York's Wholesale Electricity Markets (Feb. 2017) (“DER Roadmap”), *available at*: [https://www.nyiso.com/documents/20142/1391862/Distributed\\_Energy\\_Resources\\_Roadmap.pdf/ec0b3b64-4de2-73e0-ffef-49a4b8b1b3ca](https://www.nyiso.com/documents/20142/1391862/Distributed_Energy_Resources_Roadmap.pdf/ec0b3b64-4de2-73e0-ffef-49a4b8b1b3ca); *see also* New York Indep. Sys. Operator, Inc., Distributed Energy Resources Market Design Concept Proposal (Dec. 2017) (“DER Market Design Proposal”), *available at*: <https://www.nyiso.com/documents/20142/1391862/Distributed-Energy-Resources-2017-Market-Design-Concept-Proposal.pdf/122a815f-b767-e67f-0a8f-323e5489c2b1>.

(e.g., CSPs and RIPS”).<sup>16</sup> The NYISO presented the resulting MSE framework proposal to stakeholders on September 11, 2018, October 23, 2018, and November 30, 2018. These presentations are attached to this Initial Brief as Attachment I.

The NYISO is developing tariff revisions and procedures in line with this metering framework. As described in Part IV below, the NYISO is currently targeting stakeholder and Board of Directors approval of these tariff revisions, in conjunction with the larger set of tariff revisions to integrate DER, in the second quarter of this year.<sup>17</sup>

## **II. METER SERVICES ENTITY FRAMEWORK**

The NYISO proposes to establish a new metering framework by which an entity that meets minimum eligibility requirements—known as a Meter Services Entity—will be eligible to provide metering and meter data services to: (i) Demand Side Resources participating in the NYISO-administered demand response programs (*i.e.*, the SCR program, EDRP, DADRP, and DSASP), and (ii) DERs once the DER-related rules become effective.<sup>18</sup> This new framework would replace the NYISO’s existing requirements in which an entity other than a transmission

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<sup>16</sup> See, e.g., *DER Measurement & Verification, Monitoring & Control, and Meter Data Study* Presentation, Market Issues Working Group (May 23, 2017), available at: [https://www.nyiso.com/documents/20142/1401496/Distributed%20Energy%20Resource%20MV%20MIWG%20052317%20\(2\).pdf](https://www.nyiso.com/documents/20142/1401496/Distributed%20Energy%20Resource%20MV%20MIWG%20052317%20(2).pdf); *DER Roadmap Meter Data Study Presentation*, Market Issues Working Group (September 29, 2017), available at: <https://www.nyiso.com/documents/20142/1407638/5%20DER%20Meter%20Data%20Study.pdf>; *NYISO Meter Data Study: Initial Findings Presentation*, Market Issues Working Group (October 30, 2017); available at: <https://www.nyiso.com/documents/20142/1407346/Meter%20Data%20Study%20Initial%20Findings%20-%20E-Cubed%20Policy%20Associates.pdf>; *NYISO Meter Data Study: Final Report* Presentation, Market Issues Working Group (December 13, 2017), available at: <https://www.nyiso.com/documents/20142/1404690/NYISO%20Meter%20Data%20Study%20-%20Final%20Report%2020171213%20MIWG.pdf>.

<sup>17</sup> The NYISO anticipated submitting its Section 205 filing for Commission acceptance in late 2018, but continues to work with its stakeholders to develop appropriate market rules and associated tariff revisions.

<sup>18</sup> The description of the MSE framework in this Initial Brief reflects the framework that the NYISO presented to its stakeholders and may be subject to further refinements and enhancements as the NYISO continues to work with its stakeholders to develop tariff language in line with the proposal.

owner must be certified by the NYDPS as an MSP or MDSP to provide metering and meter data services to Demand Side Resources participating in the NYISO-administered markets.

Pursuant to the proposal, aggregators of DERs or Demand Side Resources, including CSPs and RIPs, participating in the NYISO-administered markets may obtain wholesale metering and/or meter data services from either: (i) the local transmission owner, or (ii) a Meter Services Entity.<sup>19</sup> They may also serve as their own Meter Services Entity if they satisfy the eligibility requirements. As transmission owners provide metering and meter data services throughout the New York Control Area (“NYCA”), each Market Participant will have the opportunity to evaluate whether the local transmission owner or an MSE would best meet its metering and meter data service needs.

