New York ISO
Independent System Operator

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July 12, 2022

By Electronic Delivery
Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: New York Independent System Operator, Inc.'s Compliance Filing; Docket Nos. RM20-16-000, ER22-___-000

Dear Ms. Bose:

In compliance with Order No. 881 and Order No. 881-A (collectively referred to herein as "Order No. 881" or "the Order") issued by the Federal Energy Regulatory Commission ("Commission"),[1] the New York Independent System Operator, Inc. ("NYISO") respectfully submits revisions to its Open Access Transmission Tariff ("OATT") with this filing ("Compliance Filing").[2]

In Order No. 881, the Commission revised the *pro forma* OATT to improve the accuracy and transparency of electric transmission line ratings.[3] The NYISO proposes to add Attachment GG to its OATT and to revise certain existing OATT sections and rate schedules in response to the directives of Order No. 881, with the specified independent entity variations described below.[4] The proposed variations largely conform the revisions directed by Order No. 881 to the NYISO's financial reservation transmission model, as well as other procedures and terminology of the OATT, previously accepted by the Commission. A limited number of other, more substantive, variations are proposed with detailed explanations regarding, among other things, the need for independent entity variations in light of operational and market issues unique to the NYISO.

[1] *Managing Transmission Line Ratings*, Order No. 881, 87 Fed. Reg. 2244 (January 13, 2022), 177 FERC ¶ 61,179 (2021) ("Order No. 881"), *Order Addressing Arguments Raised on Rehearing and Clarification*, Order No. 881-A, 179 FERC ¶ 61,125 (2022) ("Order No. 881-A").

[2] Capitalized terms that are not otherwise defined in this filing shall have the meaning specified in proposed Attachment GG to the OATT, and if not defined therein, in the OATT.

[3] Order No. 881, at P 1.

[4] The NYISO proposes to make complementary revisions to Attachments M and N of the OATT and Rate Schedules 10, 12, 13, 15, 16, and 17 to revise certain of its Day-Ahead Market congestion settlement procedures, as further described herein. As noted in Section IV.C.2, two additional rate schedules are currently pending Commission action (*i.e.*, proposed Rate Schedules 18 and 19). If the Commission accepts these pending rate schedules and the revisions to rate schedules proposed herein, the NYISO respectfully requests that the Commission direct the NYISO to submit a subsequent compliance filing in this proceeding to include consistent revisions to such additional rate schedules.

The NYISO respectfully requests a flexible effective date for implementing the revisions proposed herein. As further described in Section V below, the NYISO proposes to submit a subsequent compliance filing to specify the exact date.[5] The NYISO submits that with this compliance filing it fully complies with the requirements set forth in Order No. 881 and Order No. 881-A. The NYISO reviewed the proposed revisions with its stakeholders prior to submitting this filing.

I. Documents Submitted

The NYISO submits the following documents with this filing letter:

1. A clean version of the proposed revisions to the OATT ("Attachment I"); and

2. A blacklined version of the proposed revisions to the OATT ("Attachment II").

II. Communications

Please direct all communications and correspondence concerning this filing to:

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III. Background

A. Order No. 881 Overview

On December 16, 2021, the Commission issued Order No. 881 to amend its *pro forma* OATT and regulations to improve the accuracy and transparency of electric transmission line ratings. Order No. 881 requires Regional Transmission Organizations ("RTOs")/Independent

[5] Consistent with the requirements of Order No. 881, the NYISO plans to implement the tariff revisions proposed herein by July 12, 2025. The NYISO is currently targeting to implement the proposed revisions on or before July 9, 2025.

System Operators ("ISOs") to work with Transmission Owners ("TOs") to implement ambient-adjusted ratings ("AAR") on the transmission lines over which they provide transmission service.

An AAR is a transmission line rating that applies to a time period of not greater than one hour, reflects an up-to-date forecast of ambient air temperature across the time period to which the rating applies, incorporates an adjustment for daytime/nighttime solar heating, and is calculated at least each hour. For normal operating conditions, the Order requires ISOs/RTOs to implement AARs within their security constrained economic dispatch ("SCED") and security constrained unit commitment models in both the day-ahead and real-time markets and reliability unit commitment ("RUC") processes, and any other intra-day RUC processes. Further, the Order directs ISOs/RTOs to use AARs as the relevant transmission line ratings when: (1) evaluating requests for near-term transmission service; (2) responding to requests for information on the availability of potential near-term transmission service (including requests for available transfer capability or other information related to potential service); (3) posting available transfer capability or other information related to near-term transmission service to their OASIS site; and (4) determining whether to curtail or interrupt near-term transmission service.

Transmission Owners (*i.e.*, the owners of the relevant transmission equipment) are responsible for calculating the AARs in accordance with a written transmission line rating methodology and consistent with good utility practice. AARs must be calculated using the temperature at which there is sufficient confidence that the actual temperature will not be greater than that temperature (*i.e.*, expected temperature plus an appropriate forecast margin). TOs must then share their transmission line ratings and transmission line rating methodologies with their applicable RTOs/ISOs and market monitors. TOs are also required to develop unique emergency transmission line ratings that are adjusted for ambient temperature conditions.

RTOs/ISOs are responsible for implementing the systems and procedures necessary to allow TOs to electronically update transmission line ratings at least hourly. RTOs/ISOs must also maintain a database of their TOs' transmission line ratings and methodologies on their OASIS site or another password-protected website.

The Order also requires that seasonal line ratings[6] be made available for use to perform a variety of functions. In general, the Order requires RTOs/ISOs to use seasonal line ratings as the appropriate transmission line ratings when: (1) evaluating requests for transmission service ending more than 10 days from the date of the request; (2) determining whether to curtail or interrupt non-firm point-to-point transmission service because of issues anticipated to occur more than 10 days ahead; (3) responding to requests for information on the availability of such transmission service; and (4) posting transmission availability (including available transfer capability) to their OASIS site.

