

May 1, 2023

By Electronic Delivery

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: New York Independent System Operator, Inc.; NAESB Compliance Filing and Request for Waivers; Docket Nos. RM05-5-029, RM05-5-030, ER23-____

Dear Ms. Bose:

Pursuant to the Commission's direction in *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-J, the New York Independent System Operator, Inc. ("NYISO") respectfully submits this compliance filing and request for waivers of certain North American Energy Standards Board ("NAESB") Wholesale Electric Quadrant ("WEQ") business practice standards.

I. LIST OF DOCUMENTS SUBMITTED

Along with this filing letter, the NYISO submits the following documents:

1. a blacklined version of the NYISO's proposed revisions to Section 5.12 of its Market Administration and Control Area Services Tariff ("Services Tariff") (Attachment I);
2. a clean version of the NYISO's proposed revisions to Section 5.12 of its Services Tariff (Attachment II);
3. a blacklined version of the NYISO's proposed revisions to Section 2.17 of its Open Access Transmission Tariff ("OATT") (Attachment III); and
4. a clean version of the NYISO's proposed revisions to Section 2.17 of its OATT(Attachment IV);

II. EFFECTIVE DATE

NYISO requests that the proposed tariff revisions become effective no earlier than November 1, 2023.

III. INCORPORATION BY REFERENCE OF CERTAIN NAESB BUSINESS PRACTICE STANDARDS

In its tariff revisions, the NYISO proposes to incorporate, by reference, the following NAESB business practice standards into its OATT and Services Tariff:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.1, September 30, 2015) (including only the definitions of Interconnection Time Monitor, Time Error, and Time Error Correction);
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.3, March 30, 2020);
- WEQ-001, Open Access Same-Time Information Systems (OASIS), ([WEQ] Version 003.3, March 30, 2020), except as set forth below;
- WEQ-004, Coordinate Interchange (WEQ Version 003.3, March 30, 2020), except as set forth below;
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.3, March 30, 2020);
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, Sept. 30, 2015);
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.3, March 30, 2020);
- WEQ-008, Transmission Loading Relief (TLR)—Eastern Interconnection (WEQ Version 003.3, March 30, 2020);
- WEQ-011, Gas/ Electric Coordination (WEQ Version 003.3, March 30, 2020);
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.3, March 30, 2020);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.3, March 30, 2020);
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.3, March 30, 2020);
- WEQ-022, Electric Industry Registry (WEQ Version 003.3, March 30, 2020); and
- WEQ-023, Modeling (WEQ Version 003.3, March 30, 2020).

IV. NYISO REQUEST FOR WAIVERS OF CERTAIN NAESB BUSINESS PRACTICE STANDARDS

In an Order on Compliance and Request for Waivers issued March 7, 2022 in Docket Number ER21-2526-000, the Commission granted numerous requests to continue previously granted, long-standing waivers at the time that WEQ Version 003.2 was adopted, noting good cause shown.¹ The NYISO asks that the Commission continue for WEQ Version 003.3 the waivers it granted NYISO at that time, as the NYISO's "financial reservation" transmission

¹ 178 FERC ¶ 61,165 at P 17.

model renders numerous of these business practice standards inapplicable to NYISO and its Market Participants.

1. The NYISO's "Financial Reservation" Transmission Model

As the NYISO has explained in the past, its "financial reservation" transmission model, approved by the Commission in 1999,² differs substantially from the "physical reservation" model contemplated by the Order No. 890 *pro forma* OATT.

When customers reserve transmission service under the physical reservation model, they choose between Point-to-Point Transmission Service between a point of receipt and a point of delivery or Network Integration Transmission Service ("NITS"), in which the Transmission Customer³ reserves physical capacity by designating Network Resources that are to be used to serve designated Network Load.

The NYISO's financial reservation model essentially provides a bid-based, financial rights version of Point-to-Point Transmission Service. It uses Locational Based Marginal Pricing ("LBMP") to manage congestion and to operate bid-based spot markets. With the exception of transactions over inter-regional controllable Scheduled Lines operated by neighboring system operators,⁴ the NYISO's system does not provide for customers to make express, physical reservations of transmission service such as those contemplated by NITS.⁵ Instead, customers schedule transmission service implicitly when they submit spot market energy schedules or arrange for bilateral transactions.⁶ Customers can schedule transactions between any two points so long as doing so is not inconsistent with security-constrained economic dispatch. All desired uses of the transmission system are scheduled to the extent that customers are willing to pay congestion charges, which can be hedged using financial rights. The NYISO continuously redispatches participating resources connected to the New York Control Area on a security-constrained, least-cost basis to alleviate potential overloading of the transmission system.

