

September 2, 2011

Hon. Jaclyn A. Brillling, Secretary  
Public Service Commission of the State of New York  
Three Empire State Plaza, 14<sup>th</sup> Floor  
Albany, New York 12223-1350

Subject: Case 11-E-0423 – In the Matter of Consolidated Edison Company of New York,  
Inc.'s Request for a Declaratory Order Regarding Discontinuance of Blackstart Service

Dear Secretary Brillling:

Attached for filing in the above-entitled proceeding are Comments of the New York Independent System Operator, Inc. in response to Consolidated Edison Company of New York, Inc.'s August 12, 2011 petition to the Commission for a declaratory order finding that the electric generators that are attached to Con Edison's transmission system and provide blackstart service ("Blackstart Providers") are obligated to obtain the Commission's written consent before terminating blackstart service.

The NYISO is serving its comments on all parties, via electronic mail, to the Active Party List established for this proceeding. A certificate of service by electronic mail is enclosed. Should you have any questions, please contact me by phone at (518) 356-6220 or by e-mail at [cpatka@nyiso.com](mailto:cpatka@nyiso.com).

Very truly yours,

/s/ Carl F. Patka  
Carl F. Patka  
Assistant General Counsel

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

**Case 11-E-0423 - In the Matter of Consolidated Edison Company of New York, Inc.’s  
Request for a Declaratory Order Regarding Discontinuance of Blackstart  
Service**

**Comments of the New York Independent System Operator, Inc.**

On August 12, 2011, Consolidated Edison Company of New York, Inc. (“Con Edison”) filed a petition with the New York State Public Service Commission (“PSC” or “Commission”) for a declaratory ruling that a generator that provides black start service in New York City must notify the PSC and obtain the Commission’s written consent before it can terminate its provision of black start service.<sup>1</sup> Pursuant to Rule 8.2(c) of the Commission’s Rules of Procedure,<sup>2</sup> the New York Independent System Operator, Inc. (“NYISO”) respectfully submits comments in this proceeding. The NYISO does not take a position on Con Edison’s request for a declaratory order, but submits comments to: (i) provide the Commission with certain factual information regarding the requirements and status of the Con Edison portion of the statewide program administered by the NYISO for restoring electric service in New York following an unplanned outage (“New York Restoration Program”) and (ii) inform the Commission of the status of a related proceeding before the Federal Energy Regulatory Commission (“FERC”).

**I. Comments**

**A. Requirements and Status of Con Edison Portion of New York Restoration Program**

**i. The New York Restoration Program**

The NYISO is responsible for maintaining the New York Restoration Program, including procuring adequate black start and system restoration resources to implement the statewide

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<sup>1</sup> Case 11-E-0423, *In the Matter of Consolidated Edison Company of New York, Inc.’s Request for a Declaratory Order Regarding Discontinuance of Blackstart Service*, Petition of Consolidated Edison Company of New York, Inc. for Issuance of a Declaratory Order, August 12, 2011 (“Con Edison Petition”).

<sup>2</sup> 16 NYCRR § 8.2(c).

program.<sup>3</sup> The New York Restoration Program provides for: (i) the restoration of electric service to New York by means of the 345 kV transmission backbone of New York that is energized by large hydropower units located in northern and western New York, and (ii) the restoration of electric service to the Con Edison service territory in southeastern New York by means of Con Edison's local black start program.<sup>4</sup> Con Edison is responsible for maintaining its local black start program for the timely restoration of electric service to New York City, including procuring adequate black start resources to implement its local program.<sup>5</sup> In its program, Con Edison relies on certain gas turbine and steam turbine units located in its service territory that possess black start and system restoration capabilities ("Black Start Generators").

**ii. NYISO Tariff Requirements for Generators Participating in Con Edison Portion of New York Restoration Program**

The NYISO tariffs establish the requirements for a Black Start Generator located in New York City to participate in the Con Edison portion of the New York Restoration Program.<sup>6</sup> Section 15.5.3.1 of Rate Schedule 5 of the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") states that a Black Start Generator commits to participate in the Con Edison portion of the New York Restoration Program for a three-year commitment period. A Black Start Generator may withdraw from the program by providing one year's advance notice at the end of the second year of its three-year commitment period. If the Black Start Generator does not provide this notice, it commits to participate in the program for a subsequent three-year commitment period. A participating Black Start Generator is paid a set

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<sup>3</sup> See New York State Reliability Counsel Reliability Rules, Measurement G-M1 (Version 29, January 7, 2011).

<sup>4</sup> See Services Tariff, Rate Schedule 5 § Section 15.5.1; see also NYISO System Restoration Manual § 1.2 (July 2010).

<sup>5</sup> See New York State Reliability Counsel Reliability Rules, Measurements G-M1 and G-M2 (Version 29, January 7, 2011).

<sup>6</sup> Section 15.5.3.1 of Rate Schedule 5 of the Services Tariff establishes the requirements for generators divested by Con Edison that participate in the Con Edison portion of the New York Restoration Program described in this section.

annual amount for its participation based upon the voltage level at which it is interconnected – \$350,000 for 345 kV and \$300,000 for 138 kV.

A Black Start Generator is responsible for conducting an annual black start capability test in accordance with test criteria set forth in Appendix I of Rate Schedule 5 of the Services Tariff. A Black Start Generator is also responsible for performing operator training and for conducting annual tests and certification of certain equipment and critical components related to its black start and system restoration capabilities. A Black Start Generator may recover additional verifiable costs associated with performing operator training and conducting annual black start capability tests.

**iii. Development of Enhancements to the New York Restoration Program**

The existing Black Start Generators in the Con Edison portion of the New York Restoration Program are the same generators that provided black start and system restoration service prior to Con Edison’s divestment of generators over a decade ago. As Con Edison indicated in its petition, the generators “that have been constructed and interconnected to Con Edison’s system since Con Edison’s divestiture do not have blackstart capability.”<sup>7</sup> Given the lack of new black start and system restoration capability, Con Edison has indicated concern regarding the impact on its local black start program of existing Black Start Generators withdrawing from the program as they age and/or retire.

