

Review of FERC Section 206 Exception for Immediate Need Reliability Projects

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Background

- On October 17, 2019, FERC instituted Section 206 proceedings to consider how the exemption for immediate need reliability projects that the Commission permitted to Order No. 1000's requirement to eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission developer with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation
- The parties named in this 206 proceeding were ISO New England, PJM, and Southwest Power Pool (collectively referred to as RTOs)
- The term "immediate need reliability projects" used in this proceeding refers to projects needed in a short time to address reliability needs
- In the 206 proceedings FERC expresses concern that the Responding RTOs implementation of the exemption for immediate need reliability projects in a manner that is inconsistent with or more expansive than what the Commission directed and that the exemption is not being used in limited circumstances, as intended
- The purpose of this presentation is to demonstrate how the NYISO is addressing FERC's concerns stated in their October 27, 2019 Section 206 proceeding and to establish that the proposed changes are consistent with what the Commission directed

5 Criteria Bounding ISO/RTO's Use of Near-Term Reliability Need Exemption

- **The Commission has established five criteria to place reasonable bounds around an ISO/RTO's discretion to determine whether there is sufficient time to permit competition and to ensure that an exemption is only used in limited circumstances**
 1. The project must be needed in three years or less to solve reliability criteria violations
 2. The Responding RTO must separately identify and then post an explanation of the reliability violations and system conditions in advance for which there is a time-sensitive need, with sufficient detail of the need and time-sensitivity
 3. The Responding RTO must provide to stakeholders and post on its website a full and supported written description explaining: (1) the decision to designate an incumbent transmission owner as the entity responsible for construction and ownership of the project, including an explanation of other transmission or non-transmission options that the region considered; and (2) the circumstances that generated the immediate reliability need and why that need was not identified earlier
 4. Stakeholders must be permitted time to provide comments in response to the project description, and such comments must be made publicly available
 5. The Responding RTO must maintain and post a list of prior year designations of all immediate need reliability projects for which the incumbent transmission owner was designated as the entity responsible for construction and ownership of the project. The list must include the project's need-by date and the date the incumbent transmission owner actually energized the project. The Responding RTO must also file the list with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year

Criteria 1

The project must be needed in three years or less to solve reliability criteria violations

NYISO Tariff/Procedures

- The determination of whether Short-Term Reliability Process Need is a Near-Term Reliability Need (needed in three years or less) is through the performance of the Short-Term Assessment of Reliability (STAR) (stated in OATT Section 38.3.6)
- The system conditions in a STAR are reactive to changes in the system (such as generator deactivations), as such the need-by date can be earlier than a solutions projected in-service date. However, this would be managed through things like operating procedures or executing an RMR Agreement with a Generator

Criteria 2

The Responding RTO must separately identify and then post an explanation of the reliability violations and system conditions in advance for which there is a time-sensitive need, with sufficient detail of the need and time-sensitivity

NYISO Tariff

- OATT Sections 38.3.6.2.1, 38.3.6.2.2, and 38.3.6.2.3 include the requirements for the ISO to separately identify and post explanations regarding the nature of the need, why the NYISO decided to solicit a regulated, non-generation Short-Term Reliability Process Solution from the incumbent Transmission Owner, and to provide reasonable opportunity for stakeholder comments
 - The ISO will publicly post any written comments that the ISO receives from stakeholders on its web site

Criteria 3

The Responding RTO must provide to stakeholders and post on its website a full and supported written description explaining: (1) the decision to designate an incumbent transmission owner as the entity responsible for construction and ownership of the project, including an explanation of other transmission or non-transmission options that the region considered; and (2) the circumstances that generated the immediate reliability need and why that need was not identified earlier

NYISO Tariff

- OATT Section 38.3.6.2.2 includes the requirements for the NYISO to post on its website a full and supported written explanation of the ISO's decision to solicit a regulated, non-generation Short-Term Reliability Process Solution solely from a Responsible Transmission Owner, the circumstances that generated the need, and an explanation of the other transmission and non-transmission options that the ISO considered, but concluded would not sufficiently address the Near-Term Reliability Need

Criteria 4

Stakeholders must be permitted time to provide comments in response to the project description, and such comments must be made publicly available

NYISO Tariff

- OATT Section 38.10.5 requires that the NYISO will review with stakeholders and post on its website a reasoned explanation of the selected solution(s) and provides opportunity for stakeholder comment (whose written comments are posted on the NYISO website)

Criteria 5

The Responding RTO must maintain and post a list of prior year designations of all immediate need reliability projects for which the incumbent transmission owner was designated as the entity responsible for construction and ownership of the project. The list must include the project's need-by date and the date the incumbent transmission owner actually energized the project. The Responding RTO must also file the list with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year

NYISO Tariff/Procedures

- OATT Section 38.3.6.3 states, “The ISO shall maintain and post on its website a list of all transmission solutions selected by the ISO in prior years to be built in response to Near-Term Reliability Needs for which the ISO designated solely the Responsible Transmission Owner to propose a regulated Short-Term Reliability Process Solution. The list must include the Near-Term Reliability Need, the identity of the designated Responsible Transmission Owner, the transmission solution selected by the ISO, its in-service date, and the date on which the Responsible Transmission Owner energized or otherwise implemented the transmission solution. The ISO shall file the list with the Commission as an informational filing in January of each year covering the designations of the prior calendar year, if the ISO selected a Responsible Transmission Owner’s regulated transmission solution to a Near-Term Reliability Need in the prior year”

Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system



Questions?