² See, e.g., *Central Hudson Gas & Elec. Corp.*, 86 FERC ¶ 61,062 (1999) and *Central Hudson Gas & Elec. Corp.*, 88 FERC ¶ 61,138 (1999).

³ Capitalized terms not otherwise defined in this Request are as defined as in the *pro forma* OATT, unless otherwise specified.

⁴ "Scheduled Lines" are defined in Section 1.19 of the NYISO OATT. Four of the five Scheduled Lines are operated by neighboring systems, which operate them on a basis that is more comparable to a traditional physical reservation system than the NYISO's financial reservation model.

⁵ The NYISO previously allowed for "pre-scheduled" transactions at External Interfaces that had some of the attributes of long-term physical reservations. But the "pre-scheduling" option was almost entirely unused for years and was ultimately eliminated. See November 2, 2010 Letter Order, Docket No. ER10-2517-000. The NYISO believes that the sustained lack of interest in pre-scheduling demonstrates that the NYISO's financial reservation model is consistent with or superior to the physical reservation model.

⁶ See e.g., *Central Hudson Gas & Elec. Corp., et al., Filing in Compliance with the Commission's Order of January 27, 1999 regarding the Comprehensive Proposal to Restructure the New York Wholesale Electric Market*, Appendix A, Affidavit of J. Stephen Henderson and Appendix B, Explanation of Deviations from the Pro Forma tariff, Docket No. ER97-1523 (filed April 30, 1999) (the "April 1999 Filing").

The Commission has consistently found that these variations from the *pro forma* OATT are “consistent with or superior to the *pro forma* OATT.”⁷ Since 1999, the Commission has approved substantial revisions to the NYISO OATT to reflect those fundamental differences, specifically to reflect the fact that the NYISO effectively offers a single form of financial reservation-based transmission service within a framework of LMBP and continuous economic redispatching.⁸

2. Explanation for Why FERC Previously Granted NYISO’s Waivers

For each standard and requirement identified here, the rationale the Commission set forth for granting each waiver is unchanged today. The revisions made by NAESB from WEQ Version 003.2 to Version 003.3 do not change or lessen the reasons set forth by NYISO for seeking the prior waivers, or alter FERC’s stated justification for granting them. If the Commission were to require the NYISO to comply with any of these standards, neither the NYISO’s customers nor the Commission itself would receive any useful or relevant information. The NYISO would in many cases also be faced with unnecessary and expensive compliance burdens. Consequently, NYISO asserts that circumstances warrant continuing the following waivers:

A. WEQ-001, Version 003.3

The NYISO requests continued waiver from WEQ Standards 001-2, 001-3, 001-4, 001-5, 001-6, 001-7, 001-8, 001-9, 001-10, 001-11, 001-12, 001-13.1.3(c), 001-14, 001-15, 001-16, 001-17, 001-18, 001-19, 001-20, 001-21, 001-22, 001-23, 001-101 through 001-107.3.1, 001-Appendix A and 001-Appendix B.

WEQ Standards 001-2, 001-3, 001-4 and 001-6 all relate to submission and management of requests for physical transmission service, which the NYISO does not offer; therefore they are not applicable to NYISO or its Market Participants.

WEQ Standard 001-2.5.10 is not applicable to NYISO because NYISO’s OATT does not have the *pro forma* OATT Schedule 9 Generator Imbalance provisions.

WEQ Standard 001-5 relates to requirements in the Commission’s OASIS regulations governing the posting of ancillary services information. NYISO procures ancillary services

⁷ See, e.g., *New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 at P 13 (2008) and *New York Independent System Operator, Inc.*, 125 FERC ¶ 61, 274 at P 13 (2008).

⁸ See, e.g., *Central Hudson Gas & Elec. Corp.*, 86 FERC ¶ 61,062 (1999) and *Central Hudson Gas & Elec. Corp.*, 88 FERC ¶ 61,138 (1999). See also *New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 at P 13 (2008) (conditionally approving the NYISO’s Order No. 890 compliance filing and acknowledging the substantial differences between the NYISO’s tariffs and the *pro forma* OATT related to the NYISO’s use of a financial reservation model). The Commission also recognized that many ISOs and RTOs administer markets that differ substantially from the model of the *pro forma* OATT and noted that the Commission did not intend to “upset” those market designs.

through its administration of bid-based markets or by paying cost-based compensation to suppliers and has been granted waivers from the underlying OASIS regulations.

