101 FERC ¶ 61, 216
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 22, 2002

In Reply Refer To:
New York Independent System Operator, Inc.
Docket No. ER03-13-000

Hunton & Williams
200 Park Avenue
New York, New York 10166

Attention: Kathy Robb, Esq.
Attorney for New York Independent System Operator, Inc

Reference: Tariff Revisions Implementing Unforced Capacity Deliverabililty Rights

Dear Ms. Robb:

1. By letter dated October 3, 2002, you submitted for filing with the Commission, on behalf of New York Independent System Operator, Inc. (NYISO), revisions to NYISO's Market Administration and Control Area Services Tariff (Services Tariff). The revisions to the Services Tariff implement a new product in the NYISO markets, Unforced Capacity Deliverabililty Rights (UDRs). NYISO requests an effective date after 60 days from the date of the filing, December 3, 2002. Your submittal is accepted for filing, as revised by this order, to be effective December 3, 2002, as requested.

2. Notice of the filing was published in the Federal Register, 67 Fed. Reg. 63,909 (2002) with protests or interventions due on or before October 24, 2002. KeySpan-Ravenswood, LLC (KeySpan), Dynegy Power Marketing, Inc., New York Transmission Owners, Long Island Power Authority (LIPA), New York Transmission Owners, Reliant Resources, Inc. (Reliant), and TransEnergie U.S. Ltd. and its affiliates Cross-Sound Cable Company LLC and Harbor Cable Company, LLC (TransEnergie) filed timely interventions. The NRG Companies (NRG) filed an untimely intervention and protest. Pursuant to 18 C.F.R. § 385.214 (2002), the filing of a timely, unopposed motion to intervene makes the movant a party to the proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2002), the Commission will grant NRG's late-filed motion to intervene, given the early stage of the proceeding, the fact that no disruption of the proceeding or undue prejudice to existing parties will result, and NRG's interest is not adequately represented by other parties in the proceeding.

3. UDRs are described by NYISO as rights assigned to new incremental, controllable transmission projects that connect a locality in the New York Control Area (NYCA) to a non-constrained, non-locality NYCA region or to an external control area. They are intended to provide an incentive to develop new transmission projects in and to the NYCA, because, NYISO explains, UDRs place additional value on new, incremental, controllable transmission facilities by assigning an unforced capacity (UCAP) market value to these projects. UDRs, when combined with certain UCAP, will allow such UCAP to be used to meet locational UCAP requirements.[1]

4. LIPA and Transenergie have filed comments in support of the tariff revisions.

5. KeySpan requests that NYISO clarify the method used to determine the initial quantity or "incremental" amount of UDRs assigned to new transmission projects. KeySpan further requests that NYISO clarify how it will evaluate the combined reliability of UDR transmission and the underlying generation vis-a-vis outages of either. We find both requests reasonable and order NYISO to provide the requested clarifications within thirty days of the date of this order.

6. NRG protests that tariff language in Section 5.12.2, regarding deliverability of capacity, is too vague and provides no guidance as to what would satisfy NYISO as to deliverability. We agree that the standard, which is "to the satisfaction of the NYISO," lacks sufficient specificity and therefore order NYISO to revise Section 5.12.2 to provide a description of what would constitute a demonstration that the capacity in question is

[1]NYISO explains that UDRs, when combined with UCAP located either in an external control area or in a non-constrained, non-locality NYCA region allow that UCAP to be counted as locational UCAP to satisfy a load serving entity's locational UCAP requirement. Thus, combined with UDRs, UCAP which might be priced at $70 in an unconstrained locality can be used to meet the locational requirement of an LSE in a constrained area where UCAP might be priced at $100.

deliverable (We will not, however, require NYISO to adopt the specific language suggested by NRG.[2]). Further, we find that the term "incremental controllable transmission" is too vague and require NYISO to include in the tariff a definition of "controllable transmission." NYISO must file these revisions to the tariff within thirty days of the date of this order.

By direction of the Commission.

Linwood A. Watson, Jr.,
Deputy Secretary.

[2]Likewise, we will not prohibit NYISO from adopting that language, should it choose to do so.