The NYISO shares Con Edison’s concerns regarding the future black start and system restoration capability in New York City. For this reason, the NYISO has been engaged in discussions with Con Edison and with Black Start Generators since December 2010 to review the existing requirements for the New York Restoration Program and to explore potential enhancements to the program. The aim of these discussions is to develop program enhancements

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<sup>7</sup> Con Edison Petition at p. 7.

that: (i) address certain operational and financial concerns raised by Black Start Generators to encourage these generators to remain in the New York Restoration Program going forward and (ii) improve the ability of the NYISO and Con Edison to procure and retain new black start and system restoration resources.

Based on these extensive discussions, the NYISO has identified an initial package of potential enhancements to the New York Restoration Program. The NYISO plans to soon initiate a process to further develop and complete these enhancements. The NYISO hopes to submit proposed tariff revisions to FERC in the first half of 2012.

**B. Status of FERC Proceeding Regarding TC Ravenswood, LLC's Proposed Withdrawal from the New York Restoration Program**

TC Ravenswood, LLC ("TC Ravenswood") notified the NYISO and Con Edison in September 2010 of its intent to withdraw its steam turbine units 10, 20, and 30 located at the Ravenswood Generating Station in Queens, New York ("Ravenswood Units")<sup>8</sup> from the New York Restoration Program at the end of their three-year commitment period on September 30, 2011. TC Ravenswood informed the NYISO at that time that it was withdrawing its units due to concerns regarding the strain that the annual black start capability tests place on the aging Ravenswood Units.<sup>9</sup>

Upon receipt of this notice, the NYISO and Con Edison reviewed the New York Restoration Program and identified significant reliability concerns regarding the Con Edison portion of the New York Restoration Program if the Ravenswood Units withdraw from the program on September 30, 2011. The Ravenswood Units play a unique and important role in the

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<sup>8</sup> TC Ravenswood owns both steam turbine and gas turbine units that participate in the New York Restoration Program. In September 2010, TC Ravenswood did not notify the NYISO and Con Edison of any intent to withdraw the gas turbine units, as the testing concerns that TC Ravenswood had regarding its aging steam turbine units did not apply to its gas turbine units.

<sup>9</sup> The Ravenswood Units were constructed in the 1960s.

timely restoration of electric service in the New York City in the event of an unplanned outage. The large size of the Ravenswood Units, which together are 1,827 MW,<sup>10</sup> along with their strategic location, enables these units to pick up large increments of load, provide voltage support, and assist in stabilizing the local transmission system of the Con Edison service territory during system restoration. A withdrawal of the Ravenswood Units would significantly diminish the black start and system restoration capability in New York City. While the NYISO and Con Edison would still be capable of restoring electric service to New York City in a manner that meets applicable reliability requirements, the absence of the Ravenswood Units would delay the restoration process at significant cost and inconvenience to New York City.<sup>11</sup> As described above, there are not currently any units located in the Con Edison service territory that can replace the Ravenswood Units and provide comparable black start and system restoration capability.

Given TC Ravenswood's operational concerns and the NYISO and Con Edison's reliability concerns, the NYISO and Con Edison have undertaken extensive discussions with TC Ravenswood, both individually and as part of the broader discussions with Black Start Generators described above, for purposes of addressing TC Ravenswood's stated operational concerns, while ensuring the effectiveness of the New York Restoration Program. As a result of these discussions, the NYISO has proposed, as part of its package of potential enhancements to the New York Restoration Program, changes to the testing requirements to address TC Ravenswood's stated concerns. However, notwithstanding extensive meetings, discussions, and correspondence over the last year among the NYISO, Con Edison, and Black Start Generators,

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<sup>10</sup> Ravenswood Units 10 and 20 each have a nameplate capacity of 400 MW, and Ravenswood Unit 30 has a nameplate capacity of 1,027 MW.

<sup>11</sup> The significance of the Ravenswood Units would depend on the specific system conditions present at that time.

the parties will not be able to complete their ongoing discussions and development of the tariff revisions by the scheduled withdrawal of the Ravenswood Units on September 30, 2011.

Due to the significant role that the Ravenswood Units play in the Con Edison portion of the New York Restoration Program, the NYISO, Con Edison, and TC Ravenswood discussed among themselves, and with Commission staff and FERC staff, an appropriate mechanism for enabling TC Ravenswood to extend its participation in the New York Restoration Program from September 30, 2011, until April 30, 2011, to provide the parties with additional time to complete and implement the program enhancements. As a result of these discussions, TC Ravenswood filed a motion with FERC on August 2, 2011, requesting a waiver of the commitment requirements in the NYISO tariffs to temporarily extend their participation in the New York Restoration Program, without requiring that they bind themselves to a new three-year commitment period prior to reviewing the impact of the final program enhancements on the Ravenswood Units.<sup>12</sup> TC Ravenswood also requested that FERC appoint a settlement judge to assist the parties in resolving this matter in a timely manner.<sup>13</sup> The NYISO supported and Con Edison did not oppose this submission.<sup>14</sup>

Notwithstanding the progress that the parties have made to date in developing program enhancements that would address each parties' stated concerns, TC Ravenswood abruptly reversed course on August 26, 2011, submitting a motion to FERC stating that it would withdraw the

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<sup>12</sup> See Motion of TC Ravenswood, LLC for Waiver of New York Independent System Operator, Inc.'s Tariff Provisions Regarding Black Start and System Restoration Procedures; Request for Expedited Treatment, *TC Ravenswood, LLC*, FERC Docket No. ER11-4200-000 at p. 1 (August 2, 2011) ("TC Ravenswood August 2 Motion").

<sup>13</sup> TC Ravenswood August 2 Motion at pp. 2, 10-11.

