

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

)	Docket No. ER14-552-000
)	
New York Independent System Operator, Inc.)	Docket No. ER14-864-000
)	
)	Not Consolidated.

**ANSWER OPPOSING MOTION TO CONSOLIDATE OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Section 213 of the Federal Energy Regulatory Commission’s (“Commission’s”) Rules of Practice and Procedure,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits this Answer opposing the Motion to Consolidate Dockets (“Motion to Consolidate”) filed in the above-captioned dockets on January 17, 2014 by Great Bay Energy, LLC and Financial Marketers Coalition (collectively, the “Movants”).² The Motion seeks to consolidate the NYISO’s December 6, 2013 Federal Power Act (“FPA”) Section 205 filing of *Proposed Tariff Amendments to Implement External Coordinated Transaction Scheduling with PJM Interconnection, LLC* (“CTS with PJM Filing”) that was submitted in Docket No. ER14-552-000 and the NYISO’s December 27, 2013 Federal Power Act Section 205 filing of *Proposed Tariff Amendments to Implement Simplified and Improved Proxy Generator Bus Pricing Rules* (“Proxy Generator Bus Pricing Rules Filing”) that was submitted in Docket No. ER14-864-000.

The Motion to Consolidate should be rejected by the Commission. The NYISO filings address different market design improvements that the NYISO proposes to implement on

¹ 18 C.F.R. § 385.213.

² See *Motion to Intervene, Motion to Consolidate and Protest of Great Bay Energy, LLC and Financial Marketers Coalition*.

different dates, so the requested effective dates for the two sets of Tariff³ revisions differ.⁴ The Movants' protests raise the same pair of issues in both Dockets, but it is appropriate to assign each of the Movants concerns to a specific Docket.

The Movants' objection to the NYISO's proposal to eliminate Import Curtailment Guarantees at the NYISO's PJM Interconnection, LLC ("PJM") Proxy Generator Buses when those Proxy Generator Buses become CTS Enabled Proxy Generator Buses should be addressed by the Commission in its Order ruling on the NYISO's CTS with PJM Filing (Docket No. ER14-552-000). Docket No. ER14-552 is the pending Docket in which NYISO is proposing to place in effect Tariff revisions to eliminate Import Curtailment Guarantees at CTS Enabled Proxy Generator Buses.⁵

The Movants' objection to the NYISO's proposal to cease paying Bid Production Cost Guarantees to Imports in the Real-Time Market ("RT Import BPCG") at all NYISO Proxy Generator Buses before NYISO implements CTS with PJM in November of 2014 should be addressed by the Commission in its ruling on the NYISO's Proxy Generator Bus Pricing Rules Filing (Docket No. ER14-864). Docket ER14-864 is the only pending Docket in which NYISO is proposing to make Tariff revisions that will eliminate RT Import BPCG at all of the NYISO's Proxy Generator Buses. Docket ER14-864 is also the only Docket in which the NYISO has asked the Commission to permit Tariff revisions that will eliminate RT Import BPCG to take

³ Capitalized terms not otherwise defined herein shall have the meaning specified in Section 2 of the NYISO's Market Administration and Control Area Services Tariff.

⁴ In Docket No. ER14-552, the NYISO requests permission to make all Tariff revisions that are necessary to implement CTS with PJM effective in November of 2014. In Docket No. ER14-864 the NYISO requests authority to make all Tariff revisions that are necessary to implement the proposed Uniform Pricing Rules effective on April 8, 2014.

⁵ The NYISO has not submitted any Tariff revisions seeking to eliminate Import Curtailment Guarantees at Proxy Generator Buses that are not CTS Enabled Proxy Generator Buses.

effect before the Tariff revisions proposed in the NYISO's CTS with PJM Filing (Docket No. ER14-552) take effect.

The Commission can rule on the concerns raised in the Movants' protests in Docket Nos. ER14-552 and ER14-864 without consolidating the two dockets. The Tariff revisions proposed in those Dockets have different effective dates and the NYISO needs to develop software improvements to implement each of the proposed sets of Tariff revisions.⁶ The NYISO opposes consolidation of the Dockets.

