

*Strategic Tariff Review*  
*Network Integration Service*  
*Deleting Unnecessary and Unused Sections of the*  
*OATT & Services Tariffs*

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## *Part III of the OATT*

- ◆ Part III of the OATT provides a service known as Network Integration Service (“NITs”).
- ◆ It is a type of Transmission Service, separate from Point to Point service, in which customers designate loads and generators among which they want transmission service.
- ◆ Part III provides the following:
  - *Scope and nature of service*
  - *TO responsibilities*
  - *Application for Service*
  - *Customer responsibilities*
    - Including the designation of facilities and loads

# *Transmission Service Under the OATT*

- ◆ All NYISO Customers can obtain transmission service by scheduling Energy purchases and sales or by scheduling a bilateral transaction and designating a Point of Injection and a Point of Withdrawal.
- ◆ Existing transmission scheduling opportunities allow multiple sources to serve a single load and single generation units to serve multiple loads.

# *NITs: Why is it in the Tariff*

- ◆ To conform to a FERC Order, the N.Y. Transmission Owners, as proponents of the NYISO tariff, developed language that offered this bid-based financial transmission service as point-to-point or network service.
- ◆ Having two financially-based transmission services has proven to be unnecessary in N.Y. No customer has ever requested Network Integration Service. The NYISO's existing financial-based point to point transmission service is the functional equivalent of NITS. It provides all the benefits of NITs without the cumbersome application and designation requirements of NITS. (See Appendix to this presentation for the NITs application / designation requirements).

# *Remove NITs*

- ◆ The NYISO proposes to remove Part III of the OATT, the Network Integration Service provisions, from its OATT.
  - *Conforming changes to its Services Tariff are also necessary*
- ◆ Eliminating Network Integration Service will not impact recoveries of TSCs or TUCs.
- ◆ These proposed changes require no software revision and will not impact any services currently being used by any customer of the NYISO.
- ◆ Removing NITS better aligns the tariff with existing services.
- ◆ The NYISO has received no adverse response from the FERC to the NYISO's statements in previous filings that it was planning a stakeholder process to eliminate NITs from its tariffs.

# Concerns

- ◆ At the Business Issues Committee, four issues were raised:
  - *Why drop NITS now?*
  - *How will the NYISO and the TOs comply with Order 888 by eliminating NITS?*
  - *Why open the old arguments at the FERC over financial transmission service?*
  - *Don't the planning obligations under NITS provide benefits found nowhere else?*

# *Why Change Now?*

- ◆ The NYISO faces compliance obligations which could require it to develop and install new electronic functionality for users of Network Integration Service.
  - *The Commission's Orders 890, 890-A and 890-B directed Transmission Providers to develop through NAESB, Business Practice Standards including OASIS functionality related to Network Integration Transmission Service (NITS).*
  
- ◆ There is no reason to pursue a project to add this new electronic service since Network Integration Service is unnecessary as a separate function in New York.

# *NAESB Standards*

- ◆ Under these proposed standards, the NYISO would be required, on its OASIS, to provide information by electronic means about available transmission capability for transmission capacity allocation and a process for requesting Network Integration Transmission Service Application and transmission service.
- ◆ The OASIS functionality is intended to enable Transmission Providers and Network Customers to communicate promptly their requests and responses to requests for available transmission capacity and applications offered under the Transmission Provider's tariff.
- ◆ As an example of the new requirements:
  - *A Transmission Provider/Seller shall respond to a Network Customer's network integration transmission service application request, consistent with filed tariffs, within the Provider Response Time Limit defined in **Table 4-x Agreement Timing Requirements**. The time limit is measured from the time the OASIS Transmission application request is SUBMITTED.*



# *Other Potential Requirements*

## **Business Practice Requirements for Network Integration Transmission Service Application (NITS Application)**

- ◆ **Requirements Dealing with the NITS Application**
  - *An Eligible Customer shall submit the NITS Application on OASIS.*
  - *The Transmission Provider shall provide the capability on OASIS for the customer to enter, add, and revise information related to the NITS Application over an extended period of time prior to submittal to the Transmission Provider for consideration.*
  - *Transmission Providers may view any information on pending (before submittal) NITS Applications if such information has been entered and stored on the Transmission Provider's OASIS.*

# *The Other Concerns*

- ◆ How will the NYISO and the TOs comply with Order 888 by eliminating NITS?
  - *The NYISO's point to point financial transmission product offers service that equals or exceeds the service available under NITs.*
  - *FERC has approved the CAL ISO MRTU Tariff as consistent with Order 888 even though its daily transmission service is not designed as point to point or NITs transmission service.*
  
- ◆ Re-litigation of the appropriateness of financially-based transmission service
  - *Eliminating NITS does not raise these issues – the NYISO financial transmission service is not changed with this tariff amendment*

# *Transmission Planning*

- ◆ Transmission Planning will remain unchanged with the elimination of Part III of the OATT. Sections 32 (Additional Study Procedures, System Impact Study Procedures and Facilities Study Procedures), 32A (Development of Transmission Reinforcement Options), and 32B (Study Procedures For New Interconnections To The NYS Power System) are all duplicated by Sections 19, 19A and 19B.

# *Transmission Planning*

- ◆ Specific concerns relate to eliminating provisions of Section 28.2:
  - *The Transmission Owners and the ISO shall include the Network Customer's Network Load in transmission system planning and shall, consistent with Good Utility Practice and Attachment Y, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Owner's delivery of its own generating and purchased resources to its Native Load Customers.*
- ◆ This language is vestigial. There are no special provisions in Attachment Y for delivering generation to a TO's native load customers. All load is treated identically under the NYISO's planning provisions.

