



May 2, 2014

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Re: *New York Independent System Operator, Inc. and PJM Interconnection, L.L.C.*,
Docket No. ER14-____-____;
Proposed Revisions to Joint Operating Agreement Addressing Implementation of
Market-to-Market Coordination During a Storm Watch, and Request for Limited
Waiver of 60 Day Notice Period, Shortened Comment Period and Expedited
Commission Action

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc., (“NYISO”) and PJM Interconnection, L.L.C. (“PJM”) (collectively the “RTOs”) submit, in electronic format, proposed revisions to the Joint Operating Agreement (“JOA”) between NYISO and PJM that is set forth in Attachment CC to the NYISO’s Open Access Transmission Tariff (“NYISO OATT”).² The revisions proposed in this filing primarily address the RTOs’ implementation of their Market-to-Market (“M2M”) Coordination Process at times

¹ 16 U.S.C. §824d (2013).

² Order No. 714, *Electronic Tariff Filings*, ¶ 31,276 (2008), and Section 35.1 of the Commission’s regulations, 18 C.F.R. § 35.1(a), allow multiple public utilities that are parties to the same tariff (*e.g.*, a joint tariff such as the JOA) to designate one of the public utilities as the designated filer of the joint tariff. The designated filer submits a single tariff filing for inclusion in its database that reflects the joint tariff, along with the requisite certificates of concurrence from the other parties to the joint tariff. NYISO is the designated filing party for the JOA. Therefore, NYISO is submitting the JOA modifications in the instant filing along with PJM’s Certificate of Concurrence. The designation of the NYISO as the designated filer for the JOA is for administrative convenience and in no way shall limit PJM’s filing rights under the Federal Power Act as they relate to the JOA.

when a Storm Watch³ is in effect in New York. The RTOs also propose revisions to the M2M rules to address M2M implementation when one of the two Ramapo Phase Angle Regulators (“PARs”) is out-of-service.

The season when Storm Watches are declared most frequently is rapidly approaching. The M2M implementation rules proposed in the attached JOA revisions will enhance the efficiency with which the RTOs respond to Storm Watch events on a regional basis. When implemented, the proposed procedures can provide hundreds of thousands of dollars in savings to customers over the course of a single Storm Watch event. In order to provide the greatest possible benefit to customers, the RTOs request that the Commission shorten the comment period on this filing to seven days, waive the sixty day notice period for JOA revisions, and expedite its review of the proposed JOA revisions to permit them to become effective on June 11, 2014.

I. Background

Section 2.19 of the NYISO’s Market Services Tariff defines a Storm Watch as:

Actual or anticipated severe weather conditions under which region-specific portions of the [New York State] Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

Transfer limits are reduced during a Storm Watch to ensure that New York City load can be served reliably even if two of the major transmission ties that connect “upstate” New York to New York City are simultaneously lost.

³ Capitalized terms that are not defined in this filing have the meaning set forth in the RTOs’ JOA, or in the proposed JOA revisions submitted with this filing letter. “Storm Watch” is defined in the NYISO’s Tariffs and in the proposed JOA revisions as “Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.”

On July 12, 2013 PJM invoked section 10.1.7 of the JOA to suspend M2M coordination on eight NYISO M2M Flowgates that incorporate Storm Watch related contingencies into the M2M coordination process (“Storm Watch Flowgates”)⁴ in order to investigate net charges to PJM exceeding five hundred thousand dollars for a market day to ensure the M2M process was producing just and reasonable results. Since that date, the RTOs have been working together to develop a mutually acceptable method of implementing M2M coordination during Storm Watch events on Storm Watch Flowgates. The RTOs continued to conduct M2M coordination on the remaining M2M Flowgates in accordance with the JOA while developing the Storm Watch procedures.

The purpose of Storm Watch is to ensure reliable service to New York loads at times when key transmission ties into New York City are threatened by extreme conditions. During Storm Watch events NYISO increases generation in New York City and decreases generation in other parts of New York in order to reduce loadings on transmission facilities delivering energy into New York City in compliance with New York State Reliability Council (“NYSRC”) Local Reliability Rule I-R4.⁵ NYISO’s redispatch in response to a Storm Watch impacts regional power flows. Power tends to flow from southeast New York into PJM on an unscheduled basis over the controlled ABC and JK transmission lines and loop back into central or western New York via the uncontrolled alternating current (“A/C”) interconnections between NYISO and PJM.

