

132 FERC ¶ 61,239
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

North American Electric Reliability Corporation

Docket No. RD10-5-000

ORDER APPROVING INTERPRETATION
OF RELIABILITY STANDARDS

(Issued September 16, 2010)

1. Pursuant to section 215 of the Federal Power Act (FPA),¹ the Commission approves the North American Electric Reliability Corporation's (NERC) interpretation of two Commission-approved "Modeling, Data and Analysis" (MOD) Reliability Standards, MOD-001-1 (Available Transmission System Capability) and MOD-029-1 (Rated System Path Methodology).

I. Background

2. Section 215 of the FPA requires a Commission-certified Electric Reliability Organization (ERO) to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Specifically, the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a Reliability Standard if it determines that the standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest.² Once approved, the Reliability Standard may be enforced in the United States by the ERO, subject to Commission oversight, or by the Commission independently.³ Pursuant to section 215(c) of the FPA, the Commission

¹ 16 U.S.C. § 824o (2006).

² *Id.* § 824o(d)(2).

³ *Id.* § 824o(e)(3).

established a process to select and certify an ERO⁴ and, subsequently, certified NERC as the ERO.⁵

3. On November 24, 2009, the Commission issued Order No. 729,⁶ approving six MOD Reliability Standards submitted by NERC, including MOD-001-1 and MOD-029-1. The six MOD Reliability Standards require certain users, owners, and operators of the Bulk-Power System to develop consistent methodologies for the calculation of Available Transfer Capability (ATC) and Available Flowgate Capability (AFC). Reliability Standard MOD-001-1 "serves as an 'umbrella' Standard that requires each applicable entity to select and implement one or more of the three available transfer capability methodologies...." set forth in other standards.⁷ Thus, according to Order No. 729, "MOD-001-1 . . . obliges entities to select a methodology and then calculate available transfer capability or available flowgate capability using that methodology."⁸

4. NERC's Rules of Procedure provide that a person that is "directly and materially affected" by Bulk-Power System reliability may request an interpretation of a Reliability Standard.⁹ In response to such a request, the ERO assembles a team with relevant expertise to address the requested interpretation and forms a ballot pool. NERC's Rules

⁴ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006).

⁵ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *aff'd Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

⁶ *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on reh'g*, Order No. 729-A, 131 FERC ¶ 61,109, *order on reh'g and reconsideration*, Order No. 729-B, 132 FERC ¶ 61,027 (2010).

⁷ Order No. 729, 129 FERC ¶ 61,155 at P 14 .

⁸ *Id.* at P 19.

⁹ NERC Rules of Procedure, Appendix 3A, Reliability Standards Development Procedure, Version 7, at 30 (2010).

provide that, within 45 days, the team will draft an interpretation of the Reliability Standard and submit it to the ballot pool. If approved, the interpretation is appended to the Reliability Standard and filed with the Commission for approval.

II. Reliability Standards MOD-001-1 and MOD-029-1 and NERC Petition

5. In a December 2, 2009 filing, NERC petitioned the Commission to approve interpretations to certain requirements of two MOD Reliability Standards.¹⁰ NERC states that the New York Independent System Operator (NYISO) requested NERC to interpret these provisions. NERC requests that the interpretations be made effective immediately upon Commission approval. As a preliminary matter, NERC states that the NERC Board of Trustees, contemporaneous with Board approval of the MOD interpretation, also adopted a resolution providing that “requests for a decision on how a reliability standard applies to a registered entity’s particular facts and circumstances should not be addressed through the interpretations process.”¹¹ NERC states that NYISO’s request is an example of such a request and NERC does not expect similar fact-specific interpretations in the future.