[6] RTOs/ISOs must utilize not fewer than four seasons per year. Seasons should reasonably reflect portions of the year where expected high temperatures are relatively consistent. Seasonal line ratings should be calculated/updated annually, if not more frequently.

An RTO/ISO may use a rating for a transmission line that is not an AAR or a seasonal rating, if it determines that the rating of such line is not affected by ambient air temperatures. Situations giving rise to ratings that are not AAR or seasonal ratings may include: (1) a transmission line for which the technical transfer capability of the limiting conductors and/or limiting transmission equipment is not dependent on ambient air temperatures; or (2) a transmission line whose transfer capability is limited by a transmission system limit (such as a system voltage or stability limit). In addition, RTOs/ISOs may temporarily use a transmission line rating that is not an AAR or a seasonal rating, if needed to maintain the safety and reliability of the transmission system.

B. NYISO's Transmission Model and Process to Award Transmission Service

The NYISO utilizes a financial reservation transmission model. The NYISO's "financial reservation" transmission model differs substantially from the "physical reservation" transmission model contemplated by the Order Nos. 888 and 890 *pro forma* OATT.[7] Firm transmission service within the New York Control Area ("NYCA") is scheduled "implicitly" when customers receive Energy schedules from the NYISO. The NYISO does not accept or facilitate express reservations of physical transmission service within the NYCA.

The NYISO awards firm transmission service to Resources and External Transactions committed economically through the Energy market. Unlike markets that rely on "physical" (MW) reservations of ramp and transfer capability, the NYISO does not permit Market Participants to pre-reserve ramp or transfer capability. In the NYISO's Day-Ahead Market ("DAM") and Real-Time Market ("RTM") software, internal New York generation resources compete with External Transactions (Imports, Exports and Wheels-Through) to be economically awarded an Energy schedule, including the necessary transmission service and ramp schedule. All desired uses of the transmission system are scheduled to the extent that customers are willing to pay congestion charges (some of which can be hedged using financial rights). This approach directly incorporates expected transmission system congestion and transmission service into the market software evaluations, and permits the NYISO to meet its demand obligations at the lowest production cost.

The NYISO's market design includes various components that collectively allow sufficient generation and transmission flexibility to exist on the bulk system. Market design features that provide adequate flexibility and the scheduling and commitment of sufficient resources to maintain reliability include: (i) the NYISO's Security Constrained Unit Commitment ("SCUC") software used for the Day-Ahead Market evaluation, which specifically includes a reliability pass; and (ii) NYISO's Real-Time Market software, which is composed of a Real-Time Commitment ("RTC") and a Real-Time Dispatch ("RTD"). As discussed above, both

[7] *See New York Independent System Operator, Inc.,* 123 FERC ¶ 61,134 (2008), at PP 8-13; *New York Independent System Operator, Inc.,* Letter Order on Compliance Filing, Docket No. OA08-13-003 (November 12, 2008); *New York Independent System Operator, Inc.*, Compliance with Order No. 890, Docket No. OA08-13-000 (April 11, 2008); *New York Independent System Operator, Inc.*, Compliance Filing, Docket No. OA08-13-000 (October 11, 2007).

SCUC and the Real-Time Market software award transmission service to resources with economic Energy and Transaction schedules.

The twenty-four hour Day-Ahead optimization and the real-time look-ahead tool both schedule resources and external interchange while considering transmission constraints based on the limits presented to the software at the time the look-ahead tool runs. The DAM and the RTM look-ahead runs utilize the entire transmission system capability presented to the software to schedule economic interchange or transfers from other parts of the system as components of its least cost mix of Ancillary Services and Energy from Suppliers.

The NYISO has previously described to the Commission how its customers' ability to schedule transactions is, with certain limited exceptions,[8] not limited by a pre-defined amount of Available Transfer Capability ("ATC") as under the *pro forma* OATT. Instead, the entire capacity of the New York State Transmission System is made available prior to the start of each DAM cycle. For the NYCA, the ATC is calculated and posted for Internal and External Interfaces and for Scheduled Lines based on the transactions accepted in the Day-Ahead Market.[9] If a posted ATC value is zero, that value indicates that an interface is congested and that additional transmission capacity would not be available absent redispatch in the Real-Time Market. However, it may still be possible for the NYISO to schedule additional transactions for customers that are willing to pay the applicable congestion charges.

Consequently, the information conveyed by NYISO ATC postings is markedly different from that conveyed by such postings in areas with physical reservation regimes. The NYISO's ATC postings are essentially advisory projections.[10] The ATC within the NYISO represents the

[8] The NYISO previously accommodated "Pre-Scheduled Transaction Requests" across External Interfaces, which could be submitted in the Day-Ahead Market up to 18 months in advance of the Dispatch Day. If a customer arranged for a Pre-Scheduled Transaction, it would obtain a special priority reservation in the Day-Ahead Market that would necessitate a reduction in the ATC posted for the relevant External Interface. The NYISO's Pre-Scheduled Transaction Request procedure, however, went essentially unused for many years and the Commission previously accepted the NYISO's proposal to eliminate it. *See Tariff Amendments to Eliminate Pre-Scheduled Transaction Capability*, Letter Order, Docket No. ER10-2517-000 (November 2, 2010). The NYISO also supports "Advance Reservations" on specific designated controllable "Scheduled Lines" between the NYISO and certain neighboring entities. Scheduled Lines allow for Advanced Reservations on a basis that would be limited by a pre-defined amount of ATC. With one exception, however, other RTOs/ISOs are responsible for calculating ATC for each of the existing Scheduled Lines.

[9] External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes.

[10] As a practical matter, because physical reservation models are much more common than financial ones, the Commission, the North American Electric Reliability Corporation ("NERC"), and the North American Energy Standards Board ("NAESB") have tended to create transmission rules, including ATC rules, which are geared towards physical reservation systems. The NYISO has thus often been left to seek waivers of some requirements, and to provide detailed explanations of its compliance with others to properly account for its use of a financial reservation model.

transmission capability that is left over after all scheduled transactions have been accommodated. Stated differently, ATC is used only as an instantaneous indication of the existence of uncongested transmission paths, and not as a determinant of whether additional requests for transmission service can be satisfied. Based on numerous compliance filings under Orders No. 890 and No. 890-A and various waivers filed and approved by the Commission,[11] the NYISO is not obligated to maintain and post the same OASIS-related information as RTOs and ISOs with a physical reservation transmission system.