⁴ During a Storm Watch the NYISO operates the northern portion of Consolidated Edison Company’s bulk transmission system as if a first contingency has already occurred by activating the Storm Watch Flowgates.

⁵ See *New York State Reliability Council Reliability Rules for Planning and Operating the New York State Power System* at 70-73. Link to posted NYSRC Reliability Rules:

<http://www.nysrc.org/NYSRCReliabilityRulesComplianceMonitoring.asp>

The ABC, Waldwick and Ramapo PARs can be operated to better conform actual power flows to scheduled power flows during a Storm Watch. More PAR taps may be required to align power flows during a Storm Watch than are necessary during normal operations. When the RTOs tap the ABC, JK and Ramapo PARs proactively to stay ahead of the Storm Watch generation shift, fewer PAR taps are necessary to conform actual power flows to scheduled power flows than might otherwise be necessary.

If the ABC, Waldwick and Ramapo PARs conform actual power flows to scheduled power flows during a Storm Watch it reduces the quantity (MW) of generation NYISO must redispatch, and can significantly reduce the amount of congestion experienced in the NYISO.

The RTOs have worked together to develop a proposed set of new M2M operating requirements and settlement rules that the RTOs propose to apply when a Storm Watch is in effect in New York. The following operating requirements apply to the “available” ABC, Waldwick and Ramapo PARs:

- Storm Watch Operating requirement for available ABC PARs⁶
 - Maintain flow on ABC interface within applicable control band (ordinarily +/- 100 MW of the Real Time Market Desired Flow for the ABC transmission lines⁷), otherwise take at least two taps every 15-minutes on each available Goethals and/or Farragut PAR to increase flow into New York.
- Storm Watch Operating requirement for available Waldwick PARs⁸
 - Maintain flow on JK interface within the applicable control band (ordinarily +/-100 MW of the Real Time Market Desired Flow for the JK transmission

⁶ The ABC PARs are subject to NYISO’s operational control, but secured by both RTOs.

⁷ The rules for determining the Real-Time Market Desired Flow for the ABC and JK transmission lines are set forth in Appendix 3 of Schedule C to the JOA.

⁸ The Waldwick PARs are subject to PJM’s operational control, but secured by both RTOs.

lines), otherwise take at least two taps every 15-minutes on each available Waldwick PAR to decrease flow into PJM.

- Storm Watch Operating requirement for available Ramapo PARs⁹
 - Maintain flow on Ramapo PARs at or above the M2M Ramapo Target into New York, otherwise take at least two taps every 15-minutes on each available Ramapo PAR to increase flow into New York.

Under the revised M2M rules proposed in this filing, during a declared Storm Watch, PJM will not be subject to an M2M Ramapo PAR settlement obligation if it satisfies its obligation to operate the available Waldwick PARs to achieve the operating requirements set forth above, or if the NYISO fails to operate the available ABC PARs or Ramapo PARs to achieve the operating requirements described above. The NYISO will not be subject to an M2M Ramapo PAR settlement obligation during a Storm Watch if it satisfies its obligation to operate the available ABC and Ramapo PARs to achieve the operating requirements described above. Hence, if both RTOs operate the PARs they are responsible for as they are expected to, then there will be no M2M Ramapo PAR settlement during a Storm Watch.

The definition of when a PAR is considered “available,” and some necessary exceptions to the operating requirements described above add complication to the RTOs’ proposed rules (see below), but this summary contains the key concepts that underlie the RTOs’ agreement.

In addition to addressing operation during a Storm Watch, the RTOs propose to revise Sections 7.2 and 7.2.1 of the JOA to limit the percentage of net scheduled interchange that will be expected to flow over the 5018 transmission line when one Ramapo PAR is out-of-service to

⁹ The Ramapo PARs are subject to NYISO’s operational control, but secured by both RTOs.

the rating of the in-service facilities.¹⁰ Consistent with the temporary waiver that the Commission granted in May of 2013,¹¹ the RTOs propose to use 46% (instead of 61%) of scheduled net interchange to determine the Ramapo Interchange Factor when one Ramapo PAR is out-of-service.

II. Stakeholder Involvement

The M2M rules proposed in this filing are the product of extensive discussions between the RTOs. The RTOs also discussed the proposed JOA revisions with their Market Participants prior to submitting this filing.