A. Reliability Standard MOD-001-1, Requirements R2 and R8

6. The stated purposes of Reliability Standard MOD-001-1 is “[t]o ensure that calculations are performed by Transmission Service Providers to maintain awareness of available transmission capability and future flows on their own systems as well as those of their neighbors.”¹² Requirements R2 and R8 provide:

R2. Each Transmission Service Provider shall calculate [Available Transmission Capacity (ATC)] or [Available Flowgate Capacity (AFC)] values as listed below using the methodology or methodologies selected by its Transmission Operator(s):

R2.1 Hourly values for at least the next 48 hours.

R2.2 Daily values for at least the next 31 calendar

¹⁰ The Commission's approvals are sought in accordance with section 215(d)(1) of the FPA and section 39.5 of the Commission’s regulations, 18 C.F.R. § 39.5 (2010).

¹¹ NERC Petition at 5.

¹² NERC Petition, Exhibit A, at 7.

days.

R2.3 Monthly values for at least the next 12 months (months 2-13).

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R8. Each Transmission Service Provider that calculates ATC shall recalculate ATC at a minimum on the following frequency, unless none of the calculated values identified in the ATC equation have changed:

R8.1 Hourly values, once per hour. Transmission Service Providers are allowed up to 175 hours per calendar year during which calculations are not required to be performed, despite a change in a calculated value identified in the ATC equation.

R8.2 Daily values, once per day.

R8.3 Monthly values, once per week.¹³

7. In its request for interpretation, NYISO asked NERC to clarify whether the "advisory ATC" used under the NYISO tariff is subject to the ATC calculation and recalculation requirements in MOD-001-1 Requirements R2 and R8.¹⁴

¹³ *Id.*, Exhibit A.

¹⁴ NYISO states that its Available Transfer Capability (ATC) is defined as a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability less existing transmission commitments (including retail customer service), less a Capacity Benefit Margin, less a Transmission Reliability Margin, plus Postbacks, plus counterflows.

NYISO further states that a customer's ability to schedule transactions in the NYISO system is, with the exception of certain external interfaces, not limited by a pre-defined amount of ATC, and therefore, for NYISO, ATC is not a measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. Instead, NYISO asserts, ATC postings in New

(continued...)

8. In response, NERC developed the following interpretation:

Requirements R2 and R8 of MOD-001-1 are both related to Requirement R1, which defines that ATC methodologies are to be applied to specific "ATC Paths." The NERC definition of ATC Path is "Any combination of Point of Receipt and Point of Delivery for which ATC is calculated; and any Posted Path." Based on a review of the language included in this request, the NYISO Open Access Transmission Tariff [OATT], and other information posted on the NYISO Web site, it appears that the NYISO does indeed have multiple ATC Paths, which are subject to the calculation and recalculation requirements in Requirements R2 and R8. It appears from reviewing this information that ATC is defined in the NYISO tariff in the same manner in which NERC defines it, making it difficult to conclude that NYISO's "advisory ATC" is not the same as ATC. In addition, it appears that pre-scheduling is permitted on certain external paths, making the calculation of ATC prior to day ahead necessary on those paths.¹⁵

B. Reliability Standard MOD-029-1, Requirements R5 and R6

9. NERC states that the purpose of Reliability Standard MOD-029-1 is "[t]o increase consistency and reliability in the development and documentation of transfer capability calculations for short-term use performed by entities using the Rated System Path

York are "advisory" projections that are, with the exception of certain postings for external interfaces, calculated after the NYISO markets close, and transactions are scheduled, based on calculations performed by the NYISO's day-ahead and real-time market software. NYISO states that, even if a posted ATC is zero, customers may still schedule transactions, because NYISO can redispatch its system to support additional transactions. Thus, a posted ATC value of zero simply indicates that there is congestion at a particular NYISO interface.

NYISO states that, therefore, it does not calculate ATC for periods further than one day ahead, except to the extent necessary to support pre-scheduling of transactions. *See* NERC petition, Exhibit A at 2.

¹⁵ NERC Petition, Exhibit A, at 5.

