

Attachment XVI

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

New York Independent System Operator, Inc.

Docket No. ER13-____-000

**AFFIDAVIT OF
EMILIE NELSON**

Ms. Emilie Nelson declares:

1. I have personal knowledge of the facts and opinions herein and if called to testify could and would testify competently to the facts set forth below.

I. Purpose of this Affidavit

2. The purpose of this Affidavit is to explain certain proposed revisions to the New York Independent System Operator, Inc.'s ("NYISO's") Market Administration and Control Area Services Tariff ("Services Tariff") and Open Access Transmission Tariff ("OATT"). The revisions that I address specify that External capacity not associated with Unforced Capacity Deliverability Rights ("UDRs"), including capacity associated with External CRIS Rights,¹ Grandfathered External Agreements listed in Attachment E of the Installed Capacity Manual, 1080 MW of External capacity arising from Existing Transmission Capacity for Native Load ("ETCNL") for New York State Electric & Gas ("NYSEG"),² and Import Rights acquired pursuant to the "first-come, first-served" process may not be used to satisfy the Locational Minimum Installed Capacity Requirement ("LCR") of a Load Serving Entity ("LSE") in the proposed G-J Locality, just as it cannot now be used to satisfy the LCR of either existing Locality (*i.e.*, Load

¹ Terms with initial capitalization not defined herein shall have the meaning set forth in the Services Tariff and if not defined therein, then as defined in the filing in which this Affidavit is incorporated.

² See n. 59 of the filing letter to which this Affidavit is attached.

Zone J or Load Zone K).³ External capacity would also not be permitted to be offered into an Installed Capacity (“ICAP”) Auction for a Locality.

3. This Affidavit also explains that External capacity associated with UDRs into a Locality is not now, and will not be, subject to these limitations. The same rule would apply after creation of the G-J Locality.
4. In addition, this Affidavit explains that the NYISO considered stakeholder requests that a portion of External capacity not associated with UDRs be treated like External capacity associated with UDRs and why the NYISO is not supporting those requests at this time.
5. Finally, this Affidavit explains that the NYISO’s proposed Services Tariff revisions pertaining to External capacity not associated with UDRs are consistent with its proposed revisions to its deliverability methodology and the manner in which that methodology considers External ICAP.

II. Qualifications

6. My name is Emilie Nelson. I am the Director of Operations for the NYISO. My business address is 10 Krey Boulevard, Rensselaer, NY 12144.
7. My responsibilities include overseeing the daily operation of the ISO Day-Ahead and Real-Time Energy Markets and validation of the prices produced in those markets, and the operation of the NYISO Transmission Congestion Contract and Installed Capacity markets, and other NYISO administered markets. I also represent the NYISO in its shared-governance process, including improving the efficiency of market outcomes and supporting the development of corporate market design initiatives in collaboration with NYISO personnel and external stakeholders, as well as other Independent System Operators and Regional Transmission Operators.
8. I have 14 years of experience in electric system operations and have held my current position at the NYISO since December 2011. Prior to holding my current position, I was the NYISO’s Manager of Operations Performance and Analysis. Prior to working for the NYISO, I worked in power generation as an engineer.

³ A new defined term of “G-J Locality” is proposed in the filing letter to which this Affidavit is attached.

9. I hold a Master of Business Administration in Financial Management from Pace University and a Bachelor of Science in Mechanical Engineering from Tufts University.

III. Explanation of Proposed Tariff Revisions Regarding the Ability of External Capacity to Satisfy the G-J Locality LCR

10. The NYISO is proposing revisions to Section 5.12 of the Services Tariff to specify that External capacity cannot be used to satisfy an LSE's LCR in the G-J Locality, just as it cannot be used to satisfy a Locality J or K LCR. The revisions also specify that External capacity cannot be offered into a Locality for an ICAP Auction or in a Bilateral Transaction certified for a Locality. Finally, the proposed revisions specify that External capacity associated with UDRs is not subject to these limitations.
11. Each Locality's LCR is set as "[t]he portion of the NYCA Minimum Installed Capacity Requirement that must be electrically located within a Locality, or [be associated with a UDR], in order to ensure that sufficient Energy and Capacity are available in that Locality and that appropriate reliability criteria are met."⁴ Although it is possible that some portion of the Energy associated with External capacity resources may satisfy a Locality's needs under certain circumstances, there is no assurance that it will actually do so. Section 5.12.2 of the Services Tariff requires only that External capacity demonstrate that it is deliverable to the New York Control Area ("NYCA") interface.
12. Unless External capacity is associated with controllable transmission equipment that is considered a Scheduled Line (*i.e.*, a UDR), there is no assurance it will satisfy a Locality's needs. Based on my own knowledge of past and current NYISO operations and my expectations regarding future operating conditions, there is little or no certainty that External capacity that is not associated with a Scheduled Line will satisfy a Locality's needs, although it can contribute to satisfying the needs of the Rest of State. The creation of the G-J Locality does not change the fact that there is no guarantee or expectation that capacity scheduled over Proxy Generator Buses that are not Scheduled Lines will satisfy the Locality's needs.