#### **A. NYISO Determination of MSE Eligibility**

Interested entities, including Market Participants, would be required to apply to qualify as an MSE. An applicant must satisfy certain eligibility requirements that will be set forth in the NYISO’s tariffs and procedures. The NYISO would determine whether the submission was sufficient or additional information is required, and would coordinate with the applicant to obtain any additional information within a set timeframe.

The proposed eligibility requirements include requirements regarding the applicant’s general business competence, its ability to perform the specific metering and/or meter data service functions of an MSE, and its ability to comply with the NYISO’s tariffs and procedures. Specifically, pursuant to the NYISO’s proposal, an interested party would have to provide the following information: (i) financial eligibility and insurance coverage information; (ii) proof of

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<sup>19</sup> An entity that was previously certified by the NYDPS as an MSP and/or MDSP and is providing services to Demand Side Resources would be required to demonstrate to the NYISO that it satisfies the new MSE requirements to continue to provide such services.

eligibility to do business in New York State; (iii) a list of the local utilities in whose service territories it will provide metering or meter data services; (iv) a description of the metering and/or meter data services that it will provide; (v) its attestation of its employees' qualifications, training, and certification to perform the listed services; (vi) a description of the meter testing facilities, including its attestation that its meter testing programs comply with the NYISO's procedures;<sup>20</sup> (vii) its agreement that its services will be subject to audit by the NYISO, the utilities, and/or their designated agents, as applicable; (viii) its agreement to comply with the metering requirements in the NYISO's tariffs and procedures, as such requirements may be amended from time to time; (ix) a settlement meter and real-time telemetry data plan; (x) a meter data validation, editing, and estimation ("VEE") plan; (xi) a security plan and description of how it will protect meter equipment and/or meter data from unauthorized physical or electronic entry or tampering; (xii) a description of how and where records of meter installations and/or meter data will be kept and its agreement to retain these records in accordance with the NYISO's recordkeeping requirements; and (xiii) any other information required by the NYISO's procedures or requested by the NYISO. In addition, an applicant would be required to provide a non-refundable application fee to cover the NYISO's costs in administering the application process. These requirements will allow the NYISO to review, prior to an interested entity providing metering and meter data services, whether the entity that will be providing real-time

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<sup>20</sup> The NYISO has not fully drafted the procedures that will accompany its tariff revisions. However, as described in Part II.B below, the procedures will incorporate industry-wide accepted standards. For example, the ISO Procedures related to meter installation, calibration, and testing will be based on the appropriate American National Standards Institute ("ANSI") standards. The NYISO intends to base its technical requirements on such industry-wide standards to harmonize the requirements for MSEs with standards used throughout the United States.

operating data as well as settlement data meets basic requirements and agrees to oversight by the NYISO, reducing the potential for market harms that must be remedied after they occur.

Following the NYISO's determination that an applicant satisfies the MSE eligibility requirements, the MSE would then be eligible to provide metering and/or meter data services to itself and/or to other aggregators of DERs and Demand Side Resources for their participation in the NYISO-administered markets.<sup>21</sup> A Market Participant that serves as an MSE and offers metering and/or meter data services to other Market Participants would be subject to certain Standards of Conduct that require the Market Participant-MSE to treat all customers, Affiliated and non-Affiliated, on a non-discriminatory basis, and not to give undue preference or advantage in the provision of metering and/or meter data service.

#### **B. MSE Responsibilities and NYISO Oversight**

Consistent with its oversight role for all Market Participants,<sup>22</sup> the proposed framework authorizes the NYISO to oversee and audit metering and meter data services provided by MSEs to validate compliance with the responsibilities specified in the NYISO's tariffs and procedures.<sup>23</sup> MSEs will have certain responsibilities to ensure that the NYISO can fulfill its oversight role.

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<sup>21</sup> The MSE would have a continuing obligation to comply with the NYISO's metering and meter data requirements and the information and plans that it submits as part of its eligibility determination. The MSE would also have to inform the NYISO of changes to the information that was included in its application to ensure it remains qualified to provide metering and meter data services.

