

*Linden VFT Scheduled Line
Market Integration Update
Initial Tariff Review*

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Linden VFT Scheduled Line

- ◆ **Linden VFT will be a controllable tie line between Linden, New Jersey (PJM) and Staten Island, NY.**
 - 300 MW normal operating range consisting of three 100 MW channels operating parallel
 - PJM has Operational Control of the Variable Frequency Transformer (VFT) and an Advance Reservation in PJM will be required to schedule power over the Scheduled Line
 - Initially, only imports to NY from PJM will be permitted
 - The facility is currently under construction

Linden VFT

- ◆ A new Generator / Load Proxy bus pair will be defined as the Linden VFT proxy
- ◆ Linden VFT will be independent of the existing NYCA/PJM AC interface and the Neptune Scheduled Line for:
 - *Scheduling*
 - *Calculation of LBMP*
- ◆ Interim operations of one channel capable of 100MW is scheduled for commercial operation in Q309
- ◆ The normal operating range of 300MW is expected to be fully operational and available by the end of 2009

Linden VFT – Transmission Rights

- ◆ Import Transmission rights have been sold through an auction process and a limited number of MP's have purchased the transmission rights

- ◆ Parties wishing to submit a transaction bid must have confirmed transaction rights (an Advance Reservation).
 - Advance Reservations are procured via the PJM OASIS
 - NYISO will validate Advance Reservations by interrogating PJM OASIS

Linden VFT—Supporting Tariff Changes

- ◆ Supporting Tariff Changes for Linden VFT
 - The NYISO must identify the Linden VFT Line as a Scheduled Line in Section 2.161a of the Services Tariff and Section 1.39d.02 of the OATT and add a defined term “Linden VFT Scheduled Line” to the Services Tariff and the OATT.
 - Linden VFT will operate based on physical transmission reservations (like CSC & Neptune). The following tariff revisions will also be necessary:
 - Attachment N to the Services Tariff will need to be modified to address Linden VFT. The reference to Attachment N on Sheet No. 111 of the OATT will require a corresponding revision
 - The DAM and Real-time Market will close 10 minutes prior to normal market close times (like CSC & Neptune) for Linden VFT, necessitating changes to the following Tariff sections:
 - Services §§ 2.153a (HAM), 4.2.2(A) (DAM), 4.4.2(B) (HAM), OATT § 1.36d.1 (HAM)

Linden VFT—Supporting Tariff Changes

- ◆ Necessary tariff revisions, cont.:
 - The definition of Advance Reservation will need to be modified to recognize the long term physical rights related to Linden VFT.
 - Services § 2.1.2., OATT § 1.0b
 - Section 13.6 of the OATT, addressing the in-hour curtailment of transmission service, will need to be modified to reflect the NYISO's intent to curtail Linden VFT transactions based on the transmission priority (firm/non-firm) of the associated Advance Reservation
- The NYISO Market Advisor will review the Linden VFT Line to determine if it will be subject to the Special Pricing Rule for Scheduled Lines.
 - This review is expected to be completed prior to the BIC meeting in February
 - The NYISO expects that the Special Pricing Rule for Scheduled Lines that applies to CSC and Neptune will also apply to Linden VFT
 - See Attachment B to the Services Tariff, Sheet Nos. 335B and 335B.00 and Attachment J to the OATT, Sheet Nos. 475.01 and 475.01a

Potential Tariff Changes

- ◆ In addition to the necessary Tariff changes described on the foregoing slides, the NYISO may also need to revise its Tariffs and/or customer agreement to address:
 - *the operation of a limited set of transmission facilities located in New Jersey,*
 - *the NYISO's relationship with the operator of the facilities, and*
 - *how the NYISO will handle settlements if scheduled imports to New York are not able to flow due to problems with these transmission facilities*

Proposed Timeline

- ◆ Proposed Governance Timeline
 - BIC review – February 5, 2009
 - MC review – February 11, 2009
 - Board of Directors – March 2009
 - Must obtain Board approval in March for proposed Tariff revisions to become effective before the end of June 2009

- ◆ Proposed deployment of software changes scheduled for Q209

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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