Methodology to support analysis and system operations." MOD-029-1, Requirements R5 and R6, read as follows:

R5. When calculating [Existing Transmission Commitments (ETC)] for firm Existing Transmission Commitments (ETC_F) for a specified period for an ATC Path, the Transmission Service Provider shall use the algorithm below:

$$ETC_F = NL_F + NITS_F + GF_F + PTP_F + ROR_F + OS_F \dots$$

R6. When calculating ETC for non-firm Existing Transmission Commitments (ETC_{NF}) for all time horizons for an ATC Path the Transmission Service Provider shall use the following algorithm:

$$ETC_{NF} = NITS_{NF} + GF_{NF} + PTP_{NF} + OS_{NF} \dots$$

In Requirements R5 and R6, " OS_F " and " OS_{NF} " are defined as the firm or non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above, using firm or non-firm transmission service as specified in the Available Transfer Capability Implementation Document.

10. NYISO requested clarification from NERC whether OS_F in MOD-029-1 Requirement R5 and OS_{NF} in MOD-029-1 Requirement R6 may be calculated using Transmission Flow Utilization in the determination of ATC.¹⁶

11. In response, NERC developed the following interpretation:

This request for interpretation and the NYISO Open Access Transmission Tariff describe the NYISO's concept of "Transmission Flow Utilization;" however, it is unclear whether or not Native Load, Point-to-Point Transmission Service, Network Integration Transmission Service, or any of the other components explicitly defined in Requirements R5 and R6 are incorporated into "Transmission Flow

¹⁶ NYISO defines Transmission Flow Utilization as representing "the security constrained network powerflow solutions of the NYISO's Security Constrained Unit Commitment software, with respect to the NYISO Day-Ahead Market, or its Real-Time Commitment and Real-Time Dispatch software with respect to the NYISO's Real-Time Market." NERC Petition at 4.

Utilization." Provided that "Transmission Flow Utilization" does not include Native Load, Point-to-Point Transmission Service, Network Integration Transmission Service, or any of the other components explicitly defined in Requirements R5 and R6, it is appropriate to be included within the "Other Services" term. However, if "Transmission Flow Utilization"

does incorporate those components, then simply including "Transmission Flow Utilization" in "Other Service" would be inappropriate.¹⁷

III. Notice and Responsive Pleadings

12. Notice of NERC's filing was published in the *Federal Register*, with motions to intervene, notices of intervention, comments, and protests due on or before January 8, 2010.¹⁸ NYISO and Exelon Corporation (Exelon) timely moved to intervene, and NYISO timely filed comments.

13. NYISO states it supports the proposed interpretation of MOD-001-1 so long as NYISO may take future steps to clarify that it need not calculate ATC for time periods during which it is not possible to schedule transactions under the NYISO system.

14. According to NYISO, its "financial reservation" model differs from the "physical reservation" transmission model contemplated by the *pro forma* OATT in Order No. 890,¹⁹ in that transmission service is "implicitly" scheduled when customers submit spot market energy schedules or arrange for bilateral transactions between any two points. NYISO states that all desired uses of the transmission system are scheduled to the extent that customers are willing to pay congestion charges, and its customers' ability to schedule transactions is (with certain exceptions) not limited by a pre-defined amount of

¹⁷ NERC Petition, Exhibit A, at 6.

¹⁸ 74 *Fed. Reg.* 66,120 (2010).

¹⁹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008) *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on reh'g*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

ATC, as under the *pro forma* OATT. NYISO states that ATC is calculated and posted based on the transactions accepted in the day-ahead market, and if a posted ATC value is zero, that indicates that an interface is congested and additional non-firm transmission capacity would not be available in the real-time market absent redispatch; however, NYISO can accept additional firm transactions for customers that are willing to pay congestion charges. Thus, NYISO states, information conveyed by NYISO ATC postings is different from that conveyed by ATC postings in physical reservation regimes, and NYISO's ATC postings are really advisory projections.²⁰ NYISO states that within the NYISO system, ATC "represents the transmission capacity that is left over after all scheduled transactions have been accommodated," not "an instantaneous indication of the existence of uncongested transmission paths [or] a determinant as to whether additional requests for transmission service can be satisfied."²¹ NYISO states that the Commission has granted prior waivers to NYISO to reflect NYISO's ATC methodology.²²

