

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

New York Independent System Operator, Inc)	Docket Nos.	ER00-3591-012,
)		ER00-1969-014,
)		ER00-3038-007
)		EL00-70-008
)		ER02-2081-001

**REQUEST FOR LEAVE TO ANSWER AND ANSWER OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby respectfully requests leave to answer and answers the *Motion to Intervene and Limited Protest of the Member Systems* (“Motion”) that was filed in this proceeding on September 30. The Motion proposes several changes to the compliance filing that the NYISO submitted on September 9 in response to the Commission’s August 9 Order.² The NYISO objects to a number of the proposed changes because they are unnecessary and/or inaccurate. The Commission should either not require any changes in these areas or, alternatively, should accept the more accurate clarifying language that the NYISO describes herein.³

¹ 18 C.F.R. §§ 385.212 and 385.213 (2001).

² *New York Independent System Operator, Inc.*, 100 FERC ¶ 61,182 (2002) (“August 9 Order”).

³ In the event that the Commission directs the NYISO to adopt any of the alternative language the NYISO would make a new compliance filing.

I. Notices and Communications

All notices and communications in this proceeding should be served on:

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II. Request for Leave to Submit Answer

The NYISO recognizes that the Commission generally discourages answers to protests. The Commission has, however, allowed such answers when they help to clarify complex issues, provide additional information that will assist the Commission, or are otherwise helpful in the development of the record in a proceeding.⁴ The Motion raises complex and technical questions concerning the operation of the NYISO's Security Constrained Unit Commitment ("SCUC"). It is important that the tariff language describing SCUC procedures be correct. Forcing the NYISO to adopt inappropriate language could have significant market and reliability implications. This answer will help to clarify the issues that the Motion has raised and permit the Commission to make a fully-informed decision. The NYISO therefore respectfully asks that the Commission accept this answer.

⁴ See, e.g., *Morgan Stanley Capital Group, Inc. v. New York Independent System Operator, Inc.*, 93 FERC ¶ 61,017, slip op. at 6 (accepting an answer that was "helpful in the development of the record . . .") (2000); *New York Independent System Operator, Inc.*, 91 FERC ¶ 61,218 at 61,797 (allowing an answer deemed "useful in addressing the issues arising in these proceedings . . .") (2000); *Central Hudson Gas & Electric Corp.*, 88 FERC ¶ 61,137 at 61,381 (1999) (accepting otherwise prohibited pleadings because they helped to clarify the issues and because of the complex nature of the proceeding).

III. Answer

The NYISO does not agree with the Motion that the August 9 Order required the NYISO to revise OATT Sheet No. 452.01 and Services Tariff Sheet No. 331.01 “to clearly state which pass of the real-time scheduling process is used to settle transactions in the Real-Time market.”⁵ The issues in this proceeding relate solely to the way in which the NYISO’s calculation of day-ahead prices should be described in its tariffs. Thus, the August 9 Order directed the NYISO to incorporate clarifications that related to day-ahead price calculations. The purpose of the required clarifications was to “better distinguish the SCUC passes from each other and help clarify when fixed block generators would be scheduled.”⁶ The changes requested by the Motion do not involve SCUC passes but rather are concerned with describing the calculation of real-time prices and are thus beyond the scope of this proceeding. Moreover, even if the Motion’s request were deemed to be procedurally appropriate, it should be rejected because there is no need to further clarify the NYISO’s real-time price setting methodology.

In the alternative, if the Commission concludes that additional clarification is warranted, it should require the NYISO to add the following sentence to the tariff language describing SCUC Pass 4: “Real-Time LBMPs for internal NYCA resources are calculated in this Pass.” This is more accurate than the Motion’s proposed language, because the prices resulting from SCUC Pass 4 are not always used to “settle transactions occurring in the Real-Time Market. . . .”

⁵ Motion at 4.

⁶ August 9 Order at P 9.

Transactions at the NYISO's external proxy buses may instead settle at prices determined by the NYISO's Balancing Market Evaluation at times when there is congestion at the relevant bus.⁷

The NYISO also does not agree that it is necessary to make additional changes to its tariffs' descriptions of SCUC Passes 2 and 3 and objects to the particular clarifications proposed in the Motion. The procedures followed in those Passes are complex and the Motion's suggested descriptions of the NYISO's evaluation techniques do not adequately describe them. Adopting the Motion's proposed language would therefore make the NYISO's tariffs inconsistent with the way its systems actually work. On the other hand, including a complete descriptions of the relevant SCUC processes would necessitate the addition of a cumbersome amount of detailed information that the Commission has traditionally not required to be included in tariffs. If the Commission insists on additional clarifying detail it would be better to adopt language focused on describing the results that are to achieved by the evaluations performed in SCUC Passes 2 and 3. As revised, the description of Pass 2 would read:

Pass 2 consists of a least cost commitment and dispatch of Fixed Block Units, Import offers, Export Bids, and non-Fixed Block Units to meet forecast Load requirements in excess of Bid Load that minimizes the cost of committing additional Capacity incremental Minimum Generation and Start Up Bids, given revenues for Minimum Generation Energy based on LBMPs calculated in Pass 1, and assumes all Fixed Block Units are Dispatchable on a flexible basis.

The revised description of SCUC Pass 3 would read:

Pass 3 consists of a least cost commitment and dispatch of Fixed Block Units, Import offers, Export Bids, and non-Fixed Block Units to meet forecast Load requirements in excess of Bid Load that minimizes the cost of Minimum

⁷ See the first paragraph of Attachment B in the Services Tariff and Attachment J in the OATT, "The Locational Based marginal Prices ("LBMPs") for Generators and Loads will be based on the system, marginal costs produced by either the Security Constrained Dispatch ("SCD") program, or during intervals when certain conditions exist at Proxy Generator Buses, there Balancing Market Evaluation ("BME") program, for Real-Time Market prices,"

Generation and Start Up Bids, given revenues for Minimum Generation Energy based on LBMPs calculated in Pass 1 and assumes all Fixed Block Units are Dispatchable on a flexible basis. Fixed Block Units dispatched in this Pass are not blocked on in Pass 6. Non-Fixed Block Units committed in this step are blocked on at minimum Load in Passes 4 through 6. The difference between Pass 2 and Pass 3 is the inclusion of the In-City reserve and second contingency local reliability criteria. Incremental Import Capacity needed to meet forecast Load requirements is determined in Pass 3. The costs of satisfying forecast Load and Local Reliability Rules are determined in Pass 3.

Finally, the Motion is correct to observe that the NYISO intended to withdraw its proposed changes to OATT Sheet No. 236. The inclusion of those revisions in the September 9 compliance filing was inadvertent. The NYISO therefore does not object to the Motion's request that the fifth bullet item on OATT Sheet No. 236 be deleted.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO, hereby respectfully requests that the Commission accept its answer and either: (i) not require any changes to the NYISO tariffs in areas where the NYISO does not believe such changes are necessary; or (ii) accept the language proposed herein by the NYISO instead of the language included in the Motion and permit the NYISO to make a second compliance filing to implement it.

Respectfully submitted,

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October 28, 2002

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 the above-captioned proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 385.2010 (2001).

Dated at Washington, D.C. this 28th day of October, 2002.

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