



April 19, 2012

Commissioner Cheryl A. LaFleur

**STATEMENT**

FEDERAL ENERGY REGULATORY COMMISSION

Docket Nos. ER12-1155, ER12-701-000 & ER12-701-001

Item Nos. E-12 & E-13

### Statement of Commissioner Cheryl A. LaFleur on Implementation of Coordinated Transaction Scheduling (CTS)

"I would also like to say a few words about E-12 and E-13, the orders regarding Coordinated Transaction Scheduling (CTS) between NYISO and ISO-NE.

These Orders reflect a joint effort of NYISO and ISO-NE that originated from a 2010 white paper that identified inefficiencies with the current transaction scheduling process between the two regions – specifically, under-utilized transmission capacity and uneconomic power flows. These inefficiencies resulted in price disparities between the two regions when the interface between them was unconstrained.

The proposal we approve today addresses the inefficiencies in the current process by scheduling more frequently across the interface, coordinating economic clearing between the two regions, and through the elimination of transaction fees. Potomac Economics projects significant customer savings from this proposal - \$129 to \$139 million per year across the combined region.

In addition, under the rules that we are accepting today, a review process is built into the tariffs. Under this process, the MMU is required to review the benefits of CTS and if a certain threshold (which qualifies benefits) is triggered, then the two regions will either propose revisions to CTS or seek to implement a different methodology for scheduling external transactions - Tie Optimization.

I understand that this effort represents Phase I of a two step process to address energy interchange between ISO-NE and NYISO. Phase II will focus on coordinated congestion management and network modeling. I want to commend NYISO and ISO-NE for recognizing the potential for significant market improvements and for shepherding these improvements through two separate stakeholder processes.

I would also like to thank the FERC teams who worked on these orders."