I. Background

A. Coordinated Transaction Scheduling with ISO-NE; Docket No. ER12-701

On December 28, 2011, the NYISO submitted a FPA Section 205 filing of *Proposed Tariff Amendments to Add External Coordinated Transaction Scheduling Market Rules* with ISO-New England ("CTS with ISO-NE Filing"), amended on January 13, 2012.⁷ The Tariff revisions proposed in the CTS with ISO-NE Filing were accepted for filing by the Commission on April 19, 2012.⁸ The CTS with ISO-NE Filing Tariff amendments were the foundation on which the NYISO's subsequent CTS with PJM Filing was based.

The CTS with ISO-NE Tariff revisions that are pertinent to this Answer are the amendments to Sections 18.6.1.2 and 25.6.1 of the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff").⁹ Blacklined versions of Services Tariff Sections 18.6.1.2 and 25.6.1 that accompanied the NYISO's filing called out the changes that the NYISO

⁶ The NYISO has asked the Commission to issue an Order in Docket No. ER14-864 by March 3, 2014. The NYISO does not require an Order in Docket No. ER14-552 by March 3, 2014 because NYISO and PJM will not be prepared to implement the Tariff revisions proposed in Docket No. ER14-552 until November of 2014.

⁷ See the NYISO's December 28, 2011 Federal Power Act Section 205 Filing in Docket No. ER12-701-000, and NYISO's January 13, 2012 Amendment Filing in Docket No. ER12-701-001.

⁸ *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,048 (2012).

⁹ See the NYISO's December 28, 2011 FPA Section 205 Filing in Docket No. ER12-701-000 at 14-15 and Attachment IV.

proposed to eliminate Import Curtailment Guarantee payments and RT Import BPCG payments at CTS Enabled Proxy Generator Buses.¹⁰ In its April 19, 2012 Order the Commission accepted revisions to Services Tariff Section 18.6.1.2 that provide “[c]ustomers that schedule Import Transactions at CTS Enabled Proxy Generator Buses will not be eligible for Bid Production Cost Guarantee payments for those Transactions.”¹¹ The Commission’s April 19, 2012 Order also accepted revisions to Services Tariff Section 25.6.1 that provide “[s]uppliers scheduling Imports at CTS Enabled Proxy Generator Buses shall not be eligible for Import Curtailment Guarantee payments for those Transactions.”¹²

The NYISO’s December 28, 2011 filing proposed that the NYISO would make a subsequent Tariff amendment filing two weeks in advance of the specified operational date to specify the effective date of the Tariff revisions. The Commission’s Order stated “we accept the proposed tariff revisions to be effective on the date that CTS will become operational, subject to [NYISO] making the compliance filing as directed below.”¹³ The Commission then directed “NYISO to make a compliance filing no later than 14 days prior to the date on which CTS will become operational to provide the effective date of the tariff provisions.”¹⁴ The *only* purpose of the subsequent filing is to specify an effective date for the Tariff revisions that the Commission accepted for filing on April 19, 2012.

¹⁰ See the NYISO’s December 28, 2011 FPA Section 205 Filing at Attachment IV.

¹¹ *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,048 at PP 20 and 27.

¹² *Id.* at 21 and 27.

¹³ See *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,048 at P 27.

¹⁴ *Id.*

B. Coordinated Transaction Scheduling with PJM; Docket No. ER14-552-000

On December 6, 2013, the NYISO submitted its CTS with PJM Filing. The CTS with PJM Filing asks the Commission to accept Tariff revisions that will enable the NYISO to implement CTS at its border with PJM. The NYISO requests a November 2014 effective date for all of the Tariff revisions that the NYISO submitted in Docket Nos. ER14-552-000, and ER12-701-000 that are necessary to permit the NYISO to implement CTS with PJM.¹⁵

The NYISO's CTS with PJM Filing proposes to assign a November 2014 effective date to the revisions to Services Tariff Sections 18.6.1.2 and 25.6.1 that eliminate Import Curtailment Guarantees and RT Import BPCG at CTS Enabled Proxy Generator Buses. The CTS with PJM Filing relies on the revisions to Services Tariff Sections 18.6.1.2 and 25.6.1 that were filed in Docket No. ER12-701 and accepted for filing in the Commission's April 19, 2012 Order in that Docket.¹⁶

C. Simplified and Improved Proxy Generator Bus Pricing Rules; Docket No. ER14-864-000

On December 27, 2013, the NYISO submitted its Proxy Generator Bus Pricing Rules Filing. The Proxy Generator Bus Pricing Rules Filing asks the Commission to accept Tariff revisions to simplify and improve the Real-Time Market pricing rules that apply at all of the NYISO's external Proxy Generator Buses. This Filing proposes to eliminate RT Import BPCG at *all* New York Control Area ("NYCA") Proxy Generator Buses (not just CTS Enabled Proxy Generator Buses) effective April 8, 2014. The Proxy Generator Bus Pricing Rules Filing does not propose to eliminate, modify, or change in any manner, the Tariff rules that address Import Curtailment Guarantees.

