

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE  
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January 7, 2008

SENT VIA ELECTRONIC FILING

Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Docket No. OA08-52-000 - New York Independent System  
Operator, Inc.

Dear Secretary Bose:

For filing, please find the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceeding. Should you have any questions, please feel free to contact me at (518) 486-2652.

Very truly yours,

A handwritten signature in black ink that reads 'Saul A. Rigberg'.

Saul A. Rigberg  
Assistant Counsel

Attachment

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System            ) Docket No. OA08-52-000  
Operator, Inc.                            )

NOTICE OF INTERVENTION AND COMMENTS  
OF THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NEW YORK

NOTICE OF INTERVENTION

On December 7, 2007, the New York Independent System Operator, Inc. (NYISO) submitted its compliance filing (filing) in accordance with the Federal Energy Regulatory Commission's (FERC or Commission) Final Rule on open access transmission tariff (OATT) reform.<sup>1</sup> The New York State Public Service Commission (NYPSC) hereby submits its Notice of Intervention and Comments in the above-captioned proceeding pursuant to the Notice of Extension of Time, issued December 20, 2007, and Rule 214 of FERC's Rules of Practice and Procedure.

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<sup>1</sup> Docket No. RM05-17, *et al.*, *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890 (issued February 16, 2007), Order on reh'g, Order No. 890-A (issued December 28, 2007).

Copies of all correspondence and pleadings should be addressed to:

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### INTRODUCTION AND SUMMARY

The NYISO, New York Transmission Owners (NYTOs) and stakeholders have worked together to develop a Comprehensive Reliability Planning Process (CRPP), which is specified in Attachment Y of the NYISO's OATT. The goal of Attachment Y is to "assure that the New York State Transmission System is, and remains, secure and reliable, and enables any interested party to come forward with solutions to address identified Reliability Needs in the New York Control Area ('NYCA')." <sup>2</sup>

Under the existing CRPP, the NYISO identifies reliability needs of the New York Bulk Transmission Facilities and designates a Responsible Transmission Owner (RTO) for each identified need. When a reliability need has been identified, the NYISO will then 1) request a RTO to propose a regulated solution and the time needed to implement such a "backstop";

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<sup>2</sup> Docket No. OA08-52-000, New York Independent System Operator, Inc., Order No. 890 Transmission Planning Compliance Filing, pg.3 (filed December 7, 2007).

2) seek market-based solutions from developers; and 3) if such proposals fall short, allow submissions by a transmission owner or a developer of alternative regulated responses.

In its current compliance filing, the NYISO has proposed several significant tariff revisions to Attachment Y, three of which will be discussed in these comments. The first is the proposal to change the planning process from an annual process to a biennial process. The second is the addition of an economic planning process. The third includes revisions to the methodology for selection of a cost allocation for regulated economic projects presented in Section 15 of Attachment Y.

## DISCUSSION

### **I. The Commission Should Reject The NYISO's Proposal To Change To a Biennial Planning Process**

Section 3.0.b of Attachment Y changes what is currently an annual planning cycle to a two-year cycle. The NYPSC supports the goal of eventually moving to a two-year cycle, but not at this time. Currently, there are major changes in environmental regulations at both the state and federal level that may dramatically affect current generation operation and future development.

New York is in the midst of significant renewable resource development, which could have unanticipated

consequences, and the State is also in the beginning stages of implementing Governor Spitzer's ambitious "15 x 15" plan to reduce electricity usage by 15 percent of the 2015 projected usage. Both the renewable resource development and the energy efficiency plan could significantly affect projected system reliability directly or indirectly in a very short time period. Further, Indian Point Units 2 and 3 are in need of re-licensing and there is no assured outcome as to whether or not their licenses will be renewed.

A two-year planning cycle does not allow sufficient notice or time to react to ensure continued system reliability. Therefore, the NYISO should maintain an annual reliability planning cycle for, at least, the next five years. This will ensure adequate time to observe the effects of the changes in environmental regulations and New York's pursuit of renewable energy and energy efficiency.