⁴ Services Tariff Section 2.12 at definition of "Locational Minimum Installed Capacity Requirement." The NYISO's filing in which this Affidavit is incorporated proposes clarifying revisions to the definition of "LCR"; however, none of those proposed revisions alter the meaning of that definition.

13. Because non-UDR External capacity cannot be counted on to satisfy a Locality's needs, it should not be counted towards the G-J Locality's LCR. The eligibility of External capacity to satisfy the G-J Locality LCR would not be different than the restriction on it for the Locality J or K LCR. As with the current rules, the reasoning is equally applicable to each category of External capacity referenced in the NYISO's proposed tariff revisions. Specifically, capacity associated with External CRIS Rights, Grandfathered External Agreements listed in Attachment E of the Installed Capacity Manual, NYSEG's 1080 MW of ETCNL, and Import Rights acquired pursuant to the "first-come, first-served" process, is only required to be deliverable to the NYCA. It is impossible for External capacity and the associated Energy, when called upon, to be controlled to be made deliverable to any existing Locality or the proposed G-J Locality.
14. Although the restriction under the current rules has been consistently and uniformly applied, given the creation of the New Capacity Zone ("NCZ"), I think that it is important that Section 5.12.1 of the Services Tariff be clarified to unambiguously specify that non-UDR External capacity "is only qualified to satisfy a NYCA Minimum Unforced Capacity Requirement and is not eligible to satisfy a Locational Minimum Installed Capacity Requirement." Such External capacity will continue to be eligible to meet the capacity requirements in the "new" Rest of State, *i.e.*, Load Zones A through F.⁵
15. Currently, non-UDR External capacity can only be offered into the Rest of State for a Capability Period Auction or Monthly Auction, certified for NYCA Minimum Unforced Capacity Requirements, and offered into the NYCA for an ICAP Spot Market Auction. It is appropriate to apply that same rule to the G-J Locality. Today, Load Zones G, H, and I are part of the Rest of State; however, under the proposed tariff revisions, after the creation of the NCZ, they will be excluded from the Rest of State. It is therefore important to add the following clarifying language to Section 5.12.8.

External Unforced Capacity (except External Installed Capacity associated with UDR(s)) may only be offered into Capability Period Auctions or Monthly Auctions for the Rest of State, and

⁵ Pursuant to the NYISO's proposal, the Services Tariff definition of "Rest of State" would be revised so that Load Zones G, H, and I are excluded. Therefore, it would include "all NYCA LBMP Load Zones other than LBMP Load Zones G, H, I, J and K." *See* Filing Letter at 14.

ICAP Spot Market Auctions for the NYCA, and may not be offered into an ICAP Auction for a Locality. Bilateral Transactions which certify External Unforced Capacity using Import Rights may not be used to satisfy a Locational Minimum Unforced Capacity Requirement. . . .

16. External capacity associated with UDRs is differently situated than all other types of External capacity. The definition of UDRs specifies that they “allow such Unforced Capacity to be treated as if it were located in the NYCA Locality, thereby contributing to an LSE’s Locational Installed Capacity Requirement.”⁶
17. The nature of a UDR as a right allowing capacity associated with a controllable transmission facility that is a Scheduled Line into a Locality provides assurance that the capacity, and the energy associated with it, will actually be capable of meeting the Locality’s needs. As noted above, the very purpose of the UDR rules is to permit External capacity associated with UDRs to be treated as if it were electrically located within a Locality. It is therefore entirely reasonable for the Services Tariff to treat External capacity associated with UDRs differently.
18. Some stakeholders commented that the NYISO’s proposed rules for the NCZ should create an additional exception for certain External capacity from the PJM Interconnection, L.L.C. (“PJM”), specifically, in recognition of certain power flows associated with the Ramapo Phase-Angle Regulator (“PAR”) facilities (“Ramapo PARs”). The NYISO carefully considered that suggestion and decided that it is not appropriate to allow for this exception.
19. The Ramapo PARs control certain power flows over the Branchburg-Ramapo interconnection (“5018 line”) which connects PJM to NYCA Load Zone G. The 5018 line is one of a larger set of interconnections connecting PJM to the NYCA. Attachment CC to the NYISO OATT is a Joint Operating Agreement between and among the NYISO and PJM. Section 7.2 of Schedule D to that agreement governs the real-time coordination of the Ramapo PARs. It requires the Ramapo PARs to be operated in a manner that facilitates interchange schedules while minimizing regional congestion costs. If

⁶ Services Tariff Section 2.21 at definition of UDR. The NYISO’s filing in which this Affidavit is incorporated proposes clarifying revisions to the definition of UDR; however, none of those proposed revisions affects this clause. See Attachment I to this filing.

congestion is present on either the NYISO or PJM systems the PARs may be moved away from the defined “target flow.”