C. NYISO's Dynamic Line Ratings Functionality

The NYISO has dynamic line rating ("DLR") functionality in place today for the Transmission Owners to modify transmission line ratings in real-time, when appropriate, and will continue to allow DLR adjustments consistent with Order No. 881. Asset owners may increase or decrease real-time line ratings for any reason they deem appropriate consistent with Good Utility Practice using the DLR functionality. Historically, these adjustments have been made to increase the ratings used in real time based on ambient conditions. A majority of the Bulk Electric System ("BES") equipment in New York is able to be rated using DLRs.

Consistent with paragraph 255 of Order No. 881, the NYISO will accommodate the systems and procedures necessary to allow Transmission Owners to electronically update transmission line ratings, at least hourly, by submitting such data to the NYISO.

IV. Compliance Revisions

Order No. 881 included a proposed *pro forma* Attachment M to add the necessary AAR concepts to the *pro forma* OATT. At the same time, the Order recognized that ISOs/RTOs may have existing provisions in their OATTs, or other documents subject to the Commission's jurisdiction, that the Commission has deemed to be consistent with or superior to the *pro forma* OATT or that are permissible under the independent entity variation standard or regional reliability standard.[12] Where these existing provisions would be modified by Order No. 881, the

[11] *Request for Limited OASIS Waivers*, Docket No. EL99-77-000 (July 9, 1999), at pp 5-6; *see also New York Independent System Operator, Inc.*, Filing in Compliance with May 7, 2008 Order, Docket No. OA08-13-003 (June 6, 2008), at pp 4-6; *New York Independent System Operator, Inc.*, Filing in Compliance with Order No. 890-A, Docket No. OA08-107-000 (April 15, 2008), at pp 8-11; *see also New York Independent System Operator, Inc.*, 130 FERC ¶ 61,104 (2010), at PP 9-14. *See New York Independent System Operator, Inc.*, Letter Order, Docket Nos. ER11-2048-003, -004 (June 6, 2011); *New York Independent System Operator, Inc.*, 133 FERC ¶ 61,208 (2010), at PP 12-13 (granting the NYISO's amended waiver request from OASIS posting requirements that were incompatible with the NYISO's transmission service); *New York Independent System Operator, Inc.*, 132 FERC ¶ 61,239 (2010), at P 22; *New York Independent System Operator, Inc.*, 125 FERC ¶ 61,274 (December 5, 2008), at PP 8-13; *New York Independent System Operator, Inc.*, Letter Order, Docket No. OA08-13-003 (November 12, 2008); *New York Independent System Operator, Inc.*, 127 FERC ¶ 61,005 (2009), at P 7; *New York Independent System Operator, Inc.*, 125 FERC ¶ 61,275 (2008); *New York Independent System Operator, Inc.*, 94 FERC ¶ 61,215 (2001), at P 61,795; *Central Hudson Gas & Electric Corp.*, 88 FERC ¶ 61,253 (1999).

[12] Order No. 881 at P 363.

Commission expects ISOs/RTOs to either comply with the proposed requirements or demonstrate that these previously approved variations continue to be consistent with or superior to the *pro forma* OATT as modified by Order No. 881 or demonstrate that these previously approved variations are just and reasonable and meet the purpose of the final rule under the independent entity variation standard or regional reliability standard.[13]

In this Compliance Filing, the NYISO proposes a new Attachment GG to its OATT, which is largely consistent with the proposed *pro forma* Attachment M in Order No. 881 but with a number of NYISO-specific variations based on the NYISO-administered markets and the NYISO's financial transmission service model. The NYISO also proposes a limited set of complementary revisions to Attachments M and N of its OATT, and Rate Schedules 10, 12, 13, 15, 16, and 17 to properly account for the directives of Order No. 881.[14] These proposed OATT revisions and NYISO-specific variations are discussed further below.

For the reasons explained herein, the NYISO's proposed variations from the Commission's *pro forma* revisions are fully justified under the Commission's independent entity variation standard and/or "consistent with or superior to" standard.

A. NYISO's Proposed Attachment GG to the NYISO OATT

The NYISO's proposed Attachment GG generally follows the *pro forma* Attachment M, but it includes several key modifications that are necessary and appropriate to conform with the NYISO's existing, Commission-accepted OATT provisions. Similar to the *pro forma* Attachment M, the NYISO begins Attachment GG with an introductory section, followed by a definitions section. The NYISO then proposes to divide the *pro forma* Attachment M section describing the obligations of the transmission provider into two distinct sections, one for the NYISO's obligations and one for the Transmission Owners' obligations. Within the section describing Transmission Owner obligations, the NYISO proposes to include the *pro forma* Attachment M requirements that Transmission Owners share facility ratings and that Transmission Owners may determine, consistent with Good Utility Practice, that the rating of a transmission facility is not subjected to the AAR requirements because it is not affected by ambient air temperature or solar heating. The NYISO proposes to maintain a stand-alone section related to system reliability and to introduce a stand-alone section for the NYISO's data postings.

[13] NOPR, 173 FERC ¶ 61,165 at P 132.

[14] The NYISO acknowledges that, at the time of this filing, two additional rate schedules remain pending before the Commission (*i.e.*, proposed Rate Schedules 18 and 19). These pending rates schedules are substantially similar to the other rate schedules the NYISO proposes to modify as part of this filing. As indicated in Section IV.C.2 below, if the Commission accepts these pending rate schedules and the tariff revisions proposed herein, the NYISO respectfully requests that the Commission direct the NYISO to submit a subsequent compliance filing in this proceeding to include conforming revisions within such additional rate schedules.

