

Docket No. ER00-1483-001

UNITED STATES OF AMERICA 95 FERC ¶ 61,406
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Curt Hébert, Jr., Chairman;
William L. Massey, and Linda Breathitt.

New York Independent System Operator, Inc.

Docket No. ER00-1483-001

ORDER ACCEPTING COMPLIANCE FILING

(Issued June 15, 2001)

In this order, we accept for filing revisions to New York Independent System Operator, Inc.'s (NYISO) Administration and Control Area Services Tariff (Services Tariff) clarifying certain aspects of NYISO's transitional Installed Capacity (ICAP) market design, effective April 28, 2000.

Background

By order issued on March 29, 2000 (March 29 Order),¹ the Commission conditionally accepted NYISO's transitional ICAP market design and directed NYISO to submit a filing clarifying certain aspects of its proposal. In particular, the Commission ordered NYISO to: (1) correct Section 5.12.2 of NYISO's Services Tariff to include two sentences that were inadvertently omitted from the original filing of February 1, 2000; (2) clarify the sanctions applicable to ICAP suppliers that supply ICAP outside of the New York control area (NYCA); (3) clarify that energy will be recalled on a least-cost basis; (4) clarify that NYISO's Services Tariff recall provisions are applicable to both internal and external ICAP suppliers; (5) explain that recall

¹ New York Independent System Operator, Inc., 90 FERC 61,319 (2000).

Docket No. ER00-1483-001

energy bids will not, at present, set Locational Based Market Price (LBMP);²; and (6) describe the circumstances under which energy recalls are likely to take place.

On April 28, 2000, NYISO made a compliance filing, as directed by the March 29 Order. By its compliance filing, NYISO restores the missing language to Section 5.12.2 of its Services Tariff. NYISO's compliance filing clarifies that: (1) ICAP suppliers exporting power outside of the NYCA and subject to sanctions will not be paid their recall bids or any other compensation for energy being recalled by NYISO; (2) when NYISO recalls energy it will do so on a least cost basis, consistent with maintaining reliability; (3) recall provisions in NYISO's Services Tariff apply to all ICAP that is used to supply energy outside of the NYCA, regardless of whether the ICAP is associated with internal or external ICAP resources; and (4) recall bids will not, at present, set real-time or day-ahead LBMP. NYISO states that it reserves the right to propose future tariff revisions that would enable recall bids to set real-time LBMP. Furthermore, NYISO's compliance filing clarifies that NYISO will recall energy only after exhausting all other available energy bids, in accordance with ISO Procedures contained in its manuals.

NYISO also proposes to make additional revisions to its tariff not explicitly directed by the March 29 Order. NYISO states that the revisions correct additional ambiguities that became apparent only after reviewing the March 29 Order. NYISO would eliminate language providing that ICAP suppliers may only enter into bilateral transactions to serve load in the NYCA. Moreover, NYISO states that the original provision appears to give resource owners, rather than NYISO, the authority to decide whether their units will run to support bilateral transactions, and proposes to delete this language.

Notice of Filing, Interventions and Comments

² LBMP is a pricing methodology under which the price of energy at each location in the New York transmission system is equivalent to the cost to supply the next increment of load at that location.

Notice of NYISO's filing was published in the Federal Register, 65 Fed. Reg. 31,160 (2000), with protests, answers, and motions to intervene required to be filed on or before May 19, 2000. Timely motions to intervene were filed by the following entities: Member Systems; **New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Rochester Gas and Electric Corporation and Central Hudson Gas & Electric Corporation.** Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2000), **the filing of a timely motion to intervene that has not been opposed makes the movant a party to the proceeding.**

New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Rochester Gas and Electric Corporation and Central Hudson Gas & Electric Corporation (collectively, Commenters) also filed comments. They argue that NYISO's compliance filing fails to explicitly identify the circumstances under which recall of energy will be exercised. Accordingly, they request the Commission to direct NYISO to address the following circumstances: (1) whether recalls will be exercised before or after operating reserves are converted into energy; (2) whether NYISO must procure less expensive sources of energy from markets outside of the NYCA before committing to pay suppliers their recall bids; (3) whether NYISO should attempt to solicit alternative bids from other market participants before exercising recall bids; and (4) whether NYISO can provide end-use customers with notice and opportunity to reduce load before exercising recall bids. Also, Commenters contend that NYISO's reservation of the right to make a future filing to permit recall bids to set real-time LBMP creates uncertainty with respect to its compliance filing.

Discussion

Commenters request that the Commission require NYISO to explicitly identify the circumstances under which recall of energy will be exercised. The revised tariff sheets submitted by NYISO provide that energy will be recalled after exhausting all other available energy bids and in accordance with ISO Procedures that are contained in NYISO's manuals. Further, NYISO states that as a general rule, it will recall energy before shedding load or instituting a voltage reduction, unless it must deviate to preserve reliability.³ We find that NYISO's proposal is adequate to meet our compliance requirement.

In response to concerns regarding NYISO's reservation of the right to make a filing to revise the recall bid provisions, the Commission notes that pursuant to section

³ We note that on August 8, 2000, NYISO posted on its website a Technical Bulletin providing additional information on the recall procedures.

205 of the Federal Power Act,⁴ NYISO has the right to make a filing with this Commission, and the merits of such filing, as well as comments and protests, will be considered by the Commission at that time.

We accept for filing the NYISO-proposed revisions to its Services Tariff clarifying certain aspects of NYISO's transitional ICAP market design, effective April 28, 2000. We note that the tariff revisions submitted in this proceeding have been superseded, as NYISO has modified its transitional ICAP provisions subsequent to the instant filing.⁵ Therefore, the revisions that we are accepting for filing in this proceeding will be effective for the period beginning April 28, 2000 until superseded.

The Commission orders:

NYISO's compliance filing is hereby accepted for filing, effective April 28, 2000.

By the Commission.

(S E A L)

⁴ 16 U.S.C. § 824e (1994).

⁵ **See, e.g., New York Independent System Operator, Inc., 94 FERC ¶ 61,357 (2001).**

Linwood A. Watson, Jr.,
Acting Secretary.