

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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Secretary

September 21, 2012

SENT VIA ELECTRONIC FILING
Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket No. ER12-2568-000 - 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) 473-8178.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'David G. Drexler', is written over a horizontal line.

David G. Drexler
Assistant Counsel

Attachment

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System)
Operator, Inc.) Docket No. ER12-2568-000

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

NOTICE OF INTERVENTION

On August 31, 2012, the New York Independent System Operator, Inc. (NYISO) filed proposed revisions to the blackstart and system restoration program that includes generators designated by Consolidated Edison Company of New York, Inc. (Con Edison) to restore service to New York City in the event of a major system disturbance. The New York State Public Service Commission (NYPSC) hereby submits its Notice of Intervention in the above-captioned proceeding pursuant to the Federal Energy Regulatory Commission's (FERC or Commission) Combined Notice of Filings #1, issued on September 4, 2012 (Notice), and Rule 214 (18 C.F.R. §385.214) of the Commission's Rules of Practice and Procedure.

Copies of all correspondence and pleadings should be addressed to:

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BACKGROUND

The NYISO's August 31, 2012 filing seeks to improve the effectiveness of the existing blackstart and system restoration service program relied upon for restoring service to New York City following a major system disturbance. These improvements are designed to address concerns with retaining existing generators within the program by "significantly" increasing the compensation provided to such generators. The compensation would be based on a proxy generating unit's current costs for installing and maintaining the necessary facilities. To the extent additional generating units are needed to assist in Con Edison's local restoration plan, those needs would be addressed by identifying material benefits to system restoration in Zone J associated with new or repowered units, and requiring the installation of Restoration Service capability.

Under the NYISO's proposal, any existing or new generators providing blackstart and system restoration service

that maintains it is not adequately recovering its costs would be entitled to file a unit-specific rate for the recovery of their actual, incremental costs. In addition, the NYISO proposes to address concerns raised by certain generators that the current blackstart testing requirements could unnecessarily harm their steam turbine units through excessive testing. The NYISO proposes to address this concern by reducing the frequency of certain aspects of the periodic testing of such units from once every year to once every three years.

DISCUSSION

In order to ensure public health and safety, it is essential that adequate blackstart and system restoration facilities are available to expedite restoration of service to New York City following a major system disruption, such as a blackout. The NYPSC commends the NYISO and stakeholders for their efforts to improve the effectiveness of the existing system restoration service program. The NYISO's proposed revisions should facilitate the retention of needed blackstart facilities in the program and the identification and inclusion of new facilities to materially assist in Con Edison's local