<sup>22</sup> See, e.g., Services Tariff Sec. 10 (*Recordkeeping and Audit*) ("Upon thirty (30) days prior written notice, and subject to the provisions in Article 6, the Customer, the ISO, the applicable Transmission Owner, the NYSRC, the Commission or the PSC shall have the right to inspect all records, meter readings and memoranda for the purpose of ascertaining the accuracy of all settlement information prepared pursuant to Article 7 and in compliance with the provisions of the ISO Services Tariff and the Reliability Rules.").

<sup>23</sup> While a Market Participant that satisfies the MSE eligibility requirements may act as its own MSE, the MSE entity type will not itself be a Market Participant under the NYISO tariffs. The NYISO Market Participant will be ultimately responsible for the metering and meter data services that it or another entity provides to it as an MSE.



The MSE's responsibilities may include: (i) conducting or having conducted yearly audits and testing of metered facilities; (ii) ensuring that the appropriate inspections and approvals, if any, are completed by the local utility and/or regulatory authorities prior to meter installation; (iii) performing meter data VEE in accordance with its VEE plan submitted to the NYISO and in compliance with the NYISO's procedures; (iv) maintaining electrical and schematic diagrams and other documentation associated with each Resource's metering systems and components in accordance with the NYISO's procedures; (v) maintaining all data and information associated with billing and operational data (including but not limited to, real-time telemetry, periodic calibration, and test data of metering devices) for six (6) years and in accordance with NYISO's procedures; (vi) collecting real-time telemetry and revenue meter data from Resources participating in wholesale markets and providing such data to the NYISO in accordance with applicable timing and accuracy requirements; (vii) supporting meter data processing and analytics in accordance with the NYISO's procedures; (viii) supporting NYISO settlements and dispute resolution procedures; (ix) verifying meter accuracy and compliance with applicable standards; (x) providing written notice to the NYISO and applicable Market Participant of any defective meters, technical issues, or condition that may prevent the collection or reporting of accurate meter data or loss of meter data; (xi) taking actions to rectify meters failing to meet standards, either on an individual meter or a programmatic basis; (xii) establishing the data collection devices or metering for telemetry data (*e.g.*, Remote Terminal Units, transformers, Intelligent Electronic Devices, etc.) to the NYISO and transmission owner in accordance with the NYISO's procedures; and (xii) reporting meter data issues to the NYISO in accordance with the NYISO's procedures.

The MSE would have to abide by appropriate and reasonable metering and meter data standards. The NYISO worked with a consultant to identify best practices for these standards, based on the practices used at the NYPSC and in other ISO/RTO regions. In particular, the NYISO is proposing to use the latest American National Standards Institute (“ANSI”) C12.1 and C57.13 standards.<sup>24</sup>

The NYISO or its designated entity would have the right to audit, inspect, or test the MSE’s metered facilities, meters, and meter data records to ensure they comply with the requirements in the NYISO’s tariffs and procedures and the MSE’s plans submitted to the NYISO. The NYISO would also have the authority to suspend or revoke the eligibility of an MSE that does not comply with these metering or meter data requirements. In such case the Market Participant, including a CSP or RIP, would have the opportunity to use a different MSE or its local transmission owner to continue to participate in the NYISO-administered markets. The NYISO would also have the authority to impose financial penalties on a Market Participant for certain actions that do not comply with the NYISO’s meter data accuracy and submission requirements.

Finally, those entities that make use of the MSE tariff provisions would be responsible for the NYISO’s costs associated with the new MSE requirements. This ensures that the costs of administering the program are allocated to those entities that use and benefit from the program.

### **III. RESPONSES TO COMMISSION QUESTIONS**

#### **A. Question 1**

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<sup>24</sup> These include: ANSI C12.1-2014 American National Standard for Electric Meters – Code for Electricity Metering; ANSI C12.18 Protocol Specification for ANSI Type 2 Optical Port; ANSI C12.19 American National Standard for Utility Industry Device Data Tables; ANSI C12.20 American National Standard for Electricity Meters – 0.1, 0.2, and 0.5 Accuracy Classes; ANSI C12.21 American National Standard for Telephone Modem Support; and ANSI C12.22 American National Standard Protocol Specification for Interfacing to data Communications Networks; along with ANSI C57.13 – IEEE Standard Requirements for Instrument Transformers.