¹⁵ See the NYISO's December 6, 2013 CTS with PJM Filing in Docket No. ER14-552-000 at 15-17.

¹⁶ See *New York Independent System Operator, Inc.*, 139 FERC ¶ 61,048 at PP 20, 21 and 27.

II. Answer Opposing Motion to Consolidate

The Commission should deny the Motion to Consolidate. The two Dockets address distinct issues with different implementation dates. Docket No. ER14-552-000 addresses CTS with PJM, including the effective date for elimination of Import Curtailment Guarantee and RT Import BPCG at CTS Enabled Proxy Generator Buses on the NYISO's border with PJM. The effective date requested in Docket No. ER14-552-000 is the date in November 2014 on which NYISO and PJM agree to implement CTS at their common border. Docket No. ER14-864-000 proposes simplified and improved Real-Time Market pricing rules (the Uniform Pricing Rules) that will apply at all of the NYISO's external Proxy Generator Buses. The requested effective date is April 8, 2014.

A. CTS with PJM; Docket ER14-552-000

The CTS Tariff revisions that the NYISO proposes to make effective in November of 2014 will put into effect rules for scheduling Transactions at CTS Enabled Proxy Generator Buses and will authorize the NYISO and PJM to designate CTS Enabled Proxy Generator Buses at their common border. The Tariff rules prohibiting Import Curtailment Guarantees and RT Import BPCG at CTS Enabled Proxy Generator Buses that were accepted for filing in Docket No. ER12-701-000 are specifically restricted to CTS Enabled Proxy Generator Buses. The NYISO has requested authority to designate Proxy Generator Buses at its PJM border CTS Enabled Proxy Generator Buses in November 2014. Placing the revisions to Services Tariff Sections 18.6.1.2 and 25.6.1 in effect in November will eliminate Import Curtailment Guarantees at CTS Enabled Proxy Generator Buses and RT Import BPCG at CTS Enabled Interfaces.¹⁷ These changes will take effect simultaneous with all of the other CTS with PJM Tariff revisions,

¹⁷ If the Tariff revisions proposed in Docket No. ER14-864-000 are permitted to become effective, they will supersede the changes to Services Tariff Section 18.6.1.2 and the NYISO will request permission to not place them in effect because they have been superseded. *See* Proxy Generator Bus Pricing Rules Filing at 4, fn. 13.

including the Tariff revision and associated market improvement that will reduce latency risk for Transmission Customers that schedule External Transactions.¹⁸

The NYISO's proposal in Docket No. ER14-552-000 will not eliminate Import Curtailment Guarantees or RT Import BPCG at CTS Enabled Proxy Generator Buses until the implementation of CTS with PJM.¹⁹ Movants' object to the elimination of RT Import BPCG "in advance of the NYISO's proposed implementation of [CTS] with PJM in November 2014."²⁰

Movants further state:

Presumably per NYISO's assertions, once the time lag from when the real-time market clears to when energy flow is reduced from 30 minutes to 15 minutes, the latency risk face by market participants will be reduced. At that time, the Real-Time Import BPCG may not be as critically important to market participants importing energy as it is today."²¹

There is no Tariff revision or Tariff effective date proposed in Docket No. ER14-552-000 that would cause RT Import BPCG to be eliminated "in advance of the NYISO's proposed implementation of [CTS] with PJM in November 2014." The Tariff rule and market design improvement that will begin the NYISO's evaluation of import offers and export bids 30 minutes before each quarter-hour and establish the binding schedules 15 minutes prior to real-time operations will take effect at all NYCA Proxy Generator Buses on the same date that CTS with PJM is activated in November of 2014.²²

¹⁸ See the NYISO's December 6, 2013 CTS with PJM Filing in Docket No. ER14-552-000 at 6-8.

¹⁹ Movants previously only objected to the removal of RT Import BPCG in advance of the NYISO's implementation of CTS with PJM. See *Motion to Intervene and Protest of Great Bay Energy, LLC and Financial Marketers Coalition* filed in Docket No. ER14-552-000, December 27, 2013.