<sup>14</sup> See Motion to Intervene and Comments of the New York Independent System Operator, Inc., *TC Ravenswood, LLC*, FERC Docket No. ER11-4200-000 (August 5, 2011); Motion to Intervene and Comments of Consolidated Edison Company of New York, Inc., *TC Ravenswood, LLC*, FERC Docket No. ER11-4200 (August 12, 2011).

Ravenswood Units from the New York Restoration Program on September 30, 2011.<sup>15</sup> TC Ravenswood changed its position in the FERC proceeding without attempting to address any of its newly identified concerns with the NYISO. Specifically, TC Ravenswood requested that FERC permit it to amend the August 2, 2011, motion to withdraw its waiver requests that would extend its participation in the New York Restoration Program and its request for the initiation of a settlement process to assist the parties' in resolving their concerns in a timely manner.<sup>16</sup> TC Ravenswood informed FERC that it was requesting these amendments due to: (i) financial concerns regarding its capability to provide black start service as a result of potential changes to the capacity compensation that the Ravenswood Units receive, and (ii) concerns regarding Con Edison's initiation of this proceeding before the Commission.<sup>17</sup>

As detailed above, the NYISO and Con Edison have determined that, due to their size and strategic location, the Ravenswood Units play a unique and important role in the New York Restoration Program, and that there are no comparable resources available that can replace the Ravenswood Units at this time if they withdraw from the program on September 30, 2011. For this reason, the NYISO requested on September 2, 2011, that FERC reject TC Ravenswood's proposed amendments to its motion, grant the limited waivers of the black start and system restoration provisions in the NYISO tariffs to temporarily suspend the withdrawal of the Ravenswood Units until April 30, 2012, and initiate a process supervised by FERC to address the concerns of the NYISO, Con Edison, and TC Ravenswood, along with the concerns of other generators that participate in the New York Restoration Program.<sup>18</sup> The issues raised by TC

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<sup>15</sup> See Amendment to Motion of TC Ravenswood, LLC, *TC Ravenswood, LLC*, FERC Docket No. ER11-4200-000 (August 26, 2011) ("August 26 Motion").

<sup>16</sup> August 26 Motion at p. 1.

<sup>17</sup> *Id.* at pp. 1-2.

<sup>18</sup> See NYISO September 2, 2011, submission to FERC in Attachment I.



Ravenswood do not impact its capability to participate in, or be adequately compensated for participating in, the New York Restoration Program.<sup>19</sup>

The NYISO believes that it is appropriate to resolve the underlying NYISO tariff issues through a FERC-administered proceeding. The NYISO has, therefore, requested that FERC initiate a proceeding regardless of the disposition of Con Edison's petition to the Commission.

## **II. Conclusion**

The New York Independent System Operator, Inc. respectfully requests that the Commission accept its comments in this proceeding.

Respectfully submitted,

/s/ Carl F. Patka

Carl F. Patka

Assistant General Counsel

New York Independent System Operator, Inc.

September 2, 2011

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<sup>19</sup> *Id.*

# Attachment I



concerns of the NYISO, Con Edison, and TC Ravenswood, along with the concerns of other generators that participate in the statewide program administered by the NYISO for restoring electric service in New York following an unplanned outage (“New York Restoration Program”).

This proceeding concerns TC Ravenswood’s request in its August 2 Motion, with the concurrence of the NYISO and the Consolidated Edison Company of New York, Inc. (“Con Edison”), that the Commission grant on an expedited basis certain limited waivers of the Services Tariff to temporarily extend from September 30, 2011, until April 30, 2012, the participation of its steam turbine units 10, 20, and 30 (“Ravenswood Units”) in the Con Edison portion of the New York Restoration Program.<sup>5</sup>

Due to their size and location, the Ravenswood Units play a unique and important role in the Con Edison portion of the New York Restoration Program. TC Ravenswood notified the NYISO and Con Edison in September 2010 of its intent to withdraw the Ravenswood Units from the program at the conclusion of their commitment period on September 30, 2011, due, in large part, to its concerns regarding the impact of required annual black start capability tests on the aging Ravenswood Units. TC Ravenswood, the NYISO, and Con Edison agreed upon a temporary extension as a mechanism for providing additional time to complete the development and implementation of enhancements to the New York Restoration Program that, among other things, are intended to address TC Ravenswood’s operational concerns and the NYISO and Con Edison’s reliability concerns with the aim of retaining the Ravenswood Units and other resources in the New York Restoration Program.

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<sup>5</sup> The Ravenswood Units participate in Con Edison’s local system restoration program. The New York Restoration Program provides for: (i) the restoration of electric service to New York by means of the 345 kV transmission backbone of New York that is energized by large hydropower units located in northern and western New York, and (ii) the restoration of electric service to the Con Edison service territory in southeastern New York by gas turbine and steam turbine units in accordance with Con Edison’s local system restoration program. *See Services Tariff, Rate Schedule 5 § Section 15.5.1; see also NYISO System Restoration Manual § 1.2 (July 2010).*

Notwithstanding the progress that the parties have made to date in developing program enhancements that would address each parties' stated concerns, TC Ravenswood abruptly changed its position and submitted the August 26 Motion to the Commission stating that it would withdraw the Ravenswood Units from the New York Restoration Program on September 30, 2011. TC Ravenswood took this action without first attempting to address its newly identified concerns with the NYISO. Withdrawing the Ravenswood Units at this time could result in significant harm to the robustness of the New York Restoration Program.

In its August 26 Motion, TC Ravenswood requested that the Commission amend its August 2 Motion to withdraw its waiver requests that would extend its participation in the New York Restoration Program and its request for the initiation of a settlement process to assist the parties in resolving their concerns. As grounds for its abrupt change, TC Ravenswood cited concerns unrelated to TC Ravenswood's capability to provide, and be adequately compensated for providing, black start and system restoration service. As detailed below, TC Ravenswood's claims as to why it must withdraw its requests at this late stage simply are not credible given TC Ravenswood's previous statements and actions in this proceeding. The NYISO continues to believe that the substantive concerns of each of the parties regarding black start and system restoration service can and should be resolved by means of this proceeding. Absent an expeditious and definitive resolution of the underlying operational and economic issues in this docket, New York City's ability to recover in a timely manner from a blackout could be threatened.