- 1. What metering requirements could be implemented in NYISO, would not be unduly discriminatory and yet would effectively evaluate, measure, and verify customer meter data? Please describe the advantages and disadvantages of various approaches, and identify any factors that the Commission should consider in this paper hearing.*

The NYISO's proposed metering framework detailed in Part II above is just and reasonable and represents an appropriate remedy to the concerns raised by the Commission in the December 2018 Order. As described below, the NYISO's proposal is not unduly discriminatory, and will provide for the effective evaluation, measurement, and verification of customer meter data. The proposal also falls within the range of metering approaches undertaken by other ISO/RTOs, and is similar to the approach employed by the NYPSC. The proposed framework is the result of a nearly two-year deliberative process. In that time, the NYISO has updated its stakeholders with its progress and offered opportunities for feedback.

### **1. The NYISO's Proposal Is Just and Reasonable**

The NYISO's proposed MSE framework is a just and reasonable approach for permitting interested entities that are not incumbent transmission owners with the opportunity to provide metering and meter data services in the NYCA. The NYISO's proposed approach would establish reasonable, and not onerous or discriminatory, eligibility requirements that an interested entity must satisfy before being authorized to provide metering or meter data services. The eligibility requirements provide the NYISO with a basis for ensuring that an interested entity offering metering and meter data services in the NYCA satisfies basic qualifications, has demonstrated a baseline competence to provide these services to accurately measure and verify meter data, and will maintain this competence going forward. The initial qualification and going forward requirements are essential to minimize the potential for market issues due to failure to have minimum competencies to provide metering and meter data services. The requirements constitute a reasonable and appropriate balancing of the interests of all customers for accurate

and timely meter data with the interests of entities seeking to provide metering and meter data services. Timely and accurate real-time meter data assists the NYISO's grid operators in maintaining the reliability of the system by confirming that all resources are following their Base Point Signals, and accurate revenue meter data helps ensure that wholesale market settlements reflect the actual performance of each resource, and that costs are appropriately allocated.

## **2. The NYISO's Proposal Falls Within a Range of Just and Reasonable Metering Approaches Used By Other ISO/RTOs and the NYPSC**

The NYISO developed its proposal in consultation with its stakeholders and following its review and consideration of the wide variety of approaches that the NYPSC, the California Independent System Operator, Inc. ("CAISO"), PJM Interconnection, L.L.C. ("PJM"), the Midcontinent Independent System Operator, Inc. ("MISO"), and ISO New England Inc. ("ISO-NE") have adopted for administering the provision of metering and meter data services by entities other than the incumbent utilities.<sup>25</sup> Each of these ISO/RTO's metering rules are tailored to accommodate specific regional differences in terms of available metering and the specific ISO/RTO-administered markets. The NYISO considered the advantages and disadvantages of the different approaches as they relate to the NYISO's regional metering systems and the NYISO-administered markets.

The NYISO understands that certain ISO/RTOs do not certify entities responsible for providing metering and meter data services, but maintain the right to audit them. For example, PJM permits an interested entity to essentially self-certify upfront to provide metering services, subject to PJM's right to audit the meter and associated meter data. That is, a Curtailment Service Provider that intends to provide metering and meter data services in PJM must provide

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<sup>25</sup> See NYISO Meter Study Report; *available at*: <https://www.nyiso.com/documents/20142/1391862/NYISO-Meter-Data-Study-Report.pdf/db0de386-04b1-8818-3f77-194bc71a8c37>.

PJM with certain documentation upfront concerning the metering and is responsible for ensuring that the documentation is accurate and complies with PJM’s metering requirements, including validation, estimation, and editing requirements.<sup>26</sup> PJM may subsequently audit the metering equipment or data. In addition, PJM forwards the meter data submitted by a Curtailment Service Provider to the relevant Electric Distribution Company (“EDC”) and the EDC has 10 days to review the accuracy of the meter data and provide feedback to PJM. PJM allows for a meter data correction process where Curtailment Service Providers can correct the meter data and resubmit it to address any objections from the EDC.<sup>27</sup> An entity that is determined to have violated PJM’s requirements will not be allowed to manage the installation and maintenance of metering equipment and associated data.<sup>28</sup>

The NYISO understands that MISO similarly makes meter installation and ownership, along with meter data quality, the responsibility of a Market Participant, which acts through its agent – a Meter Data Management Agent (“MDMA”).<sup>29</sup> MISO’s relationship is with the Market Participant, which is bound by the actions of its MDMA and is responsible for the quality, accuracy, and timeliness of data submitted by the MDMA on its behalf.<sup>30</sup> MISO reserves the right to independently audit the metering equipment, meter data records, and meter data determination methodology.<sup>31</sup> The failure of the Market Participant or its MDMA to comply

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<sup>26</sup> See Section 10.6 of PJM Manual 11: Energy and Ancillary Services Market Operations (“PJM Manual 11”); *available at*: <https://www.pjm.com/-/media/documents/manuals/m11.ashx>.

