

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

New York State Reliability Council

Docket No. ER14-916-000

**MOTION TO INTERVENE AND COMMENTS OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214 (2006), the New York Independent System Operator, Inc. ("NYISO") respectfully moves to intervene in this proceeding and offers its comments in support of the filing made by the New York State Reliability Council ("NYSRC"). The NYISO believes that an Installed Reserve Margin ("IRM") of 17.0 percent for the New York Control Area ("NYCA") for the upcoming 2014/2015 Capability Year,¹ which runs from May 1, 2014 through April 30, 2015, falls within a range of reasonable determinations for the level of installed capacity required to maintain the reliability of the NYCA bulk power system.

In support thereof, the NYISO states:

I. Communications and Correspondence

All communications regarding this filing should be directed to:

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¹ Capitalized terms have the meaning ascribed to them in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"), as revised by the Commission's acceptance of the NYISO's filing to establish a New Capacity Zone and subsequent related filings in Docket Nos. ER12-360 and ER13-1380. *See* New York Independent System Operator, Inc., *Proposed Tariff Revisions to Establish and Recognize a New Capacity Zone and Request for Action on Pending Compliance Filing*, Docket No. ER13-1380-000 (April 30, 2013) (the "April 2013 NCZ Filing") and New York Independent System Operator, Inc., *Initial Compliance Filing and Request for Shortened Comment Period and Expedited Action by July 1, 2013*, Docket No. ER12-360-001 (June 19, 2013).

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II. Background

The IRM was set at 18.0% between the 2000/2001 and the 2006/2007 Capability Years.² The Commission accepted an IRM of 16.5% for the 2007/2008 Capability Year,³ 15% for the 2008/2009 Capability Year,⁴ 16.5% for the 2009/2010 Capability Year,⁵ 18.0% for the 2010/2011 Capability Year,⁶ 15.5% for the 2011/2012 Capability Year,⁷ 16.0% for the 2012/2013 Capability Year,⁸ and 17.0% for the current, 2013/2014 Capability Year.⁹

The current NYCA IRM of 17.0% means that Load Serving Entities (“LSEs”) in the NYCA must procure ICAP equal to 117.0% of their forecast peak load.¹⁰ In addition, there are separate location-specific ICAP requirements for LSEs in the New York City and Long Island Localities, and in the G-J Locality, that reflect the existence of transmission constraints in those areas.

At the request of the NYSRC, the NYISO conducted a technical study to provide parameters for establishing NYCA IRM requirements for the 2014/2015 Capability Year. The NYISO employed General Electric’s Multi-Area Reliability Simulation (MARS) model to determine the amount of installed capacity that is required NYCA-wide to meet the governing

² *New York State Reliability Council*, 90 FERC 61,313 (2000).

³ *New York State Reliability Council*, 118 FERC 61,179 (2007).

⁴ *New York State Reliability Council*, 122 FERC 61, 186 (2008).

⁵ *New York State Reliability Council*, Docket No. ER09-437-000 (February 6, 2009).

⁶ *New York State Reliability Council*, Docket No. ER10-416-000 (January 28, 2010).

⁷ *New York State Reliability Council*, Docket No. ER11-2392-000 (January 24, 2011).

⁸ *New York State Reliability Council*, Docket No. ER12-597-000 (February 3, 2012).

⁹ *New York State Reliability Council*, Docket No. ER13-572-000 (February 5, 2013).

¹⁰ For the 2006/2007 Capability Year, for example, the forecast peak load for the NYCA was 33,295 MW. The 18.0% IRM means the minimum ICAP requirement was 39,288 MW (*i.e.*, 18% more than 33,295 MW).

resource adequacy criterion that the probability of an unplanned disconnection of firm load not exceed one occurrence in ten years.¹¹ The NYISO's base case evaluation yielded a minimum NYCA IRM of 17.0 percent for the 2014/2015 Capability Year.¹² The NYISO reported its results to the NYSRC's Installed Capacity Subcommittee in the Technical Study Report.