1. Overview and Definitions

Consistent with the Order and the text of the *pro forma* Attachment M, the NYISO proposes to use an "Overview" section to explain that all transmission facilities over which the NYISO facilitates or monitors transmission service will be subject to the requirements of Attachment GG.[15] The NYISO proposes to use two existing definitions from its OATT to identify the applicable transmission facilities; (1) Transmission Facilities Under ISO Operational Control, and (2) Transmission Facilities Requiring ISO Notification. Both of these terms are defined in Section 1.20 of the OATT. Together, these terms describe all of the facilities over which the NYISO provides transmissions service and, thus, will be subject to the requirements of proposed Attachment GG to the OATT.[16]

The NYISO also proposes to include in Attachment GG a definitions section that aligns with the definitions section of the *pro forma* Attachment M. The NYISO proposes to define the following terms:

- Transmission Facility Rating;
- Ambient-Adjusted Rating ("AAR");
- Seasonal Facility Rating;
- Normal Rating;
- Long-Term Emergency Rating ("LTE Rating"); and
- Short-Term Emergency Rating ("STE Rating").

These definitions are critical to the NYISO's implementation of AARs and are consistent with the definitions in the *pro forma* Attachment M subject to relevant independent entity variations. The NYISO-specific variations are discussed further below.

2. Obligations of the NYISO

Section 39.2 of proposed Attachment GG to the OATT describes the NYISO's obligations to use and post Transmission Facility Ratings. Consistent with Order No. 881 and the *pro forma* Attachment M, the NYISO will use AARs as the relevant Transmission Facility Rating when employing SCUC, RTC, and RTD to run the Energy market, including evaluations and awards of Transmission Service. The NYISO will also use AARs when responding to requests for Firm Point-To-Point Transmission Service or when determining whether to curtail Firm Point-To-Point Transmission Service (under Section 3.1.6 of the OATT).

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[15] *See* proposed Section 39.1 of Attachment GG to the OATT.

[16] The NYISO's proposal is designed to apply the AAR requirements to all transmission facilities that are secured by the NYISO in its market models. Notably, however, there are facilities included in the network topology represented in the NYISO's market models that it does not secure (*e.g.*, certain underlying 34.5 kV facilities), which will not be subject to the AAR requirements.

This section of proposed Attachment GG to the OATT also describes the NYISO's obligation to post records of Transmission Facility Ratings and Transmission Facility Rating methodologies. This section proposes certain variations from the *pro forma* Attachment M to align with NYISO's existing OATT language and NYISO's existing processes to post data on its website. The NYISO's proposed posting obligations are consistent with the *pro forma* Attachment M obligations.

3. System Reliability

The NYISO proposes a standalone section in Attachment GG (*i.e.*, proposed Section 39.3) to allow the NYISO or a Transmission Owner to employ a different rating than would otherwise be required by Attachment GG if necessary to maintain the reliability of the NYS Power System. This proposed section closely aligns with the *pro forma* Attachment M but reflects NYISO-specific terminology and the fact that the NYISO and the Transmission Owners share responsibility for effectuating the requirements of Order No. 881, as discussed further below.

4. Obligations of the Transmission Owners

Section 39.4 of proposed Attachment GG describes the obligations of Transmission Owners to calculate and provide Transmission Facility Ratings to the NYISO in accordance with Attachment GG and ISO Procedures. Consistent with Order No. 881, the *pro forma* Attachment M language and the NYISO-specific defined terms discussed herein, each Transmission Owner must calculate and provide two sets of ratings in accordance with the terms of Attachment GG, applicable reliability standards, its rating methodology, Good Utility Practice, and ISO Procedures.[17]

The first set of ratings must reflect an up-to-date forecast of ambient air temperature across the time period to which the rating applies. This set will include AARs for Normal Ratings, LTE Ratings, and STE Ratings.

The second set of ratings will be Seasonal Facility Ratings. This set must include Normal Ratings, LTE Ratings, and STE Ratings that apply to a specified season.

This section of proposed Attachment GG to the OATT also describes the obligation for each Transmission Owner to share Transmission Facility Ratings and Transmission Facility Rating methodologies in a timely manner, upon request by another Transmission Owner, the

[17] The NYISO and Transmission Owners are still developing technical procedures describing the mechanics of AAR submissions. Subject to further review and refining, the NYISO expects Transmission Owners to calculate AARs, on a rolling basis, for the next forty-eight hours with submissions by Transmission Owners provided to the NYISO on at least an hourly basis. The NYISO market software will use the latest set of available ratings at the time the market software begins processing.

NYISO or a transmission provider other than the NYISO. This approach follows the *pro forma* Attachment M construct closely.

This section also allows Transmission Owners to determine, consistent with Good Utility Practice and Order No. 881,[18] that the Transmission Facility Rating of a transmission facility subject to Attachment GG is not affected by ambient air temperature or solar heating. As a result, the Transmission Owner may provide a Transmission Facility Rating to the NYISO for that transmission facility that is not an AAR. This approach follows the *pro forma* Attachment M construct closely.

B. NYISO's Proposed Variations from *pro forma* Attachment M

The NYISO generally follows the Commission's *pro forma* OATT, but the NYISO's tariff has long included numerous independent entity variations. These Commission-accepted variations are specifically tailored to New York's unique circumstances, and the existence of previously accepted variations has prompted the NYISO to obtain additional independent entity variations in response to prior modifications to the *pro forma* OATT.[19] All of the NYISO's independent entity variations have been and continue to be necessary in order to make Commission revisions to the *pro forma* OATT consistent with NYISO's existing tariff and current practices. The NYISO has continued to implement significant revisions to its transmission service procedures, which are fundamentally and inextricably integrated with the NYISO's market and operating rules.