<sup>27</sup> See PJM Manual 11 at Section 10.4.

<sup>28</sup> *Id.* at Section 10.6.

<sup>29</sup> See Section 2.10 and 2.23.4 of MISO Manual No. 005 – Business Practices Manual Market Settlements (Version 17, June 09, 2018) (“MISO Manual No. 005”); *available at*: <https://cdn.misoenergy.org/BPM%20005%20-%20Market%20Settlements49550.zip>.

<sup>30</sup> See MISO Manual No. 005 at Section 2.23.4.

<sup>31</sup> See *Id.* at Sections 2.10 and 2.23.4.

with the metering requirements can preclude the Market Participant's participation in the MISO-administered markets.<sup>32</sup>

In other regions, an interested entity must be approved before it can provide metering and meter data services. For example, the NYPSC's existing procedures for MSPs and MDSPs in New York provides for the NYPSC to determine upfront that an interested entity has demonstrated that it satisfies certain eligibility requirements specified in its rules and regulations, following which the MSP and/or MDSP may provide metering and/or meter data services. The NYPSC can direct the local utility to perform audits and may suspend or revoke the MSP or MDSP if it is not complying with the NYPSC's requirements.

Similarly, in ISO-NE, the NYISO understands that the Demand Designated Entity ("DDE") is responsible for submitting meter data to the ISO, as well as being the point of contact between the ISO's control room and the resources being dispatched. The DDE may either be the Lead Market Participant for the Demand Response Resource or a third party. If a third party is chosen to be the DDE, it must apply to provide that service, and sign an agreement with the ISO.<sup>33</sup> In ISO-NE, the Demand Response Resource is responsible for providing measurement and verification plans, complying with ISO-initiated audits, and the Lead Market Participant is responsible for the data submitted to the ISO.

Finally, the NYISO understands that CAISO requires upfront certification of entities for compliance with the metering requirements in its tariffs and procedures. An entity seeking to

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<sup>32</sup> *See Id.*

<sup>33</sup> *See, e.g.,* ISO New England Operating Procedure No. 14 – Technical Requirements for Generators, Demand Response Resources, Asset Related Demands and Alternative Technology Regulation Resources, Sec. VI(C)(1)(a) ("No entity shall be recognized as a [Demand Designated Entity] unless the entity meets the requirements of this [Operating Procedure] and has been registered pursuant to [Manual for Registration and Performance Auditing]."), *available at* [https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/operating/isone/op14/op14\\_rto\\_final.pdf](https://www.iso-ne.com/static-assets/documents/rules_proceeds/operating/isone/op14/op14_rto_final.pdf).

participate in the CAISO-administered markets must provide meter data to CAISO and may do so, based on its eligibility and election, as either a CAISO Metered Entity or a Scheduling Coordinator Metered Entity.<sup>34</sup> A CAISO Metered Entity must provide meter data via metering facilities that must be certified by CAISO or an inspector that has been authorized by CAISO.<sup>35</sup> CAISO then performs periodic site audits.<sup>36</sup> The CAISO Metering Entity provides the CAISO with revenue quality metering data, and then CAISO performs the validation, estimation, and editing procedures to produce the actual settlement quality meter data.<sup>37</sup> Scheduling Coordinator Metered Entities, on the other hand, must ensure that the entities that they represent have certified meters in accordance with the certification requirements of their local regulatory authorities or, in their absence, the CAISO. They provide CAISO with settlement quality meter data that is not subject to the CAISO's VEE procedures.<sup>38</sup> The CAISO Metered Entities and Scheduling Coordinator Metered Entities are required to provide complete and accurate meter data and may be subject to penalties and sanctions for the provision of inaccurate, incorrect, or fraudulent data, including the suspension of trading rights.<sup>39</sup>

The NYISO's proposed framework falls within this range of just and reasonable metering approaches taken by other ISO/RTOs. In addition, the NYISO's proposed approach is generally consistent with the existing application process in the NYPSC's metering rules and regulations, with which the NYISO and its Market Participants are already familiar.

