

***Written Statement of Bradley C. Jones
President and Chief Executive Officer
New York Independent System Operator***

***New York State Senate
Standing Committee on Energy and Telecommunications
Honorable Joseph A. Griffo, Chair***

***New York State Assembly
Standing Committee on Energy
Honorable Amy Paulin, Chair***

February 28, 2017

Good afternoon Chairman Griffo, Chairwoman Paulin, and members of the Senate and Assembly. I welcome this opportunity to describe for you the process and timeframe by which the New York Independent System Operator (NYISO) will assess and address the reliability impacts, if any, that could result from the closure of the Indian Point facilities and answer any questions you may have.

My name is Brad Jones. I have served as the President and Chief Executive Officer of the NYISO for the last year and a half. I have over 30 years of wide-ranging experience in the electric industry, including power system operations and planning and wholesale electricity markets. Prior to my position at the NYISO, I served as Senior Vice President and Chief Operating Officer at the Electric Reliability Council of Texas (ERCOT), which is the system operator responsible for electric system operations across most of Texas. In this position, I was responsible for Operations, Grid Planning, and Commercial Operations.

The NYISO is an independent, not-for-profit organization that began operation in 1999. It is regulated as a public utility by the Federal Energy Regulatory Commission (FERC) under the Federal Power Act and as an electric corporation by the New York State Public Service Commission (PSC) under the New York State Public Service Law. The NYISO is required to operate in accordance with tariffs filed with and accepted by FERC.

As the independent operator of New York's bulk electric system, the NYISO, its directors, and its employees have no financial interest in its market participants or the outcomes of the energy markets it oversees. The NYISO has a legal obligation to provide open, non-discriminatory access to the

electric system. We do not advocate for or against any electric industry entity, and we maintain a balanced, unbiased perspective on generation, transmission and demand-side resources.

I would like to highlight three of our critical functions.

The NYISO's first, and primary, function is to reliably operate New York's bulk electric system in accordance with mandatory national, regional, and state reliability requirements and standards. The NYISO has an Operations Control Center in East Greenbush that is staffed 24 hours a day and works hand in hand with the state's six investor owned electric utilities and the New York and Long Island Power Authorities.

Second, the NYISO administers competitive wholesale markets enabling generators and other resources to sell power to utilities and other parties who, in turn, supply it to New York consumers.

Third, the NYISO conducts comprehensive system planning to maintain the long-term reliability of the state's bulk electric system. In that capacity, the NYISO participates as a non-voting member of the New York State Energy Planning Board.

It is important to understand that ***the State's resource mix, transmission and distribution system, and forecasted demand are constantly changing***. The NYISO continuously examines the reliability of New York's bulk electric system. Let me describe the two fundamental planning processes that are relevant to this discussion.

First, the NYISO issues a comprehensive reliability assessment every two years that examines the reliability of New York's bulk electric system over a ten-year planning horizon. The NYISO's assessment evaluates two distinct aspects of system reliability: transmission security and resource adequacy. Our process examines the grid's ability to withstand disturbances and assesses whether there are enough resources in place to serve consumers under peak conditions.

The NYISO determines which existing and new resources and facilities will be included or excluded for this assessment based on detailed requirements prescribed in its federally-regulated tariffs and procedures.

Second, the NYISO administers a generator deactivation process. This process analyzes the impacts of generator retirements. This process would apply to Indian Point.

Pursuant to NYISO's tariffs, a generator must provide the NYISO with a notice of its intent to retire. The generator retirement notice is unlikely to always align with the two-year timeframe for conducting the comprehensive reliability assessment. Therefore, the NYISO conducts a separate, generator deactivation review process. This separate process is specifically geared to assess and

address any short-term reliability needs that could result from a generator's retirement which cannot wait until the NYISO's next comprehensive reliability assessment.

Within 90 days of receiving a formal retirement notice, the NYISO assesses whether any reliability needs will arise over a five-year period. This analysis focuses solely on the reliability impacts to the electric system that could result from the generator's deactivation. The purpose of the deactivation process is to allow the NYISO to respond to retirements that occur between its regular comprehensive reliability assessments.

The NYISO has not yet received a formal notice of deactivation for Indian Point. The NYISO will conduct the Indian Point retirement study at the earlier of its receipt of a formal retirement notice or the next comprehensive reliability assessment.

The NYISO's planning studies use complex computer models to assess the capability of the transmission system and the adequacy of resources that connect to that system to meet New York's electric needs. There are numerous factors that will be included in these models to determine whether there are any reliability needs associated with the closure of Indian Point. Three of these factors are of particular importance.

First, the NYISO must **forecast the expected future system peak demand**, which represents the amount of capacity that must be available from all resource types to serve all customers at times of peak demand. In forecasting consumers' demand, the NYISO will take into consideration economic outlook, demographic data, weather models, and the impact of energy efficiency.

Second, we will consider the **impact of changes in supply resources** available to the electric system. The NYISO will account for generation of all types in its models, including those that are retiring, existing plants that are reentering service, and new power plants that intend to enter service. Finally, the total resource mix is adjusted by factoring the impact of demand response resources that are paid to reduce their usage at peak times.

Third, the NYISO must **update its model of the bulk electric transmission system that represents New York State's transmission grid**. The NYISO will reflect the status of transmission facilities that are under repair, changes in capability of existing facilities, and new transmission being brought on line.

Together, these analyses will indicate whether any reliability needs would result from the retirement of the Indian Point facilities in accordance with all applicable reliability standards.

It is essential that the NYISO conduct its studies using the most up-to-date information of the resource mix, system conditions, and forecasted system needs in New York at the time when the NYISO receives the Indian Point retirement notices. The NYISO will use the best currently available

information to conduct its studies and provide federal and state policy makers, market participants, investors, and the public with clear information necessary to determine the impact of the Indian Point retirement. If a reliability need is revealed, the NYISO will address the need through market-based solutions or, if necessary, with regulated solutions funded through the NYISO's tariffs.

Thank you for inviting the NYISO to today's hearing, as you and your colleagues examine the important issues raised by the announced closure of the Indian Point facilities.

I am happy to take any questions you may have.

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