20. As part of the target flow calculation, the NYISO and PJM assume that 61% of the net PJM to NYISO scheduled interchange flows over the PAR-controlled 5018 line. Some stakeholders have asked whether it is appropriate for the NYISO to effectively treat a corresponding percentage of External capacity from PJM as if it were sinking in the new G-J Locality. Their request is that the component of scheduled interchange that is expected to flow over the 5018 line be made eligible to satisfy the LCR for the G-J Locality.
21. The assumption in the target flow calculation, however, is not the functional equivalent of a UDR right. The assumption does not provide the NYISO with a comparable level of treatment as if it were electrically located in the proposed G-J Locality or if the External capacity were associated with UDRs. Additionally, deviations from the target flow can be satisfied through a financial settlement payment, rather than through physical power flow delivery over the 5018 line. There is no guarantee that when External PJM capacity is called upon to meet a reliability need in the G-J Locality the associated Energy would be delivered across the 5018 line into Load Zone G, rather than over the larger set of interconnections connecting PJM to the new Rest of State.
22. There was also a stakeholder request that the NYISO’s New Capacity Zone tariff revisions treat certain External capacity from ISO-NE not associated with a UDR as sinking in the G-J Locality. It is true that there is one transmission line that connects New England to the G-J Locality. That line is not a controllable transmission facility or a Scheduled Line. Further, it is only one line of a much larger set of uncontrolled interconnections connecting New England to the Rest of State. Since it is impossible for External New England capacity, and the associated energy, to be controlled to be made deliverable to the proposed G-J Locality, the NYISO has concluded that such External capacity from New England is deliverable only to the Rest of State. Accordingly, it would not be eligible to satisfy an LCR.

IV. Consistency of Proposed Tariff Revisions Pertaining to External Capacity with Proposed Revisions to the Deliverability Methodology and the NYISO's External ICAP Allocation

23. Finally, the proposed tariff rules described in this Affidavit are consistent with the NYISO's proposed revisions to the deliverability methodology that would be used to evaluate requests for External CRIS Rights.⁷ In the Deliverability power flow evaluation, the location where the requested External CRIS Rights sink and the scheduled power flow across the 5018 line are separately specified inputs to the analysis. The requested External CRIS Right from PJM must be specified to sink into the Rest of State Capacity Region, just like all requests for External CRIS Rights from other adjacent Control Areas, in order to be consistent with the rules.⁸ The Services Tariff revisions proposed with this filing are consistent with the current limitations on External CRIS Rights, and other External capacity (except capacity associated with UDRs),⁹ Which provides that it is not qualified to satisfy a Locality requirement. It should consistently be evaluated to only sink into the Rest of State Capacity Region. Therefore, if 61% of that requested External CRIS Rights (in MW) is specified in the model to flow across the 5018 line, the power will simply flow into, through, and out of Load Zone G and sink into the Rest of State Capacity Region.
24. The proposal is also consistent with the manner in which the NYISO performs its External ICAP allocation which is used to determine the maximum imports of External Capacity from each neighboring Control Area. That examination results in setting a limit from neighboring control areas based on probabilistic load flows and thus does not provide an indicator that the power would actually flow into a specific location. Without the certainty that these flows would actually arrive in the specified location, there is no guarantee that the LCR can be satisfied.

This concludes my Affidavit.

⁷ See Filing Letter at Section IV.A.2.b.

⁸ Such terms have the meaning as defined in the Open Access Transmission Tariff. See Filing Letter at Sections IV.A.1, IV.B.1, and IV.B.2.

⁹ See Filing Letter at Sections IV.A.2.b.

ATTESTATION

I am the witness identified in the foregoing affidavit. I have read the affidavit and am familiar with its contents. The facts set forth therein are true to the best of my knowledge, information, and belief.

Emilie Nelson
Emilie Nelson

Subscribed and sworn to before me
this 30th day of April 2013.

Diane Lemner
Notary Public

My commission expires: 9/29/2013

DIANE LEMNER
Notary Public, State of New York
Saratoga Co. #01LE5085930
Commission Expires Sept. 29, 2013