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<sup>34</sup> See CAISO Tariff at Section 10.1.

<sup>35</sup> See *Id.* at Sections 10.2.4, 10.2.4.1, 10.2.4.2

<sup>36</sup> See Section 3.2.3.10, 3.6 of CAISO Business Practice Manual for Metering (Version 18, May 24, 2018) ("CAISO Metering Manual"); *available at*: <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Metering>.

<sup>37</sup> See CAISO Metering Manual at Section 3.4.

<sup>38</sup> See *Id.* at Section 3.2.4.

<sup>39</sup> See *Id.* at Section 4.2.

### **3. The NYISO's Proposed Metering Framework is Not Unduly Discriminatory**

The NYISO's proposed MSE requirements would establish a non-discriminatory approach pursuant to which any interested entity, including a Market Participant, may become an MSE and provide metering and/or meter data services for itself or for other Market Participants with Demand Side Resources and, in the future, DERs, as long as the NYISO determines that the entity satisfies reasonable eligibility requirements. The proposed eligibility requirements are generally consistent with the existing NYPSC requirements with which NYISO Market Participants have previously complied or indicated their capability to comply. NRG, for example, stated in its complaint that it was capable of meeting or exceeding the NYPSC's certification requirements.<sup>40</sup>

### **4. The NYISO's Proposed Metering Approach Will Provide for the Effective Evaluation, Measurement, and Verification of Customer Meter Data**

The NYISO's proposed approach will ensure the effective evaluation, measurement, and verification of customer meter data. The proposed Meter Services Entity framework prescribes the set of technical standards and requirements MSEs must follow to ensure that meters adhere to industry standards and provide accurate measurements, as mentioned in Part II.B. The NYISO's oversight of the MSEs, which could include audits and on-site verifications, is designed to verify that MSE's metering equipment and meter installations adhere to NYISO's requirements. In addition, as described above, the NYISO will specify the validation, editing and estimation methodology with which each MSE will need to comply. As part of its review and approval of MSEs, the NYISO will evaluate whether the VEE processes employed by the MSE are consistent with NYISO requirements and with industry practices. In addition, the NYISO will

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<sup>40</sup> See NRG Complaint at p 11 ("NRGCS commits to exceeding all requirements set forth by the MSP and MDSP certification requirements, which means that there should not be significant concerns about the quality of the data provided to the NYISO.").



have the right to audit the MSE's VEE process to ensure compliance with the process submitted to the NYISO.

**B. Question 2**

2. *How would such metering requirements address the verification of meter data and auditing of metering service providers?*

As described in Part II.A above, the MSE will be required, as part of the qualification process, to provide the NYISO with a plan for performing meter data validation, estimation, and editing. The plan must comply with NYISO VEE requirements to be set forth in the NYISO's procedures. As described in Part II.B above, the NYISO will have the authority to audit the MSE's performance in accordance with its compliance with the MSE's plan and the NYISO's procedures.

**C. Question 3**

3. *How would such metering service eligibility criteria ensure that metering services are available to customers in all geographic areas of NYISO?*

Wholesale metering and meter data services are currently available in all geographical areas of the NYCA.<sup>41</sup> Each transmission owner currently provides metering services to wholesale Market Participants including Generators and Demand Side Resources (through, for example, RIPS). The NYISO is not proposing to change the existing rules applicable to transmission owners. Furthermore, the NYISO's proposed metering framework does not include any geographic limitations on where, within the NYCA, an MSE can provide metering and meter data services. An entity seeking to provide metering and/or meter data services for

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<sup>41</sup> In paragraph 38 of the December 2018 Order, the Commission stated that "we find that NYISO's requirement to use either a transmission owner or an existing NY DPS-certified MSP or MDSP is unduly discriminatory to customers in service territories where transmission owners do not perform metering services." The NYISO clarifies that Transmission Owners perform wholesale metering service for Generators and Demand Side Resources in all geographic areas of the NYCA.

Market Participants in the NYISO-administered markets need only comply with the MSE eligibility requirements, as described in Part II.A above, for NYISO authorization to provide service in any transmission owner's service territory.

