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FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 9, 2015

In Reply Refer To:
ISO New England Inc., New England
Power Pool Participants Committee, and
the Participating Transmission Owners
Administrative Committee
Docket No. ER15-2641-000

ISO New England Inc.
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The Participating Transmission Owners Administrative Committee
Attn: Mary E. Grover, Esq.
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Dear Mr. Hamlen, Mr. Runge, and Ms. Grover:

1. On September 10, 2015, pursuant to section 205 of the Federal Power Act,¹ ISO New England Inc. (ISO-NE), the New England Power Pool Participants Committee (NEPOOL), and the Participating Transmission Owners Administrative Committee on behalf of the Participating Transmission Owners (together, Filing Parties) jointly filed revisions to the ISO-NE Transmission, Markets and Services Tariff (Tariff) and the Coordination Agreement between ISO-NE and the New York Independent System

¹ 16 U.S.C. § 824d (2012).

Operator, Inc. (NYISO) to add rules governing the coordination of real-time external transaction bidding and scheduling across their common border.² These rules, known as Coordinated Transaction Scheduling (CTS), were preliminarily approved in 2012.³ As discussed below, we accept the proposed Tariff revisions, subject to condition, to become effective on the date that CTS becomes operational, as discussed herein.

2. The Filing Parties explain that CTS is a set of real-time market rules allowing imports and exports to be scheduled based on a bidder's willingness to purchase energy sourced from the New England Control Area (NECA) or the New York Control Area (NYCA) and to sell the energy at a sink in the other Control Area if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the dollar value specified in the CTS Interface Bid.⁴ Specifically, ISO-NE proposes to implement CTS at the Sandy Pond and Roseton external proxy buses in NYCA and NECA (the NYISO/ISO-NE AC Interface), respectively.

3. According to the Filing Parties, under the proposed revisions, once a proxy bus is CTS enabled, transmission customers will be able to begin submitting CTS Interface Bids to schedule real-time imports and exports at this CTS enabled proxy bus in 15-minute intervals. In each of these intervals, NYISO will incorporate ISO-NE price points in its Real-Time Commitment (RTC) optimization and will use its economic evaluation of CTS Interface Bids to determine real-time cross-border transaction schedules. ISO-NE will develop these price points using a forward-looking, security-constrained economic dispatch system that co-optimizes energy and reserve requirements. NYISO will provide

² ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, [I.2, I.2 Rules of Construction; Definitions, 76.0.0](#), [II.11, II.11 Nature of Regional Network Service, 2.0.0](#), [II.44, II.44 Scheduling and Curtailment, 2.0.0](#), [Schedule 2, Schedule 2 Reactive Supply and Voltage Control Service, 8.0.0](#), [Attachment C, Attachment C Available Transfer Capability Methodology, 2.0.0](#), [Attachment G-3, Attachment G-3 Complete List of Excepted Transaction Agree, 2.0.0](#), [III.1, III.1 Market Operations, 28.0.0](#), [III.2, III.2 LMPs and Real-Time Reserve Clearing Prices Calculation, 18.0.0](#), [III.3, III.3 Accounting and Billing, 18.0.0](#), [III.14 Regulation Market, III.14 Regulation Market, 6.0.0](#), [Appendix F, Appendix F Net Commitment Period Compensation Accounting, 23.0.0](#), [Section IV.A, Section IV.A Recovery of ISO Administrative Expenses, 18.0.0](#), and [Attachment F NYISO, Attachment F NYISO Coordination Agreement, 2.0.0](#).

³ *ISO New England Inc. and New England Power Pool*, 139 FERC ¶ 61,047 (2012).

⁴ A CTS Interface Bid is a real-time bid to simultaneously purchase and sell energy on each side of an interface. ISO-NE Transmittal at 7 and 10.

