**3/8/12 No response necessary**

**Formal Comments Submitted by New York Independent System Operator, Inc.**

**Quadrant:** Wholesale Electric Quadrant

**Re:** Request for Formal Comments on Network Service on OASIS (2011 Annual Plan Items 2(a)(i)(1-8), 2(b), and 3(a)(i))

**Submitted By:** New York Independent System Operator, Inc. (“NYISO”)

**Date:** February 27, 2012

The New York Independent System Operator, Inc. (“NYISO”) appreciates the opportunity to offer comments in response to NAESB’s December 13, 2011, *Request for Formal Comments on the Network Service (“NITS”) on OASIS*. The NYISO previously submitted comments (“Informal Comments”) on NAESB’s June 21, 2011 *Request for Informal Comments on the Network Integration Transmission Service on OASIS Draft Standards* (“Draft Standards”). As is discussed below, changes have been made to WEQ-02-5-10 that appear to address the concerns identified in NYISO’s informal comments [[1]](#footnote-1). Assuming that this understanding is correct, the NYISO would support the recommendation that the Draft Standards be approved by NAESB’s Executive Committee.

The Informal Comments explained that the NYISO employs a “financial reservation” transmission model that differs in many ways from the “physical reservation” model originally envisioned by the *pro forma* OATT.[[2]](#footnote-2) Under the NYISO model, transmission customers do not make physical reservations for NITS or Point-to-Point Transmission Service (“PTP service”).[[3]](#footnote-3)  Instead, they are able to obtain the equivalent of firm transmission service, as either NITS or PTP service, in the context of the financial reservation system by agreeing to pay congestion costs.[[4]](#footnote-4) For these reasons, the NYISO’s FERC-approved OATT includes NITS provisions that are significantly different from those in the *pro forma* OATT.[[5]](#footnote-5)

Of greatest relevance to the Draft Standards, the NYISO OATT does not require that customers be permitted to designate or undesignate (or “terminate”) Network Resources through OASIS.[[6]](#footnote-6) FERC did not require the NYISO to adopt Order No. 890’s tariff revisions requiring this be done[[7]](#footnote-7) because of the nature of the NYISO transmission model, the absence of traditional Network Resource designation restrictions in the NYISO OATT, [[8]](#footnote-8) and the fact that NITS was unused in New York.[[9]](#footnote-9)  Other *pro forma* NITS provisions implicated by the Draft Standards were significantly different under the NYISO OATT.[[10]](#footnote-10) For example, the NYISO’s Secondary Network Transmission Service tariff provisions are markedly different than their *pro forma* equivalents.[[11]](#footnote-11)  Similarly, NYISO had already obtained exemptions from various other technical WEQ standards that the Draft Standards built upon.[[12]](#footnote-12)

The NYISO has obtained many waivers from the NAESB WEQ standards, including nearly complete waivers from the requirements of WEQ-001, -002, -003, and -013, that reflect the different characteristics of its transmission tariff and financial transmission model.

The NYISO’s Informal Comments asked NAESB to make a change to the Draft Standards to avoid imposing “significant and unnecessary compliance burdens on the NYISO.”[[13]](#footnote-13) Specifically, it asked for clarification that the Draft Standards were “not intended to apply to transmission providers that are not subject to Order No. 890’s requirement to support designations and undesignation of resources through OASIS.”[[14]](#footnote-14) As was noted above, the NYISO would be such a transmission provider. The NYISO explained that this clarification would prevent it from having to expend time and resources preparing an extensive filing with FERC detailing why new NITS standards should not apply to it in the first instance. The requested clarification would also prevent the NYISO from having to make new filings each time NAESB’s NITS rules were revised.[[15]](#footnote-15)

On June 30, 2011, NAESB adopted changes to WEQ-002-5-10 that appear to address the NYISO’s concerns. Specifically, that provision now states that “[t]he eligibility requirement established in Business Practice Standard WEQ-001-xx.2 shall not apply to transmission service across areas of the interconnected transmission system under the operational control of Transmission Providers that have previously obtained waivers of WEQ-001 from the Commission.” The NYISO reads this language as indicating that it will not be subject to the new NITS standards given that the NYISO possesses nearly complete waivers from WEQ-001. As the Informal Comments emphasized, there is certainly no reason why the NYISO should be subject to new WEQ-001 requirements that presume transmission providers are subject to WEQ-002, WEQ-003, and WEQ-013 standards that the NYISO is not in fact subject to. Nor should the NYISO be required to comply with, or to persuade FERC of the inapplicability of, new provisions of WEQ-002, -003, and -013 that relate to NITS tariff provisions that either do not exist or are, for all practical purposes, unused and vestigial under the NYISO OATT.

Therefore, assuming that the NYISO’s understanding is correct that WEQ-002-5-10 should be read as exempting the NYISO from the obligation to comply with the proposed NITS standards, the NYISO would support the recommendation that the NITS standards be approved by NAESB’s Executive Committee.

1. The NYISO’s understanding is based on the text of WEQ-002-5-10 as it existed at the time that changes to the WEQ rules related to “Service Across Multiple Transmission Systems” was adopted by the NAESB Executive Committee on June 30, 2011. [↑](#footnote-ref-1)
2. Informal Comments at 1. [↑](#footnote-ref-2)
3. Id. [↑](#footnote-ref-3)
4. Id. [↑](#footnote-ref-4)
5. Id. [↑](#footnote-ref-5)
6. Id. at 2. [↑](#footnote-ref-6)
7. Id. [↑](#footnote-ref-7)
8. Specifically, a Network Customer in New York would not be restricted to calling upon Network Resources that it “owned, purchased or leased” as it would under the *pro forma* OATT. Instead, all Installed Capacity resources constitute an aggregate pool of Network Resources that any Network Customer may designate. Sections 30.1 and 30.7 of the NYISO OATT differ from their *pro forma* OATT equivalents to reflect this difference and do not include the “owned, purchased, or leased” limitation. The NYISO OATT’s definition of Network Resource diverges from the *pro forma* version for similar reasons. [↑](#footnote-ref-8)
9. *See New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 at PP 10-13 (accepting the NYISO’s proposed deviations from the *pro forma* OATT network service provisions). [↑](#footnote-ref-9)
10. Id. [↑](#footnote-ref-10)
11. Id. [↑](#footnote-ref-11)
12. Id. [↑](#footnote-ref-12)
13. Id. at 2-3. [↑](#footnote-ref-13)
14. Id. at 3. [↑](#footnote-ref-14)
15. To the extent that FERC waivers were denied the NYISO would face the prospect of having to develop NAESB compliant procedures to support a NITS service that has never been used, and appears unlikely to ever be used, under the NYISO OATT. [↑](#footnote-ref-15)