15. NYISO states that the Commission has previously stated that NERC must "develop a single set of ATC-related standards that will apply to all transmission

²⁰ NYISO Comments at 3, citing *Central Hudson Gas & Electric Corp.*, 88 FERC ¶ 61,253, at 61,802-03 (1999) (*Central Hudson*) ("the New York model does not require transmission service reservations. . . [but] contains functions to enable transmission customers to submit schedules to the NY ISO identifying transactions and purchases of energy and ancillary services . . . and state whether they agree to pay congestion rents to acquire firm service. . . . ATC postings by the NY ISO will only be projections").

²¹ NYISO Comments at 4, citing Request for Limited [Open-Access Same Time Information Systems (OASIS)] Waivers, Docket EL99-77-000 at 5-6 (July 9, 1999).

²² In addition to *Central Hudson, supra*, NYISO points to several cases involving waivers of OASIS standards, including *New York Independent System Operator, Inc.*, 127 FERC ¶ 61,005, at P 7 (2009) (granting NYISO's request for waiver of certain OASIS-related North American Energy Standards Board (NAESB) standards governing resales and transfers of traditional Point-to-Point transmission reservations); *New York Independent System Operator, Inc.*, 125 FERC ¶ 61,275, at P 15 (2008) (granting NYISO's request for waiver of various OASIS standards which were modified by Order No. 676-C, and from which the NYISO had previously been granted waiver); *New York Independent System Operator, Inc.*, 117 FERC ¶ 61,197, at P 15-17 (2006) (granting NYISO's request for waiver of OASIS standards, stating, at P 16, that "the Commission finds that NYISO's business model and transmission services differ from the business model and transmission services described in the *pro forma* OATT").

providers," including Regional Transmission Organizations (RTOs) such as NYISO,²³ and that it expected the ATC MOD standards to be sufficiently flexible to accommodate all transmission providers "even if there are physical differences in grid characteristics or variations in market design that create challenges."²⁴ Thus, NYISO believes that NERC is open to the possibility that the ATC MOD standards are compatible with NYISO's continued use of a financial reservation model to comply with the ATC MOD standards, but NYISO is concerned that an overly inflexible interpretation could expose NYISO to the risk of unnecessary regulatory requirements.

A. MOD-001

16. NYISO states that the Commission should approve NERC's proposed interpretation of MOD-001-1, with the understanding that NYISO may take future steps to clarify that it need not calculate ATC for those interfaces and time periods for which it is not possible to schedule transactions under NYISO's financial reservations model.

17. NYISO states that Requirements R2 and R8 of MOD-001-1 require all transmission service providers to calculate and recalculate hourly, daily, and monthly ATC values for periods at certain defined intervals, as far as twelve months into the future. Unlike transmission service providers in physical reservation systems, NYISO states that (with certain exceptions)²⁵ it does not allow transactions to be scheduled more than one day ahead. Therefore, NYISO does not currently calculate ATC more than one day ahead for most interfaces. NYISO states that if it did so, the amount of ATC

²³ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 60.

²⁴ Order No. 729, 129 FERC ¶ 61,155 at P 297.