WEQ Standard 001-7 governs “Next Hour Market Service,” a voluntary service that is not offered under NYISO’s financial reservation system.

WEQ Standard 001-8 concerns multiple, identical transmission service requests, which the NYISO does not receive due to its financial reservation system.

WEQ Standards 001-9 and 001-10 address redirect requests, which the NYISO does not utilize as they relate to modifications to physical transmission reservations.

WEQ Standards 001-011 and 001-012 govern resales and transfer requests, which the NYISO system does not use as transmission customers do not expressly reserve Point-to-Point Transmission Service and do not have transmission service reservations to reassign.

WEQ Standards 001-14, 001-15, and 001-16 require posting of zero Available Transmission Capability (“ATC”) narratives, additional ATC change narratives, and addressing ATC or AFC methodology questions, which are inapplicable to the NYISO, as ATC is used by NYISO only as an instantaneous indication of the existence of uncongested transmission paths. Additionally, these standards require the posting of this information using the systemdata template, which NYISO does not use.

WEQ Standard 001-17 requires the posting of actual daily peak load and final forecasted system-wide load using the OASIS systemdata template. NYISO posts this information, but does not do so using the systemdata template.

WEQ Standard 001-20 requires Transmission Providers to post information relevant to rollover rights upon approving a Long-Term Firm Point-to-Point request with rollover rights. The NYISO OATT has never included the *pro forma* OATT rollover right provisions and does not provide for Long-Term Point-to-Point Transmission Service. Accordingly, the NYISO does not have information to post pursuant to this standard.

WEQ Standard 001-21 requires Transmission Providers to post information regarding granting and managing a Conditional Curtailment Option. The NYISO OATT does not include the *pro forma* OATT provisions for conditional firm service as the Commission has found that it was unnecessary for ISOs/RTOs administering real-time energy markets, such as the NYISO, to adopt those provisions. Further, waiver is supported by the language of Appendix 001-C to WEQ-001, which provides that Conditional Firm Service-related requirements do not apply to RTOs and ISOs that administer real-time energy markets.

WEQ Standard 001-22 requires Transmission Providers to post all scheduled uses of Capacity Benefit Margin (“CBM”) and curtailments of these schedules. As recognized in

Attachment C of the NYISO OATT, the NYISO does not set-aside transmission capacity as CBM in this way⁹ and, therefore, CBM is not relevant within the NYISO's market design.

WEQ Standards 001-23 through 001-23.9 require Transmission Providers to independently evaluate their portion of a linked transmission service request with the opportunity for customer reconciliation once all evaluations are complete. NYISO requests continued waiver of the SAMTS Standards to the extent that the Commission determines that NYISO is not exempt from them based on the language of the standards themselves, which state that they do not impose new compliance obligations on Transmission Providers—like NYISO—that have already been granted waivers from WEQ-001.

WEQ Standards 001-101 through 001-107.3.1, concerning NITS, are designed to enhance the physical reservation regime that is contemplated by the *pro forma* OATT and implemented through OASIS functions designed for physical reservation models. The NYISO OATT includes NITS provisions that are similar to the *pro forma* OATT version in certain ways. However, in NYISO's system, NITS is not a superior form of service, but is the functional equivalent of Point-to-Point Transmission Service. Although the NYISO OATT presents NITS and Point-to-Point Transmission Service separately, the opportunities that they provide to customers are functionally identical. Since its inception, the NYISO has never provided—and no Transmission Customer has ever formally requested—NITS service.

WEQ-001 Appendix A and Appendix B are relevant to the processing of multiple and identical transmission service requests and redirect requests. The NYISO does not use a physical transmission reservation system to facilitate transmission service requests.

B. WEQ-002, Version 003.3

The NYISO seeks to continue its full waiver from WEQ-002.

Standards WEQ-002-4.2.10, WEQ-002-4.2.11, WEQ-002-4.2.12, WEQ-002-4.3 and WEQ-002-4.4 establish naming conventions and other procedural requirements related to the processing of physical transmission reservations that are not relevant under the NYISO's financial reservation model, as the Commission has previously recognized in its orders granting waivers of these standards and the underlying OASIS regulations.

Standard WEQ-002-4.3.6.2.1 concerns rollover right provisions. The NYISO does not have information to post pursuant to this standard.

Standard WEQ-002-4.3.6.2.2 addresses conditional firm service, which the Commission has found was unnecessary for ISOs/RTOs administering real-time energy markets.