# *Transmission Planning*

- ◆ To reinforce the notion that the NYISO plans for all load and uses Good Utility Practice in planning under Attachment Y for the reliability of the transmission system, the NYISO proposes to add the following language to Section 19 E:
  - *The ISO shall conduct the Comprehensive Reliability Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures and shall include all statewide load on a comparable basis in that process. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 19.0, 19A, 19B, 32.0, 32A, and 32B of this Tariff.*

# *Transmission Planning*

- ◆ As well, the NYISO proposes to add the following language to the opening provision (A.1.1) of Attachment Y:
  - *Sections 4.0 through 9.0 of this Attachment describe the process that the NYISO, the Transmission Owners, and Market Participants and other interested parties shall follow for planning to meet the reliability needs of the New York State Bulk Power Transmission Facilities (“BPTFs”). The objectives of the process are to: (1) evaluate the reliability needs of the BPTFs pursuant to Reliability Criteria and Good Utility Practice, which evaluation shall include all Load . . . .*

# *Conforming Changes*

- ◆ Tariff definitions that dealt with the provision of Network Integration Service will be deleted; Tariff definitions that included references to Network Integration Service will be amended.
  
- ◆ Section 13.6 will be amended to add the following language:
  - *The NYISO will implement Load Shedding and Curtailment procedures when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Transmission Owners in a timely manner of any scheduled Curtailment.*
  
- ◆ The following will also be deleted:
  - *Attachment I of the OATT: Index of Network Integration Transmission Service Customers;*
  - *Attachment O: Service Agreement for Network Integration Transmission Service; and*
  - *Schedule 9: Network Integration Transmission Service,.*
  
- ◆ References to Part III of the OATT, Network Integration Customers, and Network Integration Transmission Service will be deleted throughout the OATT.
  
- ◆ Conforming changes will be made to the Services Tariff.

## *Next Steps*

- ◆ If MIWG is agreeable, schedule a vote at the November BIC



# *Appendix: NITs applications*

- ♦ A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including, but not limited to, the following:
  - ♦ (i) The identity, address, telephone number and facsimile number of the party requesting service;
  - ♦ (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
  - ♦ (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total Loads to be served at each transmission voltage level, and the Loads to be served from each Transmission Owner substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter Load and resource requirements beginning with the first year after the service is scheduled to commence;
  - ♦ (iv) The amount and location of any interruptible Loads included in the Network Load. This shall include the summer and winter Capacity requirements for each interruptible Load (had such load not been interruptible), that portion of the Load subject to Interruption, the conditions under which an Interruption can be implemented and any limitations on the amount and frequency of Interruptions. An Eligible Customer should identify the amount of interruptible customer Load (if any) included in the 10-year Load forecast provided in response to (iii) above;
  - ♦ (v) A description of Network Resources (current and 10-year projection.) For each on-system Network Resource, such description shall include:
    - ♦ Unit size and amount of Capacity from unit to be designated as Network Resource
    - ♦ VAR capability (both leading and lagging) of all Generators
    - ♦ Operating restrictions
    - ♦ Any periods of restricted operations throughout the year
    - ♦ N Maintenance schedules
    - ♦ Minimum loading level of unit
    - ♦ Normal operating level of unit
    - ♦ Minimum Generation and Start-Up Bid and variable Energy Bid information for redispatch computations

# *NITs application*

- ♦ (vi) Arrangements governing sale and delivery of power to third parties from generating facilities located in the New York Control Area, where only a portion of unit output is designated as a Network Resource
- ♦ For each off-system Network Resource, such description shall include:
- ♦ Identification of the Network Resource as an off-system resource
- ♦ Amount of power to which the customer has rights
- ♦ Identification of the control area from which the power will originate
- ♦ Delivery point(s) to the New York State Transmission System
- ♦ Transmission arrangements on the external transmission system(s)
- ♦ Operating restrictions, if any
- ♦ Any periods of restricted operations throughout the year
- ♦ Maintenance schedules
- ♦ Minimum loading level of unit
- ♦ Normal operating level of unit
- ♦ Any must-run unit designations required for system reliability or contract reasons
- ♦ Approximate variable generating cost (\$/MWH) for redispatch computations;
- ♦ Description of Eligible Customer's transmission system:
- ♦ Load flow and stability data, such as real and reactive parts of the Load, lines, transformers, reactive devices and Load type, including normal and emergency ratings of all transmission equipment in a Load flow format compatible with that used by the ISO and the Transmission Owners
- ♦ Operating restrictions needed for reliability
- ♦ Operating guides employed by system operators
- ♦ Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- ♦ Location of Network Resources described in subsection (v)
- ♦ above
- ♦ Transmission system maps that include any proposed expansions or upgrades 10 year projection of system expansions or upgrades
- ♦ Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

# *NITs application*

- ♦ (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one hour.
- ♦ (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
- ♦ (ix) Any additional information required of the Transmission Customer as specified in the ISO's planning process established in Attachment Y.
- ♦ Network Integration Transmission Service shall not commence until the ISO, Transmission Owners and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the NYS Transmission System. The ISO shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.
- ♦ The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and Energy from the NYS Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or Interconnection. To the extent that a Network Customer is serving retail customers in a Transmission Owner's retail access program, the Network Customer shall procure retail distribution services in accordance with Part IV or this Tariff and the Transmission Owner's retail access tariff as filed with the PSC, or in the case of LIPA, as established under state law.
- ♦ The Network Customer shall provide the ISO with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of this Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the ISO's planning process under Attachment Y. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the ISO's ability to provide reliable service.

The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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