The NYISO formally presented on and discussed M2M with its stakeholders on three occasions. The presentations occurred at the NYISO Market Issues Working Group (“MIWG”) meeting held on March 25th, 2014, at the NYISO’s Business Issue Committee (“BIC”) meeting held on April 3rd, 2014, and at the NYISO’s Management Committee (“MC”) meeting held on April 11th, 2014. The NYISO’s BIC voted in favor of the proposed revisions unanimously, with abstentions. The NYISO’s MC unanimously supported the proposed revisions.

PJM also formally presented on and briefly discussed the JOA revisions proposed in this filing with its stakeholders at its Market Implementation Committee (“MIC”) meetings held on March 5th, 2014 and April 9th, 2014 and the Members Committee Webinars held on March 24, 2014 and April 21, 2014.

¹⁰ After accounting for power flows that are shifted to the ABC and JK lines. *See* Section 7.2.1 of the M2M rules and Appendix 3 of Schedule C to the JOA (“In accordance with Appendix 3 of Schedule C to the Wheel Agreement, the participating RTOs will mutually agree on the circumstances under which they will allow up to thirteen percent of PJM to New York interchange schedules to flow over the ABC and JK interfaces”).

¹¹*New York Independent System Operator, Inc. and PJM Interconnection, L.L.C.*, 143 FERC ¶61,153 (2013).

III. Description of Proposed Tariff Revisions

As discussed in detail below, the vast majority of the proposed revisions submitted in this compliance filing are to Schedule D to the RTOs' JOA. The RTOs also propose minor revisions to the definitions section of the JOA.

A. Proposed Revisions to the Definitions Section of the JOA

The RTOs propose to add the following new/supplemental definitions to the JOA:

- **“Storm Watch”** shall mean: Actual or anticipated severe weather conditions under which region-specific portions of the New York State Transmission System are operated in a more conservative manner by reducing transmission transfer limits.
- **“Available ABC PAR,” “Available Ramapo PAR” or “Available Waldwick PAR”** shall mean, for purposes of Section 8.3.1 of Schedule D to the JOA, an ABC, Waldwick or Ramapo PAR, respectively, that is not subject to any of the following circumstances:
 - (1) a PAR that is not operational and is unable to be moved;
 - (2) a PAR that is technically “in-service” but is being operated in an outage configuration and is only capable of feeding radial load;
 - (3) a PAR that is tapped-out in a particular direction is not available in the tapped-out direction;
 - (4) if the maximum of 400 taps/PAR/month is exceeded at an ABC or a Waldwick PAR, and the relevant asset owner restricts the RTOs from taking further taps on the affected PAR, then the affected PAR shall not be available

until NYISO and PJM agree to and implement an increased bandwidth in accordance with Appendix 5 of Schedule C to this Agreement;

(5) PJM is permitted to reserve up to three taps at each end of the PAR tap range of each Waldwick PAR to secure the facilities on a post contingency basis, a Waldwick PAR shall not be considered available if a tap move would require the use of a reserved PAR tap; or

(6) NYISO is permitted to reserve up to two taps at each end of the tap range of each ABC and Ramapo PAR to secure the facilities on a post contingency basis, an ABC or Ramapo PAR shall not be considered available if a tap move would require the use of a reserved PAR tap.

PJM or NYISO may choose to use PAR taps they are permitted to reserve to perform M2M coordination, but they are not required to do so.

The definition of Available PAR identifies many of the circumstances in which the RTOs agree that the ABC, Waldwick or Ramapo PAR operating requirements set forth in Section 8.3.1 should be relaxed or modified to produce an appropriate result.

B. Proposed Revisions to Schedule D to the JOA

Schedule D sets forth the RTOs' proposed rules for implementing M2M. The RTOs propose to revise Schedule D to implement the proposed Storm Watch operating and settlement rules, and to specify how they will implement M2M when one Ramapo PAR is out-of-service.

Section 7.2—the proposed revisions limit the maximum net interchange that may be scheduled over the 5018 transmission line when one of the Ramapo PARs is out-of-service.

Section 7.2.1—the proposed revisions specify that when one Ramapo PAR is out-of-service the RTOs shall use 46% (instead of 61%) of the net interchange scheduled at the

Keystone Proxy Generator Bus (NYISO) and the NYIS Interface (PJM) to determine the *Ramapo Interchange Factor* that the RTOs use to compute the $\text{Target}_{\text{Ramapo}}$.

