

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

New York Independent System Operator, Inc.

Docket No. ER07-806-000

ORDER ACCEPTING TARIFF CHANGES TO IMPLEMENT THE NORTHPORT-
NORWALK SCHEDULED LINE

(Issued June 22, 2007)

1. The New York Independent System Operator, Inc. (NYISO) submitted proposed revisions to its Market Administration and Control Area Services Tariff (Services Tariff), Open Access Transmission Tariff (OATT), Independent System Operator Agreement (ISO Agreement) and Agreement Between New York Independent System Operator and Transmission Owners (ISO-TO Agreement) (collectively, the Tariffs) to designate the existing underwater cable between Northport, Long Island and Norwalk, Connecticut (the Northport-Norwalk intertie or 1385 Cable) as a Scheduled Line.¹ The Commission accepts the tariff changes under section 205(c) of the Federal Power Act (FPA),² makes them effective June 27, 2007, as requested, and requires NYISO to establish and post a transfer rating for the 1385 Cable.

Background

2. The existing Northport-Norwalk intertie is composed of a pair of PAR-controlled³ underwater transmission cables that run beneath Long Island Sound from the Northport substation in New York to the Norwalk Harbor substation in Connecticut. Currently,

¹ A Scheduled Line is a “controllable” transmission facility that is approved for treatment as a distinct scheduling path for which transfer capability and price are posted.

² 16 U.S.C. § 824d(c) (2000).

³ PAR stands for phase angle regulator, which controls voltage.

these cables are modeled as part of the total New York/New England AC Interface.⁴ To allow market participants to schedule transactions over the Northport-Norwalk intertie, NYISO proposes to designate the intertie as a Scheduled Line. The proposed Northport-Norwalk Scheduled Line will be scheduled independent of the existing New York/New England AC Interface (represented by the Sandy Pond Proxy Generator Bus in New York), the Cross-Sound Scheduled Line (an underwater direct current or DC cable running between Shoreham, New York and New Haven, Connecticut) and the Neptune Scheduled Line (an underwater DC cable running between Levittown, Town of Hempstead, New York and Sayerville, New Jersey in the PJM control area). In addition, a separate locational based marginal price or LBMP⁵ will be calculated and posted for the proxy generator bus⁶ that is associated with the Northport-Norwalk Scheduled Line.

3. NYISO states that implementation of the Northport-Norwalk intertie as a Scheduled Line will enable NYISO to separately price and schedule transactions between the New York Control Area (NYCA) and the ISO New England, Inc. (ISO-NE) Control Area. The proposed revisions to the Tariffs (a) identify the Northport-Norwalk intertie as a Scheduled Line and (b) amend certain provisions of the Tariffs that enable the participation of the Long Island Power Authority (LIPA) in NYISO, without adversely affecting LIPA's existing tax-exempt financed facilities or LIPA's ability to issue publicly financed tax-exempt bonds in the future. NYISO explains that the modifications will enable all duly authorized market participants to schedule day-ahead and real-time external transactions over the Northport-Norwalk Scheduled Line and update the procedures by which LIPA evaluates and pre-approves categories of transmission service that may occur over the LIPA transmission system. Further, these modifications would eliminate the existing restriction that only LIPA is authorized to submit schedules to NYISO for transmission on the Northport-Norwalk intertie.

4. NYISO states that, after the revisions to the Tariffs that are proposed herein are accepted for filing by the Commission and certain other prerequisite conditions are satisfied, NYISO will implement the new Scheduled Lines in its market systems by activating a new proxy generator bus representing the 1385 Cable that runs under the Long Island Sound to interconnect Northport, Long Island and Norwalk, Connecticut. This will enable NYISO to schedule and price external transactions over the Northport-Norwalk Scheduled Line separately from the Sandy Pond proxy generator bus and the

⁴ AC stands for alternating current.

⁵ LBMP reflects the marginal cost of delivering energy to each location.

⁶ A proxy generator bus is a generator bus located outside an ISO's control area that is used to represent a typical bus in an adjacent control area for which locational marginal prices are calculated.

proxy generator bus that is associated with the Cross-Sound Scheduled Line. Market participants will be able to schedule import, export, and wheel through external transactions at the new proxy generator bus.

5. NYISO states that it posts line transfer capabilities – Total Transfer Capability (TTC) and Available Transfer Capability (ATC) – for Scheduled Lines' distinct scheduling paths. Each Scheduled Line is associated with a distinct proxy generator bus. Initially, the TTC of the Northport-Norwalk Scheduled Line will be set at 100 MW, which NYISO and ISO-NE determined to be appropriate to reflect transmission capacity limits in the two control areas.⁷ NYISO expects that the posted TTC and ATC will be the same for imports and exports. Consistent with its role in maintaining the reliability of the New York State transmission system, NYISO will have the authority to reduce transactions scheduled over the Northport-Norwalk Scheduled Line to preserve system reliability.