For this reason, the NYISO respectfully requests that the Commission: (i) find that good cause exists to reject TC Ravenswood's proposed amendments, (ii) grant the limited waivers of the black start and system restoration provisions initially requested by TC Ravenswood, (iii) grant an additional waiver of the black start and system restoration provisions to temporarily suspend the withdrawal of

the Ravenswood Units until April 30, 2012, and (iv) initiate a process supervised by the Commission to address the concerns of the NYISO, Con Edison, and TC Ravenswood, along with the issues raised by other generators that participate in the New York Restoration Program.

## **I. COPIES OF CORRESPONDENCE**

Copies of correspondence concerning this filing should be served on:

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## **II. BACKGROUND**

### **A. NYISO Tariff Requirements for Generators Participating in New York Restoration Program**

The NYISO tariffs establish the requirements for a generator located in New York City to participate in the Con Edison portion of the New York Restoration Program.<sup>7</sup> Section 15.5.3.1 of Rate Schedule 5 of the Services Tariff states that a generator commits to participate in the Con Edison portion of the New York Restoration Program for a three-year commitment period. A participating

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<sup>6</sup> The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2011) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, VA.

<sup>7</sup> Section 15.5.3.1 of Rate Schedule 5 of the Services Tariff establishes the requirements for generators divested by Con Edison that participate in the Con Edison portion of the New York Restoration Program described in this section.

generator may withdraw from the program by providing one year's advance notice at the end of the second year of its three-year commitment period. If the generator does not provide this notice, it commits to participate in the program for a subsequent three-year commitment period. A participating generator is paid a set annual amount for its participation based upon the voltage level at which it is interconnection – \$350,000 for 345 kV and \$300,000 for 138 kV.

A participating generator is responsible for conducting an annual black start capability test in accordance with test criteria set forth in Appendix I of Rate Schedule 5 of the Services Tariff. A participating generator is also responsible for performing operator training and for conducting annual tests and certification of certain equipment and critical components related to its black start and system restoration capabilities. A generator may also recover additional verifiable costs associated with performing operator training and conducting annual black start capability tests.

**B. TC Ravenswood's Notice of Its Intent to Withdraw the Ravenswood Units**

On September 8, 2010, TC Ravenswood notified the NYISO and Con Edison of its intent to withdraw the Ravenswood Units from the New York Restoration Program at the end of the current three year commitment period on September 30, 2011.<sup>8</sup> TC Ravenswood informed the NYISO that it was withdrawing its units principally due to concerns regarding the strain that the annual black start capability tests place on the aging Ravenswood Units.<sup>9</sup>

**C. Ravenswood Units' Important Role in the New York Restoration Program**

Upon receipt of this notice, the NYISO and Con Edison reviewed the New York Restoration Program and identified significant reliability concerns regarding the Con Edison portion of the New York Restoration Program if the Ravenswood Units withdraw from the program on September 30,

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<sup>8</sup> TC Ravenswood owns both steam turbine and gas turbine units that participate in the New York Restoration Program. In September 2010, TC Ravenswood did not notify the NYISO and Con Edison of any intent to withdraw the gas turbine units, as the testing concerns that TC Ravenswood had regarding its aging steam turbine units did not apply to its gas turbine units.

<sup>9</sup> The Ravenswood Units were constructed in the 1960s.

2011. The Ravenswood Units play a unique and important role in the timely restoration of electric service in the New York City in the event of an unplanned outage. The large size of the Ravenswood Units, which together are 1,827 MW,<sup>10</sup> along with their strategic location, enables these units to pick up large increments of load, provide voltage support, and assist in stabilizing the local transmission system of the Con Edison service territory during system restoration.

A withdrawal of the Ravenswood Units would significantly diminish the black start and system restoration capability in New York City. While the NYISO and Con Edison would still be capable of restoring electric service to New York City in a manner that meets applicable reliability requirements, the absence of the Ravenswood Units would delay the restoration process at significant cost and inconvenience to New York City.<sup>11</sup> Currently, there are no units located in the Con Edison service territory that can replace the Ravenswood Units and provide comparable black start and system restoration service.

#### **D. Development of Enhancements to the New York Restoration Program**

Given TC Ravenswood's operational concerns and the NYISO and Con Edison's reliability concerns, the NYISO undertook extensive discussions beginning last December with TC Ravenswood and Con Edison to review the existing requirements for participation in the New York Restoration Program and to explore potential improvements to the program. The aim of the discussions was to address TC Ravenswood's stated operational concerns and explore other potential improvements, including more flexible testing protocols, while ensuring a robust New York Restoration Program. In addition, in response to TC Ravenswood's concerns, in the spring of 2011, the NYISO and Con Edison agreed to work to schedule the tests for the

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<sup>10</sup> Ravenswood Units 10 and 20 each have a nameplate capacity of 400 MW, and Ravenswood Unit 30 has a nameplate capacity of 1,027 MW.

<sup>11</sup> The significance of the TC Ravenswood units to a black start and system restoration effort would depend upon the specific system conditions present at the time.



Ravenswood Units in coordination with the economic operation of the units. As a result of these discussions, the NYISO has planned to propose – as part of a larger package of potential enhancements developed through discussions with all generators in the New York Restoration Program – changes to the black start capability testing requirements to address TC Ravenswood’s stated concerns.