ISO-NE with forward looking, expected RTC interchange schedules and ISO-NE will use these schedules in order to develop a set of forecasted prices. ISO-NE will then provide these forecasted prices to NYISO for use in the next RTC optimization. In addition to providing price points, under the proposed revisions, ISO-NE will also have the ability to provide Transfer Limits⁵ to NYISO's RTC using Ramp Limits⁶ mutually agreed upon by ISO-NE and NYISO.⁷

4. The Filing Parties state that ISO-NE and NYISO propose to implement CTS in December 2015 and request that the Tariff revisions become effective on or after December 1, 2015, with notice of the actual effective date to be filed with the Commission at least two weeks prior thereto.⁸ The Filing Parties state that this treatment is necessary because a specific effective date cannot be established until certain software changes are ready to be deployed.

5. Notice of the Filing Parties' proposed Tariff revisions was published in the *Federal Register*, 80 Fed. Reg. 56,452 (2015), with interventions and protests due on or before October 1, 2015. The New England States Committee on Electricity, Exelon Corporation, and Entergy Nuclear Power Marketing, LLC filed timely motions to intervene. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. No protests were filed.

6. The Commission has previously found that CTS is a just and reasonable mechanism for enhancing the market efficiency of external transactions between ISO-NE and NYISO, and recognized the substantial benefits to consumers by addressing inefficiencies present in the current external transaction scheduling process.⁹ We expect

⁵ The Transfer Limits on a CTS Enabled Interface establish the minimum and maximum net interchange that can be scheduled on the interface. The following inputs can impact the Transfer Limit calculation: normal scheduling limit for the interface, Operating Reserve limitations, minimum generation limitations, capacity transfer limits, and transfer limits set by operator override. ISO-NE Transmittal at 13-14.

⁶ A Ramp Limit is the maximum allowable amount of change in net interchange at a CTS Enabled Interface over a defined period of time, established in accordance with Section 5.1 of Schedule D of the Coordination Agreement. ISO-NE Transmittal at 13 n.26.

⁷ ISO-NE Transmittal at 9-14.

⁸ ISO-NE Transmittal at 3.

⁹ *ISO New England Inc. and New England Power Pool*, 139 FERC ¶ 61,047 (continued ...)

that CTS will help improve scheduling efficiency for both regions by providing a scheduling option for transmission customers at the NYISO/ISO-NE AC Interface which takes into account relative price differences. We find that the proposed revisions appropriately build upon the Tariff amendments developed and accepted for CTS in 2012. Accordingly, we accept the proposed revisions subject to condition, to become effective on the date that CTS becomes operational.¹⁰ Specifically, ISO-NE must submit a compliance filing with revised Tariff records no later than 14 days prior to the date on which CTS will become operational, reflecting the effective date of the Tariff provisions and correcting the typographical errors discussed below.

7. First, in the Coordination Agreement, Article 1.0: Definitions, the definition of Coordinated Transaction Scheduling appears to contain an error. The section currently reads:

“Coordinated Transaction Scheduling” or “CTS” means an external transaction scheduling process between the NYCA and NECA in which Market Participants’ bid, to buy energy in one region and sell in another region, is economically and simultaneously cleared by ISO-NE and NYISO.

In accepting the proposed revisions subject to condition, we assume this language should read:

“Coordinated Transaction Scheduling” or “CTS” means an external transaction scheduling process between the NYCA and NECA in which Market Participants’ bids, to buy energy in one region and sell in another region, ~~is~~ are economically and simultaneously cleared by ISO-NE and NYISO.

(2012).

¹⁰ The Commission can revise a proposal filed under section 205 of the Federal Power Act as long as the filing utility accepts the change. *See City of Winnfield v. FERC*, 744 F.2d 871, 875-77 (D.C. Cir. 1984). A utility is free to indicate that it is unwilling to accede to the Commission’s conditions in this order by withdrawing its filing.

8. Second, we note a typographical error in the last paragraph of Article 6.0 of the Coordination Agreement, section 6.5.g. It states, in relevant part:

If a governmental authority (including FERC and the CFTC)
that requested or required *he* submission...

In accepting subject to condition the proposed revisions, we assume the italicized word in the above caption should be “the.”

9. Finally, we note a typographical error in Section II.44(2) of the ISO-NE Tariff. Specifically, the punctuation mark between the last sentence and the prior sentence in this section is currently a “:” (colon), and should be a “.” (period).

10. Accordingly, in submitting its compliance filing to this order, ISO-NE must correct the typographical errors noted herein.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.