6. As part of the scheduled line provisions for the Northport-Norwalk intertie, NYISO, on behalf of LIPA, proposes clarifying edits to the Tariff addressing measures to protect LIPA's tax-exempt financing, primarily in sections 5.2(i) and 5.2D of the OATT and corresponding provisions in section 11.02 of the ISO Agreement and section 3.12 of the ISO-TO Agreement. The proposed amendments include a modification to the definition of LIPA tax-exempt bonds to clarify that such obligations are issued by LIPA, as well as updates to the procedures set forth in sections 5.2 and 5.2D of the OATT covering the review and authorization of categories of transmission service over the LIPA transmission system. The proposed changes to section 5.2D of the OATT eliminate the prior restriction that only LIPA is authorized to submit schedules to NYISO for transmission on the Northport-Norwalk intertie. Further, section 5.2D of the OATT is revised to clarify the pre-approval process by which LIPA confirms with NYISO the categories of transmission service which are authorized to occur over the LIPA transmission system. Finally, NYISO adds, in light of the pre-approval and authorization of categories of transmission service over the LIPA Transmission System and the fact that NYISO, not LIPA, accepts customer applications for transmission service, the notice provisions of section 5.20 have been modified to provide that LIPA will promptly advise NYISO if it determines that the provision of transmission service that has been requested by an eligible customer will jeopardize LIPA's local furnishing bonds or LIPA tax-exempt bonds.

7. NYISO states that the proposed modifications to section 3.12 of the ISO-TO Agreement have been separately agreed to by all New York transmission owners.

⁷ Testimony of Mark G. Karl at p.4, submitted in Docket No. ER07-767-000 on April 20, 2007.

NYISO asserts that NYISO and all of the transmission owners concur that the proposed amendment to section 3.12 of the ISO-TO Agreement is appropriate.

Interventions and Comments

8. Notice of the Filing Parties' April 27, 2007 filing was published in the Federal Register, 72 Fed. Reg. 26,623 (2007), with interventions and protests due on or before May 18, 2007. Timely motions to intervene were filed by ISO-NE, New York Transmission Owners, NRG Companies (NRG) and Northeast Utilities (NU) Companies, by their agent Northeast Utilities Service Company (NUSCO). A timely motion to intervene with comments was filed by LIPA.

9. LIPA supports the proposed changes and requests that the Commission order the Filing Parties to continue collecting data of actual transfers and provide a report and recommendation to the Commission, based on monitoring data over the May 1 to September 30, 2007 Summer Period, as to whether the 100 MW transfer limit should be increased or modified.

Discussion

10. Establishing a new Scheduled Line for the Northport-Norwalk intertie benefits market participants by allowing them to request the scheduling of import and export energy and specific pricing of that energy. The Commission accepts the proposed changes, including the additional credit protections for LIPA that further enable LIPA's participation without adversely affecting its existing tax-exempt financed facilities or its ability to issue publicly financed tax-exempt bonds in the future. We support NYISO's initiative to expand market participant options and make available specific scheduling and pricing of emergency energy to meet regional needs.

11. We deny LIPA's request that the Commission order the Filing Parties to provide a report and recommendation on whether the transfer limit should be modified based on monitoring data over the Summer Period. NYISO is already obligated under its tariff provisions to assess the Northport-Norwalk Scheduled Line's TTC and post it on its OASIS; therefore, a separate report is unnecessary. We direct NYISO, in coordination with ISO-NE,⁸ to establish a transfer rating for the Northport-Norwalk Scheduled Line as soon as practicable after the 2007 Summer Period in accordance with NYISO tariff

⁸ *ISO New England Inc.*, 119 FERC ¶ 61,282 (2007).

provisions on assessing TTC,⁹ and post such rating on its OASIS in accordance with Commission Regulations.¹⁰

The Commission orders:

(A) The tariff changes are hereby accepted, to be effective June 27, 2007.

(B) We direct NYISO to establish a transfer rating for the Northport-Norwalk Scheduled Line as soon as practicable after the 2007 Summer Period, and post such rating on its OASIS, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁹ See *New York Independent System Operator, Inc.*, FERC Electric Tariff No. 2, Article 2, under 2.161a – Scheduled Line, and NYISO’s Transmission Services Manual, under 7.3.2. – Total Transfer Capability (“TTCs and ATCs are updated and posted on the NYISO OASIS”).

¹⁰ See 18 C.F.R. § 37.6 (2006).