**E. TC Ravenswood’s August 2 Motion**

Notwithstanding extensive meetings, discussions, and correspondence over the last year among the NYISO, Con Edison, and TC Ravenswood, the parties determined that they would not be able to develop and implement the tariff revisions before the scheduled withdrawal of the Ravenswood Units on September 30, 2011. Due to the significant role that the Ravenswood Units play in the timely restoration of electric service to New York City and the progress that the parties have made to date in developing program enhancements that would address each party’s stated concerns, TC Ravenswood, the NYISO, and Con Edison discussed amongst themselves, and with input from Commission staff and New York State Public Service Commission (“NYPSC”) staff, an appropriate mechanism for enabling TC Ravenswood to extend its participation in the New York Restoration Program from September 30, 2011, until April 30, 2012, to provide the parties with additional time to develop and implement the program enhancements.

As a result of these discussions, TC Ravenswood filed a motion with FERC on August 2, 2011. TC Ravenswood requested: (i) a waiver of the three-year commitment requirements in the NYISO tariffs to temporarily extend the participation of the Ravenswood Units in the New York Restoration Program, without requiring that it commit to a new commitment period prior to reviewing the impact of the final program enhancements on the Ravenswood Units, (ii) the initiation of a settlement process to enable the parties to resolve their concerns under the supervision of the Commission, and (iii) a

waiver of certain black start capability test requirements so that Ravenswood Unit 30, which completed its most recent test outside the time limits specified in the NYISO tariffs, could remain qualified to participate in the New York Restoration Program during the extended period.<sup>12</sup>

In its motion, TC Ravenswood expressly informed the Commission that its sole purpose in providing notice to withdraw the Ravenswood Units from the New York Restoration Program was its concern regarding the potential harm that the annual black start capability tests could have on the aging Ravenswood Units. TC Ravenswood stated:

TC Ravenswood has provided notice to the NYISO and Con Edison, in accordance with the NYISO tariffs, that it is withdrawing its steam units from the Black Start Program on September 30, 2011, *because of its operational concerns surrounding the current testing requirements.*<sup>13</sup> (emphasis added).

Elsewhere, TC Ravenswood stated that:

Notwithstanding its notice to cease participation in the program, TC Ravenswood has continued to discuss possible test revisions and is not seeking to cease providing Black Start Service entirely, nor is it suggesting that its large steam units should not undergo some form of testing regime. However, it believes that testing regimen must be one that is based upon and is consistent with TC Ravenswood's operational protocols and the equipment design of its units . . . .<sup>14</sup>

Moreover, TC Ravenswood expressly informed the Commission that it was not withdrawing the Ravenswood Units due to concerns regarding compensation for this service:

*TC Ravenswood also wishes to make clear that its request for waivers is not related to the compensation that it is paid for Black Start Service.* TC Ravenswood is requesting the waivers in order to be able to provide Black Start Service temporarily through April 30, 2012, while discussions continue with respect to revising test requirements and to protect its valuable assets from damage . . . .<sup>15</sup> (emphasis added).

As the Ravenswood Units were scheduled to withdraw from the New York Restoration Program on September 30, 2011, TC Ravenswood requested that the Commission act on an expedited

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<sup>12</sup> August 2 Motion at pp. 1 - 3.

<sup>13</sup> *Id.* at 9.

<sup>14</sup> *Id.* at 8.

<sup>15</sup> *Id.* at 3.

basis to issue the requested waivers.<sup>16</sup> The NYISO supported, and Con Edison did not object to, TC Ravenswood's motion.<sup>17</sup>

#### **F. TC Ravenswood's August 26 Motion**

Notwithstanding the progress that the parties have made to date in developing program enhancements that would address each party's stated concerns, TC Ravenswood abruptly reversed course and submitted the August 26 Motion stating that it would withdraw the Ravenswood Units from the New York Restoration Program on September 30, 2011. TC Ravenswood changed its position in this proceeding without attempting to address any of its newly identified concerns with the NYISO. Specifically, TC Ravenswood requested that the Commission permit it to amend the August 2 Motion to withdraw its waiver requests that would extend its participation in the New York Restoration Program and its request for the initiation of a settlement process to assist the parties in resolving their concerns.<sup>18</sup> TC Ravenswood informed the Commission that it was requesting these amendments due to: (i) financial concerns regarding its capability to provide black start service as a result of potential changes to the capacity compensation that the Ravenswood Units receive, and (ii) concerns regarding Con Edison's initiation of a proceeding at the NYPSC seeking to require NYPSC consent before a generator can cease providing black start service.<sup>19</sup>

### **III. ARGUMENT**

#### **A. Good Cause Exists to Reject TC Ravenswood's Proposed Amendments**

The Commission should find that good cause exists to reject TC Ravenswood's proposed amendments in its August 26 Motion and should grant TC Ravenswood's request for waivers and the

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<sup>16</sup> *Id.* at 11.

<sup>17</sup> See Motion to Intervene and Comments of the New York Independent System Operator, Inc., *TC Ravenswood, LLC*, Docket No. ER11-4200-000 (August 5, 2011); Motion to Intervene and Comments of Consolidated Edison Company of New York, Inc., *TC Ravenswood, LLC*, Docket No. ER11-4200 (August 12, 2011).

<sup>18</sup> August 26 Motion at p. 1.

<sup>19</sup> See August 26 Motion at pp. 1-2.

initiation of a settlement process as set forth in its August 2 Motion. TC Ravenswood's claims for why it must withdraw its requests at this late stage contradict its August 2 Motion and recent filings with the NYPSC, and simply are not credible in light of TC Ravenswood's prior statements and actions. If the Commission accepts TC Ravenswood's proposed amendments, TC Ravenswood's unwarranted turnabout could result in significant harm to the New York Restoration Program.

i. TC Ravenswood is Adequately Compensated for Its Participation in the New York Restoration Program and Has Not Provided Any Evidence that It Will Suffer Financial Harm If Its Participation Is Extended Beyond September 30, 2011.