Section 8.1—states that either or both of the RTOs may be excused from paying a *PJMRamapoPayment* or a *NYRamapoPayment* when a Storm Watch is in effect and the operating requirements and other criteria specified in proposed Section 8.3.1 are satisfied.

Section 8.3.1—sets forth the operating requirements and settlement consequences of M2M Ramapo PAR coordination during a declared Storm Watch.

When a Storm Watch is in effect, the RTOs will determine whether PJM, NYISO, or both are required to pay a *PJMRamapoPayment* or a *NYRamapoPayment* to the other RTO based on three Storm Watch compliance requirements that address the operation of (a) the JK transmission lines and associated Waldwick PARs, (b) the ABC transmission lines and associated PARs, and (c) the 5018 transmission line and associated Ramapo PARs.

When a Storm Watch is in effect in New York, PJM shall only be required to pay a *PJMRamapoPayment* or a *NYRamapoPayment* to NYISO when (1) PJM is “Non-Compliant” at the JK interface, while (2) NYISO is “Compliant” at both the ABC and 5018 interfaces. When a Storm Watch is in effect in New York, NYISO shall only be required to pay a *PJMRamapoPayment* or a *NYRamapoPayment* to PJM when NYISO is “Non-compliant” at the ABC interface or the 5018 interface, or at both of those interfaces.¹² When all three interfaces (JK, ABC, 5018) are “Compliant,” Section 8.3.1 excuses the Parties from paying *PJMRamapoPayments* and *NYRamapoPayments* to each other while a Storm Watch is in effect in New York.

¹² Compliance and Non-compliance are determined for each interval of the NYISO settlement cycle (normally, every 5-minutes) that a Storm Watch is in effect.

Compliance and non-compliance are determined as follows:

- *JK Storm Watch compliance*: Subject to the exceptions that follow and the definition of an Available PAR, PJM will be “Compliant” at the JK interface when either of the following two conditions are satisfied, otherwise it will be “Non-compliant”:
 - Flow on the JK interface was at or below RTMDFJK¹³ plus the applicable bandwidth¹⁴ at any point in the trailing (rolling) 15-minutes¹⁵; or
 - PJM took at least two taps on each Available Waldwick PAR in the direction to reduce flow into PJM at any point in the trailing (rolling) 15-minutes.
- The following exceptions may modify PJM’s compliance obligation at the JK interface during a Storm Watch:
 - If NYISO denies PJM’s request to take one or more taps at a Waldwick PAR to reduce flow into PJM, then PJM shall be considered “Compliant” at the JK interface.
 - If PJM cannot take a required tap at a Waldwick PAR because the change will result in an overload on PJM’s system unless NYISO first takes a tap at an ABC PAR or at a Ramapo PAR¹⁶ in the direction that would help NYISO achieve compliance with NYISO’s Storm Watch obligations, and

¹³ RTMDFJK is defined in Appendix 3 to Schedule C to the JOA.

¹⁴ The bandwidth is described in Appendix 5 to Schedule C to the JOA.

¹⁵ For example, if the RTMDFJK is 1000 MW and the applicable bandwidth is +/-100 MW, then PJM will be “Compliant” if flow into PJM on JK was at or below 1100 MW during any six second measurement interval over the trailing (rolling) 15 minutes.

¹⁶ PJM will not be excused if NYISO must refuse a PJM request to take a tap at a Ramapo PAR because taking the requested tap would result in an actual or post-contingency overload on the 5018 line or at a Ramapo PAR.

flow on the ABC interface or at Ramapo is not already “Compliant,” then PJM may request that NYISO take a tap at an ABC or Ramapo PAR in the direction that would move NYISO toward achieving compliance. PJM will be “Compliant” at the JK interface if NYISO does not take the requested tap within five minutes of receiving PJM’s request.