If the Commission allows the NYISO to change to a two-year planning cycle, then the NYISO should be required to provide an abbreviated interim annual update based on changed system conditions and changed policy directions that have developed in the preceding year.

The NYISO should also reflect the change to a two-year cycle in Section 7.1.a.<sup>3</sup> of Attachment Y and Section 3.0 of Appendix A. If the NYISO moves to a two-year cycle for reliability planning, then the one year provided in Section 7.1.a of Attachment Y is insufficient. At a minimum, two years should be provided. Also, Appendix A, Section 3.0 states that an analysis of the prior year's congestion data will be provided in the RNA. Again, if the NYISO is permitted to change to a two-year cycle, then the previous two years of congestion would need to be provided.

## **II. The NYPSC Fully Supports The NYISO's Implementation Of An Economic Planning Process**

The NYPSC applauds the NYISO's initiative in establishing an economic planning process. The NYPSC is grateful that such a process is being undertaken to provide

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<sup>3</sup> Section 7.1.a requires: "A proposed regulated backstop solution to address a need in the second five years of the planning period that does not have a trigger date of one year or less will not require the same level of detail as a proposed solution for a need in the first five years." This language lacks sensibility unless one reads the NYISO Comprehensive Reliability Planning Process Manual Section 2-2 (pages 2-4). This manual clarifies that the trigger date must be within one year of when a RTO submits the project for the Reliability Needs Assessment (RNA). The sentence in Section 7.1.a should be clarified by adding the phrase "...that does not have a trigger date of one year or less **from the Responsible TOs submittal date in the RNA process** will not require..."

information that will, without doubt, be a tremendous aid in state policy directions and decisions.

**III. Selection Of And Cost Allocation For  
Regulated Economic Projects (Section 15)  
Should Be Remanded To The NYISO For Further Revisions**

The methodology for the selection of regulated economic projects eligible for cost allocation under the tariff is presented in Section 15 of Attachment Y. The methodology is the best that the stakeholders were able to construct given the short amount of time in which they had to develop the process. The lack of time available to develop such an important process is apparent, however. Section 15 contains repetitive provisions and there are detailed provisions in some places and only broad outlines in other provisions.

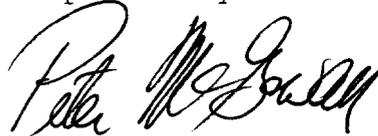
Because there was insufficient time for the stakeholders to fully work through the possible impacts and drawbacks to the methodology, Section 15 should be considered a work in progress and remanded back to the NYISO for further consideration and revision to provide for the best possible methodology to implement such an important process.

**CONCLUSION**

In accordance with the above discussion, it is recommended that the Commission reject the NYISO's proposal to change from an annual planning process to a biennial planning process. It is further recommended that language in certain

provisions be clarified and revised to reflect the change to biennial planning if the Commission allows such a change. The Commission should also remand Section 15 of Attachment Y back to the NYISO for further review and revision to eliminate duplication and refine the process. These recommendations will ensure that New York will maintain a safe and reliable system.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter McGowan". The signature is fluid and cursive, with the first name "Peter" written in a larger, more prominent script than the last name "McGowan".

Peter McGowan  
Acting General Counsel  
Public Service Commission  
of the State of New York

By: Saul A. Rigberg  
Assistant Counsel  
3 Empire State Plaza  
Albany, New York 12223-1305  
(518) 486-2652

Dated: January 7, 2008  
Albany, New York

CERTIFICATE OF SERVICE

I, RUTH TARRANCE , do hereby certify that I will serve on January 7, 2007, the foregoing Notice of Intervention of the Public Service Commission of the State of New York upon each of the parties of record indicated on the official service list compiled by the Secretary in this proceeding.

Date: January 7, 2008  
Albany, New York

  
RUTH TARRANCE