In its August 26 Motion, TC Ravenswood raised for the first time financial concerns regarding its ability to participate in the New York Restoration Program due to the amount of payments it recovers as an installed capacity provider. On July 11, 2011, TC Ravenswood, along with Astoria Generating Company, L.P. ("Astoria"), submitted a complaint against the NYISO alleging that the NYISO had improperly applied buyer-side market power mitigation rules to a certain facilities, resulting in lower capacity payments for TC Ravenswood and Astoria.<sup>20</sup> In its August 26 Motion, TC Ravenswood cited this proceeding and stated that it "cannot commit to provide Black Start Service . . . on a forward basis because of uncertainty whether available market revenues will support continued operation of the underlying capacity."<sup>21</sup>

TC Ravenswood's claim that it cannot commit to participate in the New York Restoration Program due to concerns regarding its capacity compensation is inconsistent with TC Ravenswood's previously stated position. As detailed above, in its August 2 Motion, TC Ravenswood expressly informed the Commission that "its request for waivers is not related to the compensation that it is paid

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<sup>20</sup> See *Astoria Generating Company, L.P. and TC Ravenswood, LLC v. New York Independent System Operator, Inc.*, Complaint Requesting Fast Track Processing, Emergency, Interim Relief, And Shortened Comment Period, Docket No. EL11-50-000 (July 11, 2011)

<sup>21</sup> August 26 Motion at p. 2.

for Black Start Service”<sup>22</sup> and did not identify any other financial concerns in connection with providing black start and system restoration service. At the time of its August 2 Motion, TC Ravenswood had all of the same information regarding its potential future capacity compensation as it has today. As indicated above, TC Ravenswood filed its complaint on July 11, 2011, nearly one month prior to its submitting its August 2 Motion to the Commission. In addition, as noted below, TC Ravenswood informed the NYPSC as late as August 19, 2011, that it was seeking waivers from the Commission to extend its participation in the New York Restoration Program.<sup>23</sup> TC Ravenswood has not provided any information indicating a changed circumstance regarding capacity or capacity compensation that occurred between August 19 and August 26. Moreover, TC Ravenswood has not indicated any reason why it cannot continue to participate in the New York Restoration Program while its separate complaint regarding the NYISO’s application of long-standing In-City buyer-side mitigation rules is pending before the Commission in a separate proceeding.

TC Ravenswood has not provided any evidence indicating that it is suffering financial harm as a result of its participation in the New York Restoration Program or that it would suffer financial harm if it provided such service during the requested waiver period. TC Ravenswood, like all other generators participating in the New York Restoration Program, is paid a set annual fee to cover the nominal costs related to its participation in the program. In addition, TC Ravenswood can recover additional verifiable costs associated with the performance of operator training and the conducting of black start tests.

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<sup>22</sup> August 2 Motion at p. 3.

<sup>23</sup> See TC Ravenswood, LLC’s Request and Comments in Support of IPPNY’s Request for an Extension of Time to File Comments on Petition Until Expiration of 45 Day Comment Period Under State Administrative Procedure Act, *In the Matter of Consolidated Edison Company of New York, Inc.’s Request for a Declaratory Order Regarding Discontinuance of Blackstart Service* New York State Public Service Commission Case No. 11-E-0423 (August 19, 2011) (“TC Ravenswood August 19 NYPSC Filing”).

Indeed, TC Ravenswood's position that amending its waiver requests is necessary because financial hardships will impede the Ravenswood Unit's ability to participate in the New York Restoration Program does not follow. If TC Ravenswood's waivers are granted by the Commission, TC Ravenswood would receive annual payments of \$350,000 for each of the three Ravenswood Units. Moreover, TC Ravenswood would be able to recover annual testing, training, and equipment damage costs. Accordingly, TC Ravenswood's claims that financial hardship is preventing it from keeping the Ravenswood Units in the program cannot be squared with the reality that in withdrawing the Ravenswood Units, TC Ravenswood would forego revenues for a service that TC Ravenswood had up to one week ago indicated that it is able and willing to provide.

Nevertheless, the NYISO is aware that the compensation mechanism for the New York Restoration Program was last reviewed in 2005 and may need to be updated in the future. For this very reason, the NYISO has included as part of its package of proposed enhancements to the New York Restoration Program a potential update of the set annual payment amount, along with providing for the recovery of additional costs incurred by a generator in connection with its participation in the New York Restoration Program. If TC Ravenswood has identified additional financial concerns that are not covered by the proposed enhancements, the NYISO would be interested in exploring that with TC Ravenswood and all other interested generators. The NYISO believes that the settlement process initially requested by TC Ravenswood would be an appropriate forum for such a discussion.

In addition, while TC Ravenswood hints in its August 26 Motion that it may have to retire the Ravenswood Units based upon its concerns regarding capacity payments, it has not provided any evidence in this proceeding, or informed the NYISO or the NYPSC, of its intent to actually retire the Ravenswood Units.<sup>24</sup> TC Ravenswood has, however, informed the Commission that the Ravenswood

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<sup>24</sup> If TC Ravenswood decided to retire the Ravenswood Units, it is required to provide the NYPSC with 180 days notice of its proposed withdrawal. *See* Proceeding on Motion of the Commission to Establish Policies and

Units remain capable of participating the New York Restoration Program and that it would provide assistance to Con Edison in the event of an actual system blackout, regardless of its formal participation in the program. In the affidavit of John McWilliams provide by TC Ravenswood, Mr. Williams stated that: “to the best of my knowledge and after due diligence and review of the facts, circumstances, tests and operational performance, Unit 30 is able to perform its intended function as part of the transmission owner system restoration plan. The same is true for Units 10 and 20.”<sup>25</sup>

ii. The NYPSC Proceeding Initiated by Con Edison Does Not Impair TC Ravenswood’s, the NYISO’s and Con Edison’s Ability to Resolve Their Concerns Regarding the New York Restoration Program through This Proceeding

In its August 26 Motion, TC Ravenswood also raised concerns regarding a proceeding initiated by Con Edison before the NYPSC, in which Con Edison requests that the NYPSC find that generators participating in the Con Edison portion of the New York Restoration Program must notify the NYPSC and obtain the NYPSC’s written consent prior to withdrawing from the program.<sup>26</sup> It is the NYISO’s understanding that Con Edison initiated this proceeding due to its reliability concerns regarding the potential withdrawal of important black start and system restoration resources on September 30, 2011, along with its uncertainty regarding the timing and outcome of this proceeding before the Commission.