**D. Question 4**

4. *Would such metering requirements allow self-certification for demand response providers in NYISO? If not, please explain why.*

As described in Part II.A above, pursuant to the NYISO's proposed metering framework, an entity would not self-certify to provide metering and meter data services. Instead, the entity would only need to demonstrate to the NYISO that it has complied with the eligibility requirements to qualify to provide meter and meter data services. As detailed above, the eligibility requirements establish reasonable requirements that provide the NYISO with a basis for determining the basic qualifications and competence of the interested entity and subjecting it to reasonable oversight and auditing. Once the NYISO determines an entity is qualified as an MSE, that entity will not be required to obtain further approvals or verifications, other than being subject to the NYISO's oversight authority.

Some regions, such as PJM, which support self-certification to provide metering and meter data services, have a built-in process for additional review and validation of meter data by the local distribution utilities. For example, as stated in Part III.A.2 above, PJM's process allows the incumbent distribution utilities to review all the settlement meter data submitted by the demand response providers and provide feedback or objections to PJM, and the demand response providers are required to address objections from the distribution utilities. This additional level of review and validation by the local distribution utilities helps ensure that accurate meter data is used for settlements and market participation. New York currently does not have an existing mechanism for the incumbent distribution utilities to review and validate meter data submitted

by the CSPs, RIPs, and in the future, DER aggregators, and it would not be cost effective to establish this new process in New York. The NYISO instead believes that an initial review and approval from the NYISO that the entity has the baseline competence to provide these metering services, coupled with on-going NYISO oversight of these entities, strikes the right balance for having accurate and verifiable meter data while also being cost effective.

#### **IV. IMPLEMENTATION OF MSE FRAMEWORK**

The NYISO is moving forward with stakeholder review and approval of its proposed tariff revisions concerning the DER initiative, including the related metering requirements for aggregators of DERs and Demand Side Resources. As part of this process, the NYISO has already presented the proposed metering framework described above to stakeholders. The NYISO is developing revisions to its tariffs and procedures in line with this framework, which the NYISO anticipates providing to stakeholders in the coming weeks for their review. The NYISO is currently targeting stakeholder and Board of Directors approval of these tariff revisions in the second quarter of this year, following which the NYISO will submit the tariff revisions, pursuant to Section 205 of the Federal Power Act, for the Commission's acceptance.

The NYISO respectfully request that the Commission provide the NYISO the opportunity, within a reasonable amount of time: (i) to complete the development of the tariff revisions necessary to implement the MSE framework, described in this Initial Brief, in its stakeholder process, and (ii) to include the tariff revisions in its currently-planned Section 205 filing related to DERs.<sup>42</sup> The NYISO believes that it is important that a broad range of its

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<sup>42</sup> Given the parallel timeframes of the NYISO's stakeholder process for the DER initiative and this proceeding, it is possible that the NYISO will have filed the tariff revisions for the DER initiative, with the MSE-related tariff provisions, with the Commission pursuant to a Section 205 filing prior to a Commission order in this proceeding.

stakeholders, and not simply participants in this proceeding, have the opportunity to review and provide input concerning the MSE framework and the related tariff provisions. Implementation of the MSE framework for all Demand Side Resources and DERs will require the development of tariff revisions, ISO Procedures and internal processes, and software to automate data entry and cross-check functions, data validation, and certain audit features. The NYISO intends to implement the rules related to DER participation in 2021, however given the Commission's determination in this proceeding, the NYISO is developing a plan to expedite the MSE portions of those rules as applicable to Demand Side Resources prior to that date.<sup>43</sup>

## **V. COMMUNICATIONS**

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<sup>43</sup> While the NYISO has determined it can likely implement the MSE tariff revisions prior to 2021, the NYISO will need a period of months from the date of Commission acceptance of the tariff revisions to implement the new rules. As part of its Section 205 filing the NYISO intends to provide an earlier effective date for the rules applicable to Demand Side Resources.

<sup>44</sup> The NYISO respectfully requests waiver of the Commission's regulations (18 C.F.R. §385.203(b)(3) (2014)) to the extent necessary to permit service on counsel for the NYISO in both Richmond and Washington, D.C.

## VI. CONCLUSION

For the reasons set forth above, the NYISO respectfully requests that the Commission provide the NYISO with the opportunity to complete the development of the tariff revisions necessary to implement its MSE framework and to include these revisions in its currently-planned Section 205 filing.

Respectfully submitted,

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