- If PJM cannot take a required tap at a Waldwick PAR because the change would result in an actual or post-contingency overload on either or both of the JK lines, or on any of the Waldwick PARs, and the overload cannot be addressed through NYISO taking taps at ABC or Ramapo, then PJM will be considered “Compliant” at the JK interface until the condition is resolved.
- The rules and exceptions that determine whether the NYISO is “Compliant” at the ABC interface are very similar to the rules and exceptions that apply to determining whether PJM is “Compliant” at the JK interface.
- 5018 Storm Watch compliance: Subject to the exceptions that follow and the definition of an Available PAR, NYISO will be “Compliant” at the 5018 interface when either of the following two conditions are satisfied, otherwise it will be “Non-compliant”:
 - Flow on the 5018 interface was at or above the Ramapo Target Value described in section 7.2.1 of Schedule D to the JOA at any point in the trailing (rolling) 15-minutes; or

- NYISO took at least two taps on each available Ramapo PAR in the direction to increase flow into New York at any point in the trailing (rolling) 15-minutes.
- The exceptions that may modify NYISO's compliance obligation at the 5018 interface during a Storm Watch are very similar to the exceptions that are described above addressing PJM's obligation at the JK interface.

The key take-away is that when both RTOs are doing what they are expected to do, there will be no M2M Ramapo PAR settlement during a Storm Watch. The RTOs agree that, under the system conditions that exist during a Storm Watch, the JOA revisions proposed in this filing will produce a just and reasonable result. The proposed rules achieve an appropriate compromise in that they (a) require each RTO to operate the PARs under its control to enhance regional efficiency; while (b) recognizing that it may not be possible to conform power flows to a tight control band, or a specific MW target during a Storm Watch.

IV. Proposed Effective Date, Request for Waiver of Notice Period, and Request for Shortened Comment Period

In accordance with Section 35.11 of the Commission's regulations,¹⁷ the RTOs' respectfully requests that the Commission waive its usual sixty-day notice period and permit this filing to become effective on June 11, 2014. The Commission has discretion to waive the sixty-day notice period and make tariff revisions effective as soon as the day after a filing is made when good cause is shown.¹⁸ Good cause exists for the Commission to grant the requested waiver. Granting the waiver and permitting the proposed revisions to take effect on the RTOs' requested effective date will enable the RTOs to implement a more efficient regional solution to

¹⁷ 18 C.F.R. § 35.11.

¹⁸ See e.g. *California Independent System Operator Corp.*, 113 FERC ¶61,287 at PP 48-50 (2005); *Brownsville Power I, L.L.C.*, 111 FERC ¶ 61,398 at PP 11-13 (2005).

the transmission congestion that occurs during a Storm Watch as soon as possible. The proposed new rules could save customers hundreds of thousands of dollars over the course of a single Storm Watch event. The proposed JOA revisions were reviewed and approved by the NYISO's stakeholders and the NYISO Board on an accelerated schedule,¹⁹ and enjoy broad support.

To meet the RTOs' proposed, expedited schedule, the RTOs respectfully request that the Commission immediately issue notice of this waiver request and provide, in accordance with its Rule 210(b),²⁰ for a shortened comment period of seven days.

V. Documents Enclosed

The RTOs enclose with this transmittal letter:

1. A clean version of the RTOs' proposed revisions to their JOA, which is on file with the Commission as Attachment CC to the NYISO's OATT, including the proposed revisions to Schedule D to the JOA (Attachment I);
2. A blacklined version of the RTOs' proposed revisions to their JOA, which is on file with the Commission as Attachment CC to the NYISO's OATT, including the proposed revisions to Schedule D to the JOA (Attachment II); and
3. PJM's concurrence letter, concurring with the proposed revisions to the JOA (Attachment III).

VI. Service

A. NYISO Service

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to this proceeding, to each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

¹⁹ The NYISO's BIC and MC held special meetings to review and vote on the JOA revisions that accompany this filing. In addition, the NYISO's Board conditionally approved the filing on an expedited basis, without waiting for the full MC appeal period to run.

²⁰ 18 C.F.R. § 385.210(b).

B. PJM Service

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,²¹ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region²² alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

VII. Correspondence and Communications

Please send all correspondence and communications regarding this filing to:

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²¹ See 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

²² PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

(518) 356-8503

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*Persons designated for receipt of service²³

VIII. Conclusion

Wherefore, for the foregoing reasons, the RTOs respectfully request that the Commission accept the attached JOA revisions for filing with an effective date of June 11, 2014.

Respectfully submitted,

/s/ Alex M. Schnell

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James H. Sweeney
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/s/ James Burlew

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²³ The RTOs request a limited waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure to permit each RTO to designate two representatives to receive service in this proceeding.