The NYPSC next meets on September 15, 2011, and may address Con Edison’s petition at that time as it is its last regular meeting before the scheduled withdrawal of the Ravenswood Units on September 30, 2011. The NYISO believes that the Commission granting the requested relief is appropriate even if the NYPSC takes the actions requested in Con Edison’s petition. The NYPSC

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Procedures Regarding Generation Unit Retirements, *Order Adopting Notice Requirements for Generation Unit Retirements* New York State Public Service Commission Case 05-E-0889 at p. 15 (December 20, 2005). To the best of the NYISO’s knowledge, TC Ravenswood has not provided such notice.

<sup>25</sup> Affidavit of John McWilliams, Amendment No. 2 to Motion of TC Ravenswood, LLC, *TC Ravenswood, LLC*, Docket No. ER11-4200-000 (August 26, 2011).

<sup>26</sup> See Petition of Consolidated Edison Company of New York, Inc. for Issuance of a Declaratory Order, *In the Matter of Consolidated Edison Company of New York, Inc.’s Request for a Declaratory Order Regarding Discontinuance of Blackstart Service* New York State Public Service Commission Case No. 11-E-0423 (August 12, 2011).

proceeding will not specifically address the status of the Ravenswood Units but instead would generally address requirements for NYPSC notice and approval for discontinuation of black start and system restoration service. Furthermore, the NYISO believes that it is appropriate to address the underlying NYISO tariff issues through a FERC-administered proceeding. For this reason, the NYISO requests that the Commission grant the waivers requested here and initiate a process supervised by the Commission to resolve the underlying issues raised here regardless of the timing of the Commission's action vis-à-vis the NYPSC proceeding or the disposition of that proceeding.

iii. The Ravenswood Units Play a Unique and Important Role in the New York Restoration Program and Cannot Be Replaced At This Time.

As detailed above, due to their size and location, the Ravenswood Units play a unique and important role in the timely restoration of electric service to New York City in the event of an unplanned outage. There are currently no units that can replace the Ravenswood Units in New York City and provide comparable black start and system restoration capability. For this reason, the withdrawal of the Ravenswood Units from the New York Restoration Program on September 30, 2011, could significantly harm the robustness of the New York Restoration Program.

The NYISO notes that TC Ravenswood has previously indicated that it will continue to provide black start and system restoration assistance in the event of an actual blackout regardless of whether it remains in the New York Restoration Program beyond September 30, 2011.<sup>27</sup> However, the NYISO and Con Edison must maintain black start and system restoration plans that specify the black start and system restoration resources upon which they will rely.<sup>28</sup> It is not sufficient for the NYISO to assume that certain generator owners would be willing to assist in an emergency. For purposes of planning for, and coordination in the event of, an emergency, the NYISO and Con Edison must determine in

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<sup>27</sup> August 2 Motion at p. 3; TC Ravenswood August 19 NYPSC Filing at p. 5.

<sup>28</sup> See New York State Reliability Counsel Reliability Rules, Measurement G-M1 #4 and #6 and G-M2 (Version 29, January 7, 2011).



advance which units to call upon under numerous scenarios. In addition, it is important that the black start and system restoration resources perform related testing and training to ensure their readiness to effectively assist in the event of a system emergency. As the NYPSC noted following the 2003 blackout, the black start and system restoration process in New York City was delayed in large part as a result of the failure of generators to start up as required due to lack of testing.<sup>29</sup>

iv. The Commission Should Find that Good Cause Exists to Reject TC Ravenswood’s Proposed Amendments in its August 26 Motion and Grant TC Ravenswood’s Requests in its August 2 Motion.

For all of the reasons described above, the Commission should find that good causes exists to reject TC Ravenswood’s proposed amendments, as the Ravenswood Units possess the capability to participate in, and will be adequately compensated for participating in, the New York Restoration Program, and their withdrawal on September 30, 2011, could result in significant harm to the robustness of the New York Restoration Program. The Commission should also grant TC Ravenswood’s waiver requests in its August 2 Motion, which will permit the Ravenswood Units to continue to participate in the New York Restoration Program until April 30, 2012, and initiate a settlement process through which the parties can seek to resolve their underlying concerns in a timely manner under Commission supervision.

**B. The Commission Should Grant the NYISO’s Waiver Request**

If granted, TC Ravenswood’s waiver requests in its August 2 Motion would enable the Ravenswood Units to remain in the New York Restoration Program until April 30, 2012, without committing to a new three-year commitment period or being required to conduct a black start capability test during the waiver period, so that the parties can address TC Ravenswood’s stated operational

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<sup>29</sup> See New York State Department of Public Service Second Report on the August 14, 2003 Blackout (October 2005) (“Consequently, the units had not been tested, and the lack of testing of the units appears to have directly contributed to the poor performance of most of the New York City black start generators”). This report is available at: <http://www.pulp.tc/NYPSCSecondReport3-06.pdf>.

concerns, while ensuring the effectiveness of the New York Restoration Program. However, given TC Ravenswood's recent abrupt determination to again withdraw its units on September 30, 2011, the NYISO is concerned that, notwithstanding a Commission waiver permitting TC Ravenswood to keep the Ravenswood Units in the program until April 30, 2012, TC Ravenswood may still elect to withdraw the Ravenswood Units on September 30, 2011. For this reason, the NYISO respectfully requests that the Commission grant it a waiver of the commitment period and withdrawal provisions in Section 15.5.3.1 of Rate Schedule 5 of the Services Tariff to temporarily suspend the effective date of TC Ravenswood's withdrawal from September 30, 2011, until April 30, 2012. This waiver, in coordination with the initiation of a settlement process supervised by the Commission, will provide an opportunity for the NYISO, Con Edison, TC Ravenswood, and other generators participating in the New York Restoration Program to complete the development and implementation of program enhancements, while ensuring the timely restoration of electric service in New York City in the event of an outage. It is important to understand that this waiver would not require TC Ravenswood to take any action or incur any costs beyond what it has previously indicated to the Commission and the NYPSC that it was willing to do.