⁹ Section 9.7 of Attachment C to the NYISO OATT provides that the NYISO “shall not set aside transmission capacity as CBM but shall maintain a CBM Implementation Document (“CBMID”) in compliance with the requirements of MOD-004-1, or its successors.” The CBMID states that NYISO “shall not set aside transmission capacity as CBM when calculating ATC or otherwise in developing SCUC and RTS market schedules.”

The remainder of Standard WEQ-002 simply describes the processes for complying with the obligations set forth in WEQ-001— which the NYISO seeks to continue its waivers from— such as establishing network architecture, information access, interface, and performance requirements.

C. WEQ-003, Version 003.3

The NYISO requests a continued waiver from WEQ-003 in its entirety.

This standard includes a list of technical data element definitions, “element names,” and file formats which were designed with physical reservation systems in mind that are not relevant under the NYISO’s financial reservation model.

D. WEQ-004, Version 003.3

The NYISO requests a continued waiver from WEQ-004-3, 004 Appendix A and Appendix C, as they establish requirements related to the use of physical transmission reservations in the interchange process that are not relevant to the NYISO because it does not receive or support physical transmission reservation requests.

NYISO also seeks a continued waiver of Standard 004-18, which requires “that all scheduled use of a Transmission Provider’s transmission capacity set-aside for Capacity Benefit Margin in support of energy imports into a load Balancing Authority Area served by the Transmission Provider shall be uniquely represented in all Requests for Interchange submitted to the IA.” NYISO does not set aside transmission capacity as CBM in this way.

E. WEQ-013, Version 003.3

The NYISO seeks to continue its waiver to WEQ-013 in its entirety. Standard WEQ-013 establishes an OASIS Implementation Guide that outlines the basic OASIS transaction process, and provides additional requirements and guidance for processing specific types of business transactions in OASIS under a physical reservation model.

F. WEQ-023, Version 003.3

NYISO seeks to continue its waivers to the requirements contained in WEQ Standard 23, Requirements 5 and 6, in their entirety. WEQ-023 requires Transmission Providers to incorporate Postbacks of redirected services in its ATC postings. As the NYISO’s system does not use redirect requests, the NYISO does not have Postbacks to incorporate in its ATC postings. It also requires Transmission Providers to identify the treatment of grandfathered agreements in the ETC component of its ATC/AFC calculations. Although the NYISO has grandfathered transmission arrangements, as listed in Attachment L to the NYISO OATT, it does not make express physical transmission reservations in connection with them and does not account for grandfathered agreements as part of ETC. As recognized in Attachment C of the NYISO OATT,

the NYISO does not set aside transmission capacity as ETC.¹⁰ The NYISO therefore does not have any information on grandfathered capacity reservations to identify in the ATC/AFC calculations.

WEQ-023 Appendix A provides a table identifying “potential Postback and the conditions for use by the Transmission Provider in the determination of firm and non-firm ATC or AFC.” The NYISO’s system does not use redirect requests; therefore, the NYISO does not have Postbacks to incorporate in its ATC postings.

3. Request for Waiver of WEQ-001-13.2, WEQ-001-26, WEQ-001-27, and WEQ-001-28

The NYISO requests a waiver of new business practice standards WEQ-001-13.2, WEQ-001-26, WEQ-001-27, and WEQ-001-28.

WEQ Standard 001-13.2 concerns provision of redispatch services. The Commission has previously granted NYISO waivers for similar standards because NYISO continuously redispatches the transmission system to meet load and support requests for firm transmission service using its bid-based, security-constrained economic dispatch/redispatch process and does not offer the more limited redispatch services found in the *pro forma* OATT. WEQ 001-026 and 001-027 pertain to management of requests for firm physical transmission service and are not relevant to the NYISO because it does not receive or support physical transmission reservation request. WEQ 001-028 establishes curtailment procedure posting requirements for scheduling firm physical transmission service, which is not relevant under the NYISO’s financial reservation model.

V. CORRESPONDENCE

Communications regarding this proceeding should be addressed to:

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¹⁰ Section 9.7 of Attachment C to the NYISO OATT provides that the NYISO “shall not set aside transmission capacity as ETC when calculating ATC or otherwise in developing SCUC and RTS market schedules.”

*Designated for receipt of service.

VI. SERVICE

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

VII. CONCLUSION

The NYISO respectfully requests, for the reasons specified above, that the Commission accept this Compliance Filing and grant the NYISO the waivers sought in Section IV of this filing.

Respectfully submitted,

/s/ Christopher R. Sharp

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 1st day of May 2023.

/s/ Mitchell W. Lucas

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