The subcommittee reviewed the results of the study, with verification of the data inputs and modeling by General Electric. The NYSRC's filing provides highlights of the Technical Study Report at pages 8 – 11 and includes the study itself as an attachment. As described in its filing, the NYSRC Executive Committee relied on this base case result as well as its evaluation of modeling and assumption changes and numerous sensitivity studies, which resulted in IRMs higher and lower than the base case IRM. Based upon its experience and expertise, the NYSRC adopted an IRM for the 2014/2015 Capability Year of 17.0 percent.

On December 30, 2013, the NYSRC filed its proposed 2014/2015 NYCA IRM with the Commission for informational filing.

The NYSRC has, consistent with past practice, provided a copy of its filing to the NYPSC. The NYPSC initiated a proceeding to review the proposed IRM and will accept comments from interested parties. The NYISO plans to file comments with the State Commission in support of the NYSRC's proposal.

III. Motion to Intervene

The NYISO is the independent body responsible for providing open access transmission service, maintaining reliability, and administering competitive wholesale markets for electricity, capacity, and ancillary services in New York State. Pursuant to its Commission-approved tariffs, the NYISO is also responsible for administering the ICAP auctions, including the

¹¹ This criterion is known as the "Loss of Load Expectation" or "LOLE" and is a standard contained in the reliability rules of the Northeast Power Coordinating Council (NPCC) and the NYSRC.

¹² This represents a decrease of .1% from the 2013 base case NYCA IRM requirement of 17.1%.

Capability Period Auction scheduled for March 28 - 31, 2014.¹³ The NYISO's Services Tariff also requires LSEs within the NYCA to procure sufficient levels of ICAP, including locational ICAP requirements for the New York City and Long Island Localities, and the G-J Locality.

Together with the ICAP Demand Curves, the NYCA IRM is a critical input into the NYISO's ICAP auctions because it is used to calculate the LSEs' minimum NYCA-wide capacity requirements, and its data inputs are used to calculate the Locational Capacity Requirements ("LCRs"). Specifically, after the NYSRC provides the IRM to the NYISO, the NYISO uses the NYSRC's IRM to determine the capacity requirements for New York State as a whole. It then uses the data underlying the determination of the base case for the IRM, and the IRM determined by the NYSRC, to calculate the LCRs for LSEs. Those LCRs, together with the demand curve, determine the minimum amount of capacity that must be procured by LSEs. The NYISO informs the LSEs of their minimum capacity requirements and conducts auctions for each Capability Period (summer and winter six-month capability periods) as well as monthly and spot market auctions.¹⁴ Because the NYISO cannot fulfill its tariff obligations without the IRM, the NYISO has a unique interest in this proceeding that cannot be adequately represented by any other entity and should therefore be permitted to intervene with all rights of a party.

IV. Comments

A. The NYSRC's Proposal to Establish a NYCA IRM of 17.0% is Reasonable.

As explained above, the NYSRC submitted an information filing informing the Commission that the NYCA IRM for the 2014/2015 Capability Year will remain 17.0 percent. The NYISO believes that the proposed IRM falls within a range of potentially reasonable IRM levels. As was noted above, the NYSRC's technical study yielded a base case that resulted in a

¹³ The ICAP auction processes are described in Sections 5.13 and 5.14 of the Services Tariff.

¹⁴ See Services Tariff §§5.12-5.14

minimum NYCA IRM of 17.0 percent. The NYSRC Executive Committee determined—based upon the base case result, modeling and assumption changes, and numerous sensitivities—that a 17.0 percent IRM satisfies the resource adequacy criterion and should be adopted. The NYISO will set LCRs that meet the LOLE resource adequacy criterion. The NYISO believes that it was reasonable for the NYSRC to have adopted the 17.0 percent level because it correctly applied the LOLE criterion and the Technical Study Report to select an IRM level within a range of reasonable IRM levels that will maintain reliability in New York for the upcoming 2014/2015 Capability Year.

V. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission: (i) accept its motion to intervene, and (ii) accept the NYISO's Comments herein in support of the New York State Reliability Council's informational filing.

Respectfully submitted,

/s/ Christopher R. Sharp

Christopher R. Sharp

Compliance Attorney

New York Independent System Operator, Inc.

January 21, 2014

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 21st day of January, 2014.

/s/ Joy A. Zimmerlin

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