The Commission has previously granted tariff waivers where: (i) a concrete problem needs to be remedied, (ii) the entity seeking the waiver acted in good faith, (iii) the waiver is of a limited scope, and (iv) the waiver will not have undesirable consequences, such as harming third parties.<sup>30</sup> The NYISO submits that its waiver request satisfies these factors as described below:

(i) A concrete problem exists in this instance. The NYISO and Con Edison have identified significant reliability concerns if the Ravenswood Units withdraw from the New York Restoration Program on September 30, 2011. The Ravenswood Units play a unique and important role in the New York Restoration Program, and their black start and system restoration capability cannot be replaced at

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<sup>30</sup> See, e.g., ISO New England, Inc., 117 FERC ¶ 61,171 at P 21 (2006).

this time. The NYISO and Con Edison, therefore, require that the Ravenswood Units remain in the New York Restoration Program until April 30, 2012, to provide the parties with additional time to develop and implement program enhancements that address TC Ravenswood's operational concerns and the NYISO and Con Edison's reliability concerns.

(ii) The NYISO has acted in good faith in this instance. The NYISO has undertaken extensive discussions since last December with TC Ravenswood, Con Edison, and other generators to attempt to address all parties' concerns regarding the New York Restoration Program requirements. The requested waiver will maintain the New York Restoration Program, while providing time to address all parties' concerns. The NYISO believes that this waiver will provide a good opportunity to resolve the parties' underlying concerns in a way that benefits the New York Restoration Program and the generators that participate in the program.

(iii) The scope of the waiver request is limited. The requested extension is limited to a seven month period to provide the NYISO, Con Edison, and TC Ravenswood, and other generators with additional time to complete the development and implementation of program enhancements. In addition, this waiver will only directly impact one market participant - TC Ravenswood, and, as described below, TC Ravenswood will not be harmed by this temporary extension of its participation in the New York Restoration Program.

(iv) The Commission's granting a waiver will not have undesirable consequences or harm third parties. TC Ravenswood is the only NYISO market participant that will be directly impacted by the requested waiver, and it will not be harmed by the waiver. To the contrary, TC Ravenswood will be paid for the Ravenswood Units' participation in the New York Restoration Program during the waiver period. TC Ravenswood has stated on multiple occasions that it will provide black start and system restoration assistance from the Ravenswood Units in the event of an actual unplanned system outage.

Accordingly, the waivers will benefit TC Ravenswood by compensating it for a service that it has indicated it is capable and willing to provide. Moreover, if the requested waivers are granted, the Ravenswood Units will not be required to conduct another black start capability test during the waiver period, thus avoiding any possibility of equipment damage as a result of a test as TC Ravenswood fears. Finally, the waiver is temporary, and would only require TC Ravenswood to retain the Ravenswood Units in the New York Restoration Program until April 30, 2012. Undesirable consequences could, however, arise if a waiver is not granted. The NYISO and Con Edison have identified significant reliability concerns regarding the New York Restoration Program if the Ravenswood Units, which are important to the timely restoration of New York City in the event of an outage, withdraw on September 30, 2011.

**C. The Commission Should Initiate a Settlement Process**

The NYISO believes that a process supervised by the Commission is the best mechanism for enabling the parties to resolve their concerns regarding the New York Restoration Program requirements. The NYISO supports TC Ravenswood's request in the August 2 Motion that the Commission appoint a settlement judge to assist the parties in resolving their concerns.

Moreover, should the Commission decide to accept TC Ravenswood's amendments, the NYISO, nevertheless, requests that the Commission still initiate a supervised process to thoroughly explore TC Ravenswood's concerns. This process would be the most efficient means of reviewing and enhancing the New York Restoration Program requirements. The NYISO requests that any Commission process be open to all generators that participate in the New York Restoration Program.

**D. If the Commission Accepts TC Ravenswood's Proposed Amendments, It Need Not Waive the NYISO's Black Start Testing Requirements**

In its August 26 Motion, TC Ravenswood maintains its request that the Commission waive certain black start capability test requirements in the NYISO tariffs, so that its Ravenswood Unit 30,

which completed its most recent test outside the time limits specified in the NYISO tariffs, can remain qualified as a black start and system restoration service provider.<sup>31</sup> The purpose of this waiver was to enable Unit 30 to participate in the New York Restoration Program for the extended period until April 30, 2012, without having to conduct a new black start capability test. If the Commission accepts TC Ravenswood's proposed amendments, Unit 30 need not be qualified to provide black start and system restoration service. A waiver of the black start test requirements under such circumstances would be meaningless.

#### **IV. CONCLUSION**

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission take the action described herein.

Respectfully Submitted,

/s/ Ted J. Murphy  
Counsel for  
New York Independent System Operator, Inc.

Dated: September 2, 2011.

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<sup>31</sup> August 26 Motion at p. 1.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Washington, DC this 2nd day of September, 2011.

*/s/ Ted J. Murphy* \_\_\_\_\_

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STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

Case 11-E-0423 – In the Matter of Consolidated Edison Company of New York, Inc.’s Request  
for a Declaratory Order Regarding Discontinuance of Blackstart Service

**CERTIFICATE OF SERVICE**

I hereby certify that I am over the age of eighteen years and that, pursuant to the rules for service in the above captioned proceeding established by the Secretary to the Commission, I served on September 2, 2011, by electronic mail, a copy of the Comments of the New York Independent System Operator, Inc. upon the parties on the Active Party List established for the above-captioned proceeding.

/s/ Joy Zimmerman  
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