²⁰ See Motion at 1.

²¹ See Motion at 3.

²² See the NYISO's December 6, 2013 CTS with PJM Filing in Docket No. ER14-552-000 at 6.

The NYISO has clearly and repeatedly explained that it is only proposing to eliminate Import Curtailment Guarantee payments at CTS Enabled Proxy Generator Buses.²³ The Proxy Generator Bus Pricing Rules Filing (Docket No. ER14-864-000) does *not* propose any changes to the Import Curtailment Guarantee payment rules.

B. Implementation of Uniform Pricing Rules; Docket No. ER14-864-000

In Docket No. ER14-864-000 the NYISO proposes amendments to the Real-Time Market pricing rules that are intended to apply at *all* of the NYISO's external Proxy Generator Buses. Movants' statement that "[i]nexplicably, NYISO files the tariff language to eliminate the Real-Time Import BPCG in the instant docket [ER14-864-000], as part of its changes to Proxy Generator Bus market rules," suggests that the Movants do not understand the purpose of the proposed Uniform Pricing Rules. The Uniform Pricing Rules are designed to assign latency risk (which can be upside risk or downside risk) to the Transmission Customer offering to import Energy to the NYCA so that the Transmission Customer will reflect the cost associated with the additional upside or downside risk in its import offer.²⁴ Continuing to provide a RT Import BPCG will undercut the very purpose and the expected benefits of the new Uniform Pricing Rules, because it will insulate Transmission Customers from downside latency risk while still allowing them the opportunity to profit from upside latency risk. The NYISO addresses the Movants' argument in its contemporaneously filed *Motion for Leave to Respond and Response* in Docket No. ER14-864-000.

²³ See the NYISO's December 6, 2013 CTS with PJM Filing in Docket No. ER14-552-000 at 7; *see also* the NYISO's January 10, 2014 Motion for Leave to Response, and Response in Docket No. ER14-552-000 at 4.

²⁴ See the NYISO's December 27, 2013 Proxy Generator Bus Pricing Rules Filing in Docket No. ER14-864-000 at 13-14.

C. Practical Concerns Mitigate Against Consolidation

Docket Nos. ER14-552-000 and ER14-864-000 contain different rule sets, which the NYISO proposes to implement on different dates. The elimination of Import Curtailment Guarantees and RT Import BPCG at CTS Enabled Proxy Generator Buses in Docket No. ER14-552-000 and the elimination of RT Import BPCG at all external Proxy Generator Buses in Docket No. ER14-864-000 are components of the broader improvements that NYISO proposes in each of the Dockets. In determining whether consolidation is appropriate, the Commission should consider the totality of the changes proposed in each Docket.

In Docket No. ER14-552-000 the NYISO proposes to activate Real-Time Market Coordinated Transaction Scheduling rules at its border with PJM. The NYISO must work closely with PJM to develop and implement CTS. In Docket No. ER14-864-000 the NYISO asks the Commission to accept Tariff revisions to simplify and improve the Real-Time Market pricing rules that apply to all External Transactions, at all Proxy Generator Buses. The NYISO proposes to make the Tariff revisions proposed in Docket ER14-864-000 effective on April 8, 2014, while it is not proposing to implement CTS with PJM until November of 2014. Consolidation is not appropriate under the circumstances presented.

D. Response to Concerns About Ambiguity

In their Motion to Consolidate the Movants argue that the “NYISO has created ambiguity” through the Tariff revisions that NYISO proposes in Docket Nos. ER14-552-000 and ER14-864-000 and the explanations that NYISO has submitted to the Commission.²⁵ The Movants are the only entities that submitted protests because they are confused by the proposed Tariff amendments that are pending before the Commission in Docket Nos. ER14-552-000 and

²⁵ See Motion at 12-13.

ER14-864-000. No other protests have been filed in either Docket. The New York Transmission Owners' submitted comments in support of each of the NYISO filings. The Motion does not justify consolidating the Dockets and should be rejected.

III. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission reject the Motion to Consolidate the above-captioned dockets.

Respectfully submitted,

/s/ James H. Sweeney
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Dated: February 3, 2014

Cc: Michael Bardee
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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 3rd day of February, 2014.

/s/ Joy A. Zimmerlin

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