The independent entity variation standard provides ISOs/RTOs with flexibility in adopting the Commission's *pro forma* language because ISOs/RTOs have different operating characteristics, depending on their geographic size and location, and are less likely to act in an unduly discriminatory manner than non-independent transmission providers.[20] For example, the Commission has explained that under this standard, "the Commission will review the proposed variations to ensure they do not provide an unwarranted opportunity for undue discrimination or produce an interconnection process that is unjust and unreasonable."[21] It has recognized that where changes to procedures "are clarifying and/or ministerial in nature and/or NYISO has supplied sufficient justification," such modifications are acceptable under the independent entity variation standard.[22] In addition, the Commission has recognized that the independent entity

[18] Order No. 881 at P 227.

[19] *See, e.g.*, *New York Indep. Sys. Operator, Inc.*, Order on Tariff Revisions, 135 FERC ¶ 61,014 (2011); *New York Indep. Sys. Operator, Inc.*, Order Accepting and Rejecting Tariff Revisions, 124 FERC ¶ 61,238 (2008).

[20] *New York Indep. Sys. Operator, Inc., et al.*, 108 FERC ¶ 61,159, at P 4; Order No. 2003, at P 827.

[21] *New York Indep. Sys. Operator, Inc.*, 124 FERC ¶ 61,238, at P 17.

[22] *Id.* at PP 17–18.

variation standard "is more flexible than the 'consistent with or superior to' standard and the regional differences standard."[23]

1. Independent Entity Variation with Respect to the Terminology Used in the NYISO's Proposed OATT Revisions

The NYISO has proposed and the Commission accepted variations in the terminology used in the NYISO's OATT in a number of circumstances.[24] The following are Commission-accepted independent entity variations and other extensions of existing NYISO terminology and procedures that the NYISO must incorporate into its proposed revisions to comply with Order No. 881.

a) Independent Entity Variation with Respect to the Term "Transmission Facility Rating"

The NYISO OATT consistently refers to "transmission facilities" as opposed to "transmission lines" when describing the equipment comprising the NYS Transmission System. In order to maintain consistency between Attachment GG and the OATT, the NYISO proposes to define and use "Transmission Facility Rating" as opposed to "Transmission Line Rating" throughout proposed Attachment GG. The proposed definition of "Transmission Facility Rating" is consistent with the definition of "Transmission Line Rating" in the *pro forma* Attachment M.

b) Independent Entity Variation with Respect to the Term "Transmission Provider"

Both the NYISO and the Transmission Owners have obligations under Order No. 881 that are assigned to the "Transmission Provider" in the Commission's *pro forma* Attachment M. The Commission has previously accepted the NYISO's proposed revisions to the *pro forma* term "Transmission Provider" that allocate the Transmission Provider's responsibilities between the NYISO and the Transmission Owners in a manner that reflects their respective roles in New York.[25]

Consistent with the existing allocation of the Transmission Provider's responsibilities in New York, the NYISO proposes to replace the term "Transmission Provider" as used in the

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[23] Order No. 845-A, at P 141; Order No. 2003, at P 26.

[24] *See New York Indep. Sys. Operator, Inc., et al.*, 108 FERC ¶ 61,159, at P 19.

[25] *See id.*; *see also, e.g.*, *New York Indep. Sys. Operator, Inc. and New York Transmission Owners*, Order Granting Rehearing in Part and Denying Rehearing in Part and Accepting Compliance Filing, 119 FERC ¶ 61,333, P 34 (2007) (accepting compliance revisions filed by the NYISO in the Order No. 2006 proceeding, including the split of responsibilities between the NYISO and Transmission Owners in the Small Generator Interconnection Procedures and Small Generator Interconnection Agreement).

Commission's revisions in Order No. 881 with "ISO" or "Transmission Owner," as applicable, to clarify the respective roles of the NYISO and the Transmission Owners as they relate to the new obligations directed by Order No. 881. To further accommodate this distinction, the NYISO proposes to divide the Transmission Provider obligations into two distinct sections.

c) Independent Entity Variation with Respect to the Terms Related to Emergency Ratings

As discussed above, the NYISO proposes to define and use the terms "Long-Term Emergency Rating" and "Short-Term Emergency Rating" in place of the *pro forma* defined term Emergency Rating. The NYISO already utilizes Long-Term Emergency Ratings and Short-Term Emergency Ratings submitted by Transmission Owners and intends to continue this practice.[26] Therefore, both terms are necessary throughout Attachment GG and the Transmission Owners will submit LTE Ratings and STE Ratings for both AARs and seasonal ratings, consistent with Order No. 881. This approach is consistent with the directives of Order No. 881 but accommodates NYISO's independent entity variations.

2. Proposal-Specific Variations

As explained in Section III.B. above, the NYISO's rules for awarding transmission service are fundamentally different from other regions and from the terms of the *pro forma* OATT. In light of the NYISO's approach, the Commission has regularly accepted the NYISO's independent entity variations.[27] The NYISO respectfully requests that the Commission accept the variations described below in compliance with the Commission's Order No. 881 directives, as either independent entity variations or as variations "consistent with or superior to" the *pro forma* Attachment M.[28]

a) Exception for Near-Term Transmission Service

The NYISO does not propose to require AARs from the Transmission Owners for any periods beyond the Day-Ahead Market horizon. In fact, the NYISO does not facilitate scheduling Transmission Service outside of its Day-Ahead and Real-Time Markets. Therefore, the NYISO is not able to use AARs for the following Transmission Service concepts discussed in Order No. 881: (1) responding to requests for information on the availability of potential near-term Transmission Service (including requests for ATC or other information related to potential service); or (2) posting ATC or other information related to near-term Transmission Service.[29] As discussed above, the NYISO's markets do not rely on any express physical reservations of ATC and/or ramp. Instead, the NYISO grants transmission reservations based on the NYISO's

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[26] *See e.g.*, NYISO Transmission and Dispatch Operations Manual Section 2.3, available at https://www.nyiso.com/documents/20142/2923301/trans_disp.pdf.

[27] *See* Order No. 845-A, at PP 139–41.

[28] *See,* e.g., *New York Indep. Sys. Operator, Inc.*, 149 FERC ¶ 61,020 (2014) at P 12.

