

97 FERC ¶ 61, 308
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 20, 2001

New York Independent System Operator, Inc.
Docket No. ER02-194-000

Hunton & Murphy
Attn: Arnold H. Quint
Attorney for New York Independent
System Operator, Inc.
1900 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Quint:

On October 26, 2001, you filed on behalf of the New York Independent System Operator, Inc. (NYISO) amendments to its Market Administration and Control Area Services Tariff and its Open Access Transmission Tariff to implement the Interregional Transmission Pilot Program (Pilot Program) for generation redispatch between NYISO and PJM Interconnection, L.L.C. (PJM) in emergency conditions. Your submittal is hereby conditionally accepted for filing, effective November 20, 2001, as requested. NYISO is directed to revise its Pilot Program, as discussed below. In order to permit a November 20, 2001 effective date, we grant waiver of the 60-day prior notice requirement.¹

Notice of the filing was published in the Federal Register, 66 Fed. Reg. 56,294 (2001), with comments, protests, or interventions due on or before November 16, 2001. The following entities filed unopposed, timely motions to intervene raising no substantive comments: H.Q. Energy Services (U.S.), Inc.; KeySpan-Ravenswood, Inc.; Member Systems; Mirant Americas Energy Marketing, LP, Mirant New York, Inc., Mirant Bowline, LLC, Mirant Lovett, LLC, and Mirant NY-GEN, LLC; NRG Companies; Reliant Energy Northeast Generation, Inc. PJM filed a timely motion to intervene and comments. PJM states that it does not object to the NYISO's proposed change to the Pilot Program, provided that PJM may amend its Pilot Program to conform to NYISO's Pilot Program. Under Rule 214(c)(1) of the Commission's Rules of Practice and Procedure, 18

¹ Central Hudson Gas & Electric Corp., *et. al*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

C.F.R. § 385.214(c)(1) (2001), the filing of a timely, unopposed motion to intervene serves to make the movant a party to the proceeding.

NYISO made the instant filing in response to the Commission's recommendation in PJM Interconnection, L.L.C., 96 FERC ¶ 61,252 (2001) that NYISO make a companion filing to PJM's Pilot Program. In that order, the Commission accepted for filing PJM's Pilot Program, which is identical to NYISO's proposed Pilot Program, with one exception. Under NYISO's proposal, generator adjustments pursuant to the Pilot Program would be accompanied by a separate emergency energy transaction and an adjustment in the control area interchange between PJM and NYISO. NYISO also proposes that the ISO requesting redispatch under the Pilot Program be charged the Commission-approved emergency rate, *i.e.*, 150% of Locational Based Marginal Price.² PJM's Pilot Program, on the other hand, contemplates that a separate sale of emergency energy would be the exception, not the rule, occurring only when the system requesting redispatch under the Pilot Program also requests emergency energy to meet load.

The Commission finds that NYISO has failed to provide an adequate justification for the proposed exception. NYISO's allegation that the additional energy or energy reduction called for under the Pilot Program will affect the actual energy flows between the New York and PJM Control Areas, as well as change the LBMPs internal to the NYISO's control area and adversely affect generators and loads is unsupported. NYISO has also failed to explain what it intends to do with the revenues received from redispatch under the Pilot Program, *i.e.*, the difference between a generator's bid price and an emergency rate. The Commission also believes that PJM's proposal is more consistent with the pricing that will be adopted once a single Northeast RTO is operational. NYISO's proposal would exacerbate a seam between PJM and New York because it would use a different method for determining the price for redispatch between the ISOs than the price for redispatching within NYISO. Accordingly, NYISO is directed to revise its Pilot Program to conform it to PJM's Pilot Program.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in

² See New York Independent System Operator and PJM Interconnection, LLC, 91 FERC ¶ 61,107 (2000).

the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against NYISO or their jurisdictional members.

By direction of the Commission.

Linwood A. Watson, Jr.,
Acting Secretary.