

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

New York Independent System Operator, Inc.)

Docket No. ER12-1155-000

**MOTION TO INTERVENE AND COMMENTS IN SUPPORT BY
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rules 212 and 214 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214 (2011), the New York Independent System Operator, Inc. ("NYISO") moves to intervene and comment in support of the February 24, 2012 tariff filing by ISO New England ("ISO-NE") and the New England Power Pool ("NEPOOL") (together the "Filing Parties") in the above-captioned proceeding.¹ As discussed below, the Filing Parties have proposed to amend the ISO-NE Transmission, Markets and Services Tariff by adding a set of market rules known as Coordinated Transaction Scheduling ("CTS"). CTS is designed to enhance the efficiency of energy trading over ISO-NE's external border with New York and, once in place, is expected to significantly lower the cost of energy for market participants in both the ISO-NE and the NYISO regions. The NYISO supports this filing and urges the Commission to approve it.

¹ ISO New England Inc. and New England Power Pool, Market Rule 1 Revisions Related to Coordinated Transaction Scheduling, Docket ER12-1155-000 (filed Feb. 24, 2012) ("NE Filing").

I. COMMUNICATIONS

All communications, pleadings, and orders with respect to this proceeding should be to:

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II. COMMENTS

The Filing Parties propose to implement CTS to improve the efficiency of external energy transactions with the NYISO.² The NYISO filed companion amendments to its tariffs on December 28, 2011.³

The NYISO agrees with the Filing Parties that CTS can be expected to reduce customers' energy expenditures in both regions by \$100 million or more annually.⁴ These savings originate in two results expected from CTS implementation - an increase in the utilization of existing transmission capacity to move energy more often from the lower price region to the higher price region and a reduction in the utilization of transmission capacity for counter-intuitive flows or

² As the Filing Parties explain, CTS is proposed to be implemented initially at two interconnection points with New York - the New York Northern AC interface and the Northport-Norwalk interconnection. NE Filing at p. 3. *See also*: NYISO Filing at p. 1

³ New York Independent System Operator, Inc., Proposed Tariff Amendments to Add External Coordinated Transaction Scheduling Market Rules and Request for Waiver Docket ER12-701-000 (filed Dec. 28, 2011) ("NYISO Filing"). Once CTS is approved, the NYISO expects to expand the use of CTS to transactions at several interconnection points with its other neighbors, such as PJM, through further tariff filings over the next several years. NYISO Filing at fn 25.

⁴ See the estimate in savings of between \$387 million and \$417 million over a three-year period. NE Filing at p. 9. This estimate, also referenced in the NYISO Filing at p. 4 and Attachment VI, was developed by the ISO-NE External Market Monitor, Potomac Economics, which also serves as the NYISO Market Monitoring Unit.

trades from the higher cost region to the lower cost region.⁵ Increased transmission capacity utilization will lower the combined cost of generation in the two regions by further displacing higher cost generation in one region with lower-cost generation from the other. Reducing counter-intuitive flows will avoid schedules between the regions that require the exporting region to increase production from higher-cost resources while simultaneously causing the importing region to displace lower cost generation.⁶

These CTS-based improvements in external transactions are vital as the existing inefficiencies on the system are fairly prevalent. As the Filing Parties explain, data suggests that ISO-NE and the NYISO (“the ISOs”) are currently scheduling power from the high-cost region to the low cost region 44 percent of the time.⁷ To support these counter-intuitive trades, as mentioned, the exporting region must increase production from higher-cost resources while, simultaneously, the importing region must displace lower cost generation. Even when power is moving efficiently from the low-cost to the high-cost region, the data also suggest that significant transmission capacity is left unused. Until remedied, these inefficiencies leave the production cost savings that can be reasonably expected from efficient external transactions unrealized and unavailable to the ISOs’ market participants.

The ISOs still have work to do but both expect to be ready to implement this new market design sometime towards the end of 2013 or the first half of 2014.⁸ The NYISO encourages the Commission to consider the Filing Parties’ submission in this docket and the NYISO’s CTS

⁵ NE Filing at p. 6.

⁶ *Id.*

⁷ NE Filing at p. 8.

⁸ NE Filing at p. 2; NYISO Filing at p. 7.

filing in ER12-701-000 concurrently and to issue Orders accepting the tariff revisions for both regions within sixty days of this filing – April 24, 2012.

III. MOTION TO INTERVENE

The NYISO, the balancing authority and transmission grid operator for the New York Control Area, administers market rules for exporting and importing energy from ISO-NE. It has filed substantially similar tariff amendments with the Commission in order to allow it and ISO-NE to implement CTS in their Control Areas simultaneously.⁹ However, it cannot implement its market rule enhancements without concurrent implementation by ISO-NE. The NYISO, therefore, has a direct and substantial interest in the Commission's decision in this proceeding, which no other party can adequately represent. Accordingly, it is in the public interest to permit this intervention.

IV. CONCLUSION

For the reasons stated herein, the NYISO asks the Commission to grant its motion to intervene and to grant the relief described herein.

Respectfully submitted,

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Dated: March 16, 2012

⁹ See: NYISO Filing referenced at fn 2.

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 16th day of March, 2012.

/s/ Joy A. Zimmerlin

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