²⁵ NYISO states that these limited exceptions include Pre-Scheduled Transaction Requests across external interfaces which can be submitted in the Day-Ahead Market up to 18 months in advance of the Dispatch Day and Advance Reservations on controllable Scheduled Lines between NYISO and certain neighboring entities. If a customer arranges for a Pre-Scheduled Transaction it would obtain a special priority reservation in the Day-Ahead Market that would necessitate a reduction in the ATC posted for the relevant external interface. NYISO further states that for the most part, the Pre-Scheduled Transaction Request procedure has gone unused since its adoption and NYISO is currently considering initiating a stakeholder process to eliminate it. NYISO adds that, similarly, Scheduled Lines allow for Advanced Reservations on a basis more like a traditional physical reservation regime, but with one exception, other Regional Transmission Organizations or Independent System Operators are responsible for administering the Scheduled Lines.

available for such periods would always be either a zero or a null value, since in NYISO's system it is impossible to schedule transactions for such periods. NYISO explains that it requested an interpretation of MOD-001-1 to clarify that it would not be required to calculate ATC for periods more than one day ahead to the extent that transactions may not be scheduled for such periods under its tariffs. NYISO alleges that the NERC interpretation "did not accept the entirety of the NYISO's request but is not inconsistent with the NYISO's view,"²⁶ and that the interpretation does not appear to preclude NYISO from taking the position that the ATC MOD Standards do not require it to calculate ATC for future time periods to the extent that transactions may not be scheduled during those intervals across certain interfaces; nor does it prejudice NYISO's ability to clarify the issue with NERC or the Commission in the future.

18. NYISO asserts that the NERC standards drafting team's conclusion that NYISO's ATC was not advisory in nature is at odds with the reality of NYISO's system, prior Commission rulings, and the Commission-approved provisions of Attachment C to the NYISO OATT. NYISO also states that the NERC standards drafting team placed too much emphasis on the NYISO OATT's definition of ATC, because that definition closely tracks the *pro forma* OATT definition and does not fully reflect the advisory nature of most NYISO ATC calculations. NYISO further asserts that the Pre-Scheduled Transaction provisions have been little utilized, and represent a limited exception to NYISO's normal ATC calculation procedures. NYISO states that it is planning to initiate a stakeholder process to update the definition of ATC in the NYISO OATT to accurately reflect its advisory nature, and will take any other steps that may be needed to clarify that it need only calculate ATC for future periods to the extent that it is possible to schedule transactions for such periods, e.g. to the extent that Pre-Scheduled Transactions continue to be allowed across external interfaces in the future. Thus, NYISO states that it supports NERC's proposed interpretation.

B. MOD-02911

19. NYISO comments that the Commission should approve NERC's proposed interpretation of MOD-029-1. It states that the ATC MOD Standards require all transmission service providers to adopt one of three ATC calculation methodologies, and that NYISO has determined that the "Rated System Path Methodology" established under MOD-029-1 appears to be most readily compatible with its financial reservation model. NYISO is uncertain, however, whether that methodology is sufficiently flexible to accommodate NYISO's practice of using "Transmission Flow Utilization," i.e., the output of its market software, in calculating ATC. NYISO does believe, however, that

²⁶ NYISO Comments at 9.

MOD-029-1 allows transmission service providers to account for capacity associated with "other services" when calculating their firm and non-firm Existing Transmission Commitments (ETC), and that the definition of "other services" that is included in the OS_F and OS_{NF} variables in the ETC calculation formulae in R5 and R6 of MOD-029-1 appears on its face to be broad enough to encompass "Transmission Flow Utilization."

IV. Discussion

20. We approve NERC's proposed interpretation of Reliability Standards MOD-001-1 and MOD-029-1, effective on the issuance of this order, as requested by NERC. For the reasons stated below, we find the interpretations submitted by NERC to be just, reasonable, not unduly discriminatory or preferential, and in the public interest. Further, we agree with NERC that, for the future, a request for interpretation that pertains to the particular facts and circumstances of a registered entity should not be addressed through the interpretations process. Additionally, we note that NYISO states that "the NYISO OATT's definition of 'ATC' . . . does not fully reflect the 'advisory' nature of most NYISO ATC calculation."²⁷ To the extent that NYISO's tariff does not reflect its actual mode of operation, we note that NYISO is required to take steps to ensure that its tariff and its actual operations are in harmony. NYISO further states that it is initiating a stakeholder process to update the definition of ATC in its tariff, and we encourage it to do so expeditiously.