[29] *See* Order No. 881 at P 86.

economic evaluation of competing resource and transaction Bids.[30] By including AARs in the Day-Ahead and Real-Time Markets, AARs will be accommodated in all Transmission Service offered by the NYISO.

In the NYISO's economic evaluation, External Transactions (*i.e.*, Imports, Exports, and Wheels-Through) compete with internal New York resources, and with other External Transactions, including External Transactions offered at different interfaces, to be economically awarded a schedule.[31] The NYISO's economic resource selection process incorporates expected transmission congestion impacts and permits the NYISO to meet its demand obligations at the lowest production cost. The Commission has previously stated that revisions to the *pro forma* OATT are not intended to upset the market designs used by existing ISOs and RTOs, and that ISOs and RTOs tend to have transmission planning processes that are significantly more open and transparent that the processes used by non-independent transmission providers.[32] The NYISO, therefore, requests that the Commission accept the compliance revisions continuing to reflect this independent entity variation.

C. Proposed Modifications to NYISO's Day-Ahead Market Congestion Settlements

As further described herein, the NYISO proposes complementary revisions to certain of its Day-Ahead Market congestion settlement procedures to properly account for impacts arising from the implementation of the transmission facility rating limit enhancements required by Order No. 881.[33] The NYISO proposes to apply these changes to Member Systems and Primary Holders of Incremental TCCs.[34]

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[30] The NYISO Market Administration and Control Area Services Tariff's defined term "Bid" includes both offers to sell power and bids to purchase power.

[31] NYISO has begun discussions with ISO-NE and PJM about how Transmission Facility Ratings for the equipment that makes up the interfaces will be coordinated under Order No. 881. The NYISO expects to develop coordination protocols based on the tariff revisions proposed herein, without further tariff modifications.

[32] *See,* e.g., *New York Indep. Sys. Operator, Inc.*, 123 FERC at ¶ 61,134 (2008).

[33] Throughout this Section IV.C, references to the transmission facility rating limit enhancements required by Order No. 881 refer to the NYISO's proposed implementation as described above and in proposed Attachment GG to the OATT.

[34] Incremental TCCs are awarded pursuant to the process described in Section 19.2.4 of Attachment M of the OATT. Incremental TCCs represent the quantifiable increase, as determined by the NYISO, in available transmission system capability resulting from the implementation of new, and/or modifications to existing, transmission facilities.

1. Overview of Relevant Day-Ahead Market Congestion Settlement Procedures

A Transmission Congestion Contract ("TCC") is a financial instrument that can be used to hedge costs resulting from transmission system congestion.[35] TCCs are primarily allocated to Market Participants through auctions administered by the NYISO.[36] Attachment M of the OATT sets forth the general rules and procedures related to the TCC market and auctions administered by the NYISO.[37]

TCCs are "fully funded," meaning that the Primary Holder of each TCC will always receive (or pay) the full value of Congestion Rents associated with the TCC. Payments to Primary Holders are primarily funded through Congestion Rents collected by the NYISO from energy transactions in the Day-Ahead Market. To the extent that insufficient Congestion Rents are collected in the Day-Ahead Market, any resulting shortfall is funded by the Transmission Owners subject to Section 20.2.5 of Attachment N of the OATT.[38] If the amount of Congestion Rents collected in the Day-Ahead Market exceeds the payment obligation to Primary Holders, the surplus is paid to the same Transmission Owners that would fund any shortfall. Attachment N of the OATT includes procedures for Congestion-related settlements in the Day-Ahead Market.

Differences in the transmission system capability assumed to be available in TCC auctions and what is available in the Day-Ahead Market can result in congestion shortfalls or surpluses. Such differences can arise from changes in the operational status of transmission facilities as represented in the TCC auction and the Day-Ahead Market.[39] Section 20.2 of

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[35] A TCC represents the right to collect, or the obligation to pay, the Day-Ahead Market Congestion Rent associated with one MW of transmission between a specified the point of injection ("POI") and point of withdrawal ("POW"). The Congestion Rent value for a TCC is calculated as the Congestion Component of the Day-Ahead Market Locational Based Marginal Price ("LBMP") at the POW specified for the TCC, less the Congestion Component of the Day-Ahead Market LBMP at the POI specified for that TCC during each hour that the TCC is valid.

[36] The NYISO currently conducts Centralized TCC Auctions twice each year in advance of each Capability Period. The Centralized TCC Auctions provide Market Participants the opportunity to purchase and sell longer duration TCCs (*e.g.*, two-year, one-year and six-month). The NYISO also administers monthly Reconfiguration Auctions to allow Market Participants the opportunity to purchase and sell one-month TCCs.

[37] Except as it relates to properly accounting for transmission facilities associated with projects awarded Incremental TCCs, the proposed enhancements to the current Day-Ahead Market congestion settlement procedures proposed herein do not include modifications to the TCC market or TCC auctions administered by the NYISO.

[38] Presently, the Member Systems are the only Transmission Owners that are subject to these procedures.

[39] For example, a transmission facility modeled as in-service in a TCC auction that ends up being out-of-service in the Day-Ahead Market can cause a congestion shortfall due to less transmission

Attachment N of the OATT includes procedures for identifying and quantifying the impacts of such changes in the operational status on Congestion Rent collections in the Day-Ahead Market. Transmission facilities that compose a project awarded Incremental TCCs are generally not included in these settlement procedures. Instead, Section 19.2.4.10 of Attachment M of the OATT establishes settlements for Primary Holders of Incremental TCCs resulting from outages represented in the Day-Ahead Market of the facilities (or components thereof) that compose a project awarded Incremental TCCs.

Implementation of the transmission facility rating limit requirements of Order No. 881 presents a new factor that can give rise to shortfalls and surpluses. Such shortfalls and surpluses can result directly from the use of AARs in the Day-Ahead Market when such AARs differ from the rating limits that were assumed in TCC auctions. Use of a transmission facility rating in the Day-Ahead Market greater than the rating assumed for the same facility in a TCC auction may produce excess Congestion Rent collections in the Day-Ahead Market. In contrast, application of a lower transmission facility rating in the Day-Ahead Market than what was assumed in a TCC auction can give rise to a Congestion Rent shortfall.

