

143 FERC ¶ 61,153
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 17, 2013

In Reply Refer To:
New York Independent System
Operator, Inc. and
PJM Interconnection, L.L.C.
Docket No. ER13-1424-000

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Gentlemen:

1. On May 3, 2013, PJM Interconnection, L.L.C. (PJM) and New York Independent System Operator, Inc. (NYISO) (collectively, the RTOs) filed a request for a limited waiver of section 7.2.1 of Schedule D to the Joint Operating Agreement among and between NYISO and PJM (JOA)¹ and, any other provisions of the JOA that may be necessary. The RTOs state that the JOA sets forth the rules for the Market-to-Market Coordination Process, which is designed to provide more efficient and lower cost transmission congestion management solutions, and to improve the convergence of prices at the boundary between the two markets. They add that a waiver is needed to remedy harm caused by increased congestion from the unplanned outage of one of two Ramapo Phase Angle Regulators (PARs), which are utilized to control flows over the Branchburg-Ramapo (5018) A/C transmission line (the 5018 line) between NYISO and PJM.

¹ The Joint Operating Agreement is § 35 (Attachment CC) to the NYISO Open Access Transmission Tariff.

2. The RTOs request that the Commission permit the requested waiver to become effective on the earlier of May 15, 2013, or the date that the 5018 line returns to service, and expire on the earlier of: (a) the date on which both Ramapo PARs are returned to normal operation (following the testing of the repaired or replaced PAR); or (b) the date on which the Commission accepts a Federal Power Act (FPA) section 205 filing submitted by the RTOs that proposes revisions to the Market-to-Market Coordination Process rules that address the concern identified in this waiver request; or (c) December 31, 2014.
3. The RTOs state that the Ramapo PARs are utilized to (i) facilitate scheduled interchange transfers between PJM and NYISO, (ii) ensure other transmission facilities between PJM and NYISO can meet their schedules, and (iii) reduce transmission congestion in PJM and NYISO. They further state that in February 2013, one of the two Ramapo PARs failed—PAR 4500 at the Ramapo, New York substation of Consolidated Edison Company of New York, Inc. (Con Edison). They add that the failed PAR requires extensive repairs or replacement in order to restore the full operational capability of the 5018 line and Con Edison projects the repaired or replaced PAR to be in service by approximately December 18, 2013.
4. The RTOs explain that under the Market-to-Market Coordination Process the Ramapo PARs are operated to achieve a target of 61 percent of the net scheduled interchange on A/C tie lines between New York and PJM over the 5018 line—the RamapoInterchangeFactor.² According to the RTOs, with one Ramapo PAR out of service, they have found the 61 percent target difficult to achieve and the failure to meet such target has financial consequences under the Ramapo PAR Settlement rules set forth in JOA, Schedule D section 8.3.
5. The RTOs state that the current unplanned outage of one Ramapo PAR results in significant regional congestion costs that cannot be remedied because of the limits on the remaining Ramapo PAR. They further explain that this difficulty has been temporarily suspended with the suspension of the Market-to-Market Coordination Process during the planned outage of the 5018 line from April 7, 2012 until May 15, 2013, but this difficulty will arise when the 5018 line is again operational. According to the RTOs, reducing the expected interchange over the 5018 line from 61 percent to 46 percent of net scheduled interchange will redirect the interchange flow onto other transmission facilities and may permit the RTOs to employ redispatch options to manage congestion on those facilities. In order to implement this temporary change to the JOA, the RTOs request a limited waiver of the JOA, Schedule D section 7.2.1.

² JOA, Schedule D section 7.2.1, *Ramapo Target Value*.

6. In support of their request, the RTOs assert that their requested waiver meets criteria under which the Commission has previously granted Independent System Operators and Regional Transmission Organizations limited waivers of their tariff provisions. First, they argue that the RTOs acted in good faith to develop and include in the JOA the Market-to-Market Coordination Process but did not adequately consider an outage scenario involving only one Ramapo PAR and the resulting harm through increases in regional congestion costs that cannot be remedied because of the operating limits on the remaining Ramapo PAR.

7. Second, they argue that the requested waiver is of limited scope in that it applies to a finite period and applies only to one section of the JOA. Third, they contend that the requested waiver will remedy a concrete problem, i.e. it will allow the RTOs to operate the 5018 line by redirecting the interchange flow onto other transmission facilities and may present additional market-to-market redispatch options to manage congestion on those other facilities.

8. Finally, the RTOs argue that granting the waiver will not harm third parties in that a grant of the waiver will enable the RTOs to more efficiently operate the operational Ramapo PAR to reduce regional congestion to the benefit of PJM and NYISO and that, consistent with JOA, Schedule D, section 7.2, “the Ramapo PARS will be operated to facilitate interchange schedules while minimizing regional congestion costs.”

9. Notice of the RTO’s May 3, 2013 filing was issued with comments, protests and interventions due on or before May 10, 2013. None was filed.

10. The Commission has previously granted limited waivers of tariff provisions, *inter alia*, when: (1) the underlying error was made in good faith; (2) the waiver is of limited scope; (3) a concrete problem needed to be remedied; and (4) the waiver did not have undesirable consequences, such as harming third parties.³ We adopt the arguments the RTOs presented, and we find that they demonstrate good cause to grant limited tariff waivers because the requested waiver satisfies the aforementioned conditions.

³ See, e.g., *PJM Interconnection, L.L.C.*, 137 FERC ¶ 61,184, at P 13 (2011); *PJM Interconnection, L.L.C.*, 137 FERC ¶ 61,109, at P 11 (2011); *PJM Interconnection, L.L.C.*, 135 FERC ¶ 61,069, at P 8 (2011); *ISO-NE*, 134 FERC ¶ 61,182, at P 8 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010); *Hudson Transmission Partners, LLC*, 131 FERC ¶ 61,157, at P 10 (2010); *Pittsfield Generating Co., L.P.*, 130 FERC ¶ 61,182, at PP 9-10 (2010); *ISO New England Inc. – EnerNOC, Inc.*, 122 FERC ¶ 61,297 (2008); *Central Vermont Public Service Corp.*, 121 FERC ¶ 61,225 (2007); *Waterbury Generation LLC*, 120 FERC ¶ 61,007 (2007); *Acushnet Co.*, 122 FERC ¶ 61,045 (2008).

11. Accordingly, the Commission grants the RTOs' requested waiver to become effective the earlier of May 15, 2013, or the date that the 5018 line returns to service, and to expire on the earlier of (a) the date on which both Ramapo PARs are returned to normal operation; or (b) the effective date determined by the Commission for any FPA section 205 filing submitted by the RTOs that proposes revisions to the Market-to-Market Coordination Process rules that address the concern identified in this waiver request; or (c) December 31, 2014.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.