A. MOD-001-1

21. With regard to the interpretation of MOD-001-1 Requirements R2 and R8, NYISO argues, in essence, that in its approved "financial reservation" transmission model, some of the calculation requirements of MOD-001-1 are neither relevant nor necessary for reliability. It claims that, since NYISO uses Advisory ATC, transmission reservations are generally not allowed and, therefore, computing ATC for future time periods is not necessary.

22. NERC makes clear in its interpretation that it disagrees. It first notes that ATC requirements are to be applied to "ATC Paths," and that the definition of ATC Path is "Any combination of Point of Receipt and Point of Delivery for which ATC is calculated; and any Posted Path." NERC then states:

Based on a review of the language included in this request, the NYISO Open Access Transmission Tariff, and other information posted on the NYISO Web site, it appears that

²⁷ *Id.* at 10.

the NYISO does indeed have multiple ATC Paths, which are subject to the calculation and recalculation requirements in Requirements R2 and R8. It appears from reviewing this information that *ATC is defined in the NYISO tariff in the same manner in which NERC defines it, making it difficult to conclude that NYISO's "advisory ATC" is not the same as ATC.* In addition, it appears that *pre-scheduling is permitted on certain external paths, making the calculation of ATC prior to day ahead necessary on those paths.*²⁸

Thus, according to NERC, NYISO must comply with Requirements R2 and R8 to calculate and recalculate ATC, for those paths that fit within the NERC definition of ATC Paths. We agree.

23. We recognize that NYISO's internal paths may not meet this definition. In its comments submitted with the first ballot, NYISO stated that "[we] read[] the interpretation as not requiring [us] to calculate ATC with respect to internal interfaces because there are no time periods when [our] customers may not schedule transactions so long as such customers are willing to pay for congestion costs. Ultimately these standards would not be applicable to the NYISO internal interfaces."²⁹ A review of the NYISO OATT and Transmission Services Manual confirms that reservations beyond one day in advance are not permitted, except on external interfaces (i.e., with Hydro Quebec). Thus, NYISO appears correct that NYISO's internal interfaces are not ATC Paths because ATC is not calculated and none of the categories of "Posted Path" in the Commission's regulations apply.³⁰

²⁸ NERC Petition, Exhibit A, emphasis added.

²⁹ *Id.*, Exhibit C, "Consideration of Comments on Initial Ballot," at 3.

³⁰ The Commission's regulations at 18 C.F.R. § 37.6(b)(1)(i) (2010) define Posted Path as:

any control area to control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or [Total Transfer Capacity] posted. For this last category, the posting must continue for 180 days and thereafter until 180 days have elapsed from the most recent request for service over the requested path. For purposes of this definition, an hour includes any part of an

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24. However, it appears that NYISO's external interfaces are ATC Paths, because, whether or not ATC is calculated by NYISO, they are "a control area to control area interconnection" within the Posted Path definition. As NYISO has acknowledged, these external interfaces can be pre-scheduled, and NYISO's transmission reservation procedures differentiate between interfaces and Scheduled Lines. The NYISO Transmission Services Manual (section 7.1.10) allows for pre-scheduling of external transactions up to 18 months in advance. The Manual states:

A Market Participant may submit a request to preschedule an external [Location-Based Marginal Price (LBMP)] or a bilateral wheel through transaction with the NYISO up to 18 months prior to the transaction date. The Market Participant must also schedule the desired transaction with all other affected control areas. (7-6)

An accepted external LBMP or bilateral wheel-through preschedule represents a commitment on the part of the NYISO to reserve sufficient ramp and transfer capability to support the preschedule request. (7-7)³¹

Thus, the interpretation correctly states, "it appears that pre-scheduling is permitted on certain external paths, making the calculation of ATC prior to day ahead necessary on those paths." Contrary to NYISO's comments, requiring NYISO to calculate and post ATC benefits on its external paths benefits both reliability and competition.