2. Description of Proposed Tariff Revisions Related to Day-Ahead Market Congestion Settlements

To account for potential congestion shortfalls and surpluses related to the implementation of the transmission facility rating limit requirements of Order No. 881, the NYISO proposes changes to its current Day-Ahead Market congestion settlement procedures to quantify the impacts resulting from circumstances when the rating limits employed in the Day-Ahead Market differ from the rating limits assumed in TCC auctions. The NYISO proposes to identify such impacts for transmission facilities representing the limiting equipment for a binding constraint in the Day-Ahead Market when such facilities are modeled as both secured and in-service in the Day-Ahead Market and the relevant TCC auction.[40] Any quantified impacts resulting from such rating differences will be assigned to the entity responsible for the relevant transmission facility.

The NYISO proposes to broaden the existing procedures set forth in Section 20.2.4.3 of Attachment N of the OATT for determining payments and charges related to qualifying uprate and derate events to include a new qualifying event category specific to the transmission facility rating limit requirements of Order No. 881. The proposal modifies the definitions of "Actual Qualifying DAM Derating" in Section 20.2.4.3.1.1 and "Actual Qualifying DAM Uprating" in Section 20.2.4.3.1.2 to include this new qualifying event category. This new qualifying event category applies in cases where: (1) the monitored transmission facility of a binding constraint in the Day-Ahead Market is modeled as secured and in-service in both the Day-Ahead Market and

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capability being available in the Day-Ahead Market than was assumed to be available in the TCC auction. A transmission facility that is assumed to be out-of-service in a TCC auction but returned to service in the Day-Ahead Market can result in more transmission capability being available in the Day-Ahead Market, compared to the level that had been assumed in the TCC auction. Such conditions can give rise to excess Congestion Rent collections in the Day-Ahead Market.

[40] The NYISO does not propose to apply this assessment to transmission interfaces.

the relevant TCC auction; and (2) the rating limit used for such transmission facility in the Day-Ahead Market differs from the rating limit that was assumed for such facility in the relevant TCC auction. If the rating limit in the Day-Ahead Market is higher than the rating limit assumed in the relevant TCC auction, such conditions constitute a qualifying uprate event subject to the procedures set forth in Section 20.2.4.3. A qualifying derate event, subject to impact quantification pursuant to the procedures in Section 20.2.4.3, occurs when the rating limit used in the Day-Ahead Market is lower than the rating limit that was assumed in the relevant TCC auction.

The MW quantity of the impact for qualifying uprate and derate events resulting from the implementation of the requirements of Order No. 881 is measured by subtracting the rating limit assumed for the affected transmission facility in the relevant TCC auction from the rating limit used for such facility in the Day-Ahead Market. The NYISO proposes to modify the descriptions for the "$UprateDerate_{a,h}$" variable in Formula N-5 (contained in Section 20.2.4.1) and the "$RatingChange_{a,h,r}$" variable in Formula N-11 (contained in Section 20.2.4.3) to specify this calculation.

Pursuant to the existing procedures set forth in Section 20.2.4.3, qualifying uprate and derate events are limited to evaluating the secondary impacts of qualifying outage and return-to-service events. As a result, Section 20.2.4.5.1 contains special rules to "zero out" surplus payments and/or shortfall charges if a Member System assigned such payments and/or charges is not otherwise responsible for any qualifying events. The new category of qualifying uprate and derate events related to the transmission facility rating limit requirements of Order No. 881 is not dependent on the existence of a qualifying outage or return-to-service event. Therefore, the NYISO proposes to exclude shortfall charges and surplus payments for this new category of qualifying uprate and derate events from the potential for being zeroed out pursuant to Section 20.2.4.5.1. The NYISO also proposes clarifying revisions in Section 20.2.4.5.1 to exclude consideration of the new category of uprate and derate events when applying this logic to all other payments and charges assigned to a Member System for other qualifying event categories. As a result, payments and/or charges for qualifying uprate and derate events related to the implementation of the transmission facility rating limit requirements of Order No. 881 will not be zeroed out pursuant to Section 20.2.4.5.1. A Member System allocated payments and/or charges for this new category of qualifying uprate and derate events will be invoiced for the net amount of such settlements. However, if such Member System were not responsible for any other category of qualify event, payments and charges to that Member System for other qualifying event categories remain subject to being zeroed out in accordance with Section 20.2.4.5.1.

The NYISO proposes clarifying revisions to Section 20.2.4.4.1 to address the assignment of payments and charges for the new category of qualifying uprate and derate events related to the transmission facility rating limit requirements of Order No. 881. These payments and charges will be assigned to the Member System that owns the transmission facility at issue. If the transmission facility is owned by more than one Member System, the applicable payments and charges are apportioned to the owning Member Systems in proportion to the percentage ownership interest of the transmission facility held by each relevant Member System.

The NYISO also proposes to apply the new congestion settlements related to the transmission facility rating limit requirements of Order No. 881 to Primary Holders of Incremental TCCs. To do so, the NYISO proposes to modify Section 19.2.4.10 of Attachment M of the OATT to identify this new category of operational status-related settlements for the transmission facilities composing a project that is awarded Incremental TCCs.[41] For these settlements, the NYISO will include such transmission facilities as part of the procedures set forth in Section 20.2.4.3. Utilizing the modified procedures in Section 20.2.4.3 described above, the NYISO will also identify and assign any payments and charges for the new category of qualifying uprate and derates events for transmission facilities that compose projects awarded Incremental TCCs. The NYISO's proposal does not modify the current procedures for awarding Incremental TCCs or assessing outage cost settlements for periods during which the transmission facilities (or components thereof) that compose a project awarded Incremental TCCs are modeled as out-of-service in the Day-Ahead Market.

Broadening the Day-Ahead Market congestion settlement procedures in Section 20.2.4.3 of Attachment N to include consideration of transmission facilities that compose projects awarded Incremental TCCs requires clarifying revisions to various portions of Attachment N to account for this new category of facilities being evaluated. The NYISO proposes clarifying revisions to the description of certain variables within the formulas set forth in Section 20.2 of Attachment N to account for the inclusion of Primary Holders of Incremental TCCs for purposes of identifying payments and charges for the new category of qualifying uprate and derate events related to the transmission facility rating limit requirements of Order No. 881. These clarifying revisions are included within variables for the following formulas: (1) Formula N-1 (contained in Section 20.2.1); (2) Formula N-12 (contained in Section 20.2.4.3.2); and (3) Formula N-14 (contained in Section 20.2.4.5.1). To account for the expansion of the procedures set forth in Section 20.2.4.3 to include transmission facilities that compose projects awarded Incremental TCCs, the NYISO also proposes clarifying revisions within the last paragraph of Section 20.1.1 and the first sentence of Section 20.2.4.5.1.

Applying the new congestion settlements related to the transmission facility rating limit requirements of Order No. 881 to Primary Holders of Incremental TCCs also requires revisions to certain Commission-approved rate schedules addressing regulated transmission cost recovery for projects awarded Incremental TCCs. The affected rate schedules are as follows: (1) Rate Schedule 10; (2) Rate Schedule 12; (3) Rate Schedule 13; (4) Rate Schedule 15; (5) Rate Schedule 16; and (6) Rate Schedule 17. These rate schedules require the facility owner to request Incremental TCCs for the transmission projects covered by such rate schedules. The financial value of such Incremental TCCs serves as an offset to the Commission-authorized revenue requirement that is otherwise recovered from the applicable Transmission Customers pursuant to the OATT, while also accounting for the value of any settlements imposed due to impacts from changes in the operational status of the transmission facilities that compose the

[41] The NYISO proposes to include a new subsection 19.2.4.10.2 to address this new settlement category. The existing outage cost settlement rules for Incremental TCCs will be renumbered as subsection 19.2.4.10.1.

project awarded Incremental TCCs. Currently, the affected rate schedules only account for outage cost settlements described in Section 19.2.4.10 of Attachment M of the OATT.

The NYISO proposes substantially similar revisions within each of these rate schedules. The proposed edits broaden the language within each rate schedule describing payments and charges for operational status impacts of the transmission facilities that compose the project awarded Incremental TCCs to account for the new category of congestion settlements related to transmission facility rating limit requirements of Order No. 881.[42] The NYISO also proposes to revise the description of the relevant variable addressing operational status settlements within the formula for calculating the relevant transmission charges pursuant to each rate schedule. These proposed revisions similarly expand the scope of this variable to account for this new category of congestion settlements.

At the time of submitting this compliance filing, two additional rate schedules (*i.e.*, Rate Schedule 18 and Rate Schedule 19) have been proposed by certain entities and remain pending before the Commission.[43] These pending rate schedules are substantially similar to the above-referenced existing rate schedules. Accordingly, if the Commission accepts this compliance filing and the pending rate schedules, the NYISO respectfully requests that the Commission direct the NYISO to submit a subsequent compliance filing in this proceeding to incorporate within such additional rate schedules similar revisions to those proposed herein.

V. Effective Date

In Order No. 881, the Commission required that all requirements adopted herein be implemented no later than three years from the compliance filing due date.[44] Based on this requirement, the NYISO respectfully requests that the Commission allow use of a flexible effective date for these tariff revisions. Consistent with the requirements of Order No. 881, the NYISO plans to implement the tariff revisions proposed herein by July 12, 2025.[45] The NYISO is currently unable to propose a precise effective date for the tariff revisions described in this filing due to the time required for software development, testing, and deployment that must be scheduled and completed prior to selecting a specific date. Consistent with previous matters in which it has requested a flexible effective date, the NYISO proposes to submit a compliance filing at least two weeks prior to the proposed effective date that will specify the date on which the revisions will take effect. Consistent with Commission precedent, such filing will provide

[42] As described above, this new category of settlements will be assessed to Primary Holders of Incremental TCCs in accordance with proposed Section 19.2.4.10.2 of Attachment M of the OATT.

[43] *See* Docket No. ER22-1201-000, *Niagara Mohawk Power Corporation*, Proposal for Cost Recovery of the Smart Path Connect Project (March 4, 2022); and Docket No. ER22-2154-000, *Central Hudson Gas & Electric Corporation, et al.*, Proposed Addition of Rate Schedule 19 to NYISO OATT (June 21, 2022).

[44] Order No. 881 at P 361.

[45] At the time of this filing, the NYISO is currently targeting to implement its proposed tariff revisions on or before July 9, 2025.

adequate notice to the Commission and Market Participants of the implementation of the Order No. 881 requirements.[46] Such an effective date complies with the directives of Order No. 881, while affording the NYISO time to develop the software required to support the tariff revisions proposed herein and to coordinate the software deployment closer in time to the requirements taking effect.

VI. Service

The NYISO will send an electronic link to this filing to the official representative of each party to this proceeding, to the New York State Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, a complete copy of this filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will send an electronic link to this filing to the official representative of each of its customers and each participant on its stakeholder committees.

VII. Conclusion

The NYISO respectfully requests that the Commission accept this compliance filing, without modification, to become effective on a date specified in a future compliance filing as described in Section V above.

Respectfully submitted,

/s/ James H. Sweeney
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[46] *See, e.g., New York Indep. Sys. Operator, Inc.*, 106 FERC ¶ 61,111 at P 10 (2004); Docket No. ER 11-2544-000, *New York Indep. Sys. Operator, Inc.*, Letter Order at 1 (February 10, 2011); Docket No. ER15-485-000, *New York Indep. Sys. Operator, Inc.*, Letter Order at 2 (January 15, 2015); *New York Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,057 at P 20 (2015).

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 12th day of July 2022.

/s/ Mitchell W. Lucas

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