25. NYISO's citations to prior orders in which the Commission waived NYISO's compliance with various NAESB business standards – i.e., standards that govern NYISO's business practices, but do not necessarily speak expressly to reliability – are therefore not entirely apposite, given that NYISO's compliance with the MOD Reliability Standards affects the reliability of its system.³²

hour during which service was denied, curtailed or interrupted.

³¹ NYISO Transmission Services Manual, Version 2.0 "Prescheduling of Transactions for External LBMP or Bilateral Wheel-Throughs;" located at http://www.nyiso.com/public/webdocs/documents/manuals/operations/tran_ser_mnl.pdf.

³² We further note that in *Central Hudson, supra*, although the Commission did consider NYISO's ATC postings to be "projections" rather than definitive statements as to NYISO's available capacity, in that order we also denied NYISO's request for waiver

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26. Moreover, to the extent needed for compliance with MOD-001-1, NYISO should account for the impacts of its internal congestion on its external ATC Paths as accurately as possible. Thus, to the extent that NYISO would have to calculate internal flows in order to fulfill its obligation to calculate external flows, it would be required to do so. The NYISO external ATC calculations should be performed with models that depict system conditions consistent with the expected internal flows for appropriate timeframes. As we stated when approving MOD-001-1 and directing the ERO to develop benchmarking requirements, “dispatch models should reflect technical analysis. . . . If . . . a transmission service provider’s calculations consistently under- or overestimate available transfer or flowgate capability, adjacent systems will be unable to effectively model their own transfer or flowgate capabilities, thus resulting in a degradation to the reliable operation of the Bulk-Power System.”³³

27. Accordingly, for the reasons stated above, we affirm NERC’s interpretation of Reliability Standard MOD-001-1.

B. Interpretation of Reliability Standard MOD-029-1

28. Requirements R5 and R6 of MOD-029-1 provide that Existing Transmission Commitments (ETC) consists of Native Load, Network Integration Transmission Service, Point-to-Point Service, grandfathered contracts, service governed by rollover rights, and "other" firm services (OS_F) or non-firm services (OS_{NF}). NYISO asked whether OS_F and OS_{NF} could be calculated using Transmission Flow Utilization in the determination of ATC. According to NERC’s interpretation, including Transmission Flow Utilization within the "other services" contemplated by Requirements R5 and R6 is appropriate, provided that Transmission Flow Utilization does not include Native Load, Point-to-Point

of our regulations regarding the calculation and posting of ATC (18 C.F.R. §§ 37.6(b)(2) and 37.6(b)(3)); *see Central Hudson*, 88 FERC ¶ 61,253 at 61,803. Additionally, in a recent order (*New York Independent System Operator, Inc.*, 130 FERC ¶ 61,104 (2010)), the Commission addressed a related waiver request by NYISO from certain OASIS standards (including the calculation and posting of ATC) on the basis that it uses a financial reservation transmission service model, rather than the *pro forma* OATT physical reservation system. In that proceeding, the Commission recognized that "NYISO's waiver request [as to OASIS standards]. . . is closely correlated with the outcome of [the instant docket]" (*id.* P 17) and deferred action on NYISO's request for waiver of OASIS standards regarding ATC calculation and posting pending the resolution of the instant docket.

³³ Order No. 729, 129 FERC ¶ 61,155 at P 161.

Service, Network Integration Transmission Service, or any of the other components explicitly defined in Requirements R5 and R6.

29. We agree with NERC's interpretation and conclude that the interpretation is just, reasonable, not unduly discriminatory or preferential and in the public interest. The purpose of OS_F and OS_{NF} is to account for any committed transmission uses that are not accurately described in the other terms in the ETC formulae. Since NYISO does treat OS_F and OS_{NF} as committed uses, and no other term describes this commitment, this is appropriate.

The Commission orders:

We hereby approve NERC's interpretation of Reliability Standards MOD-001-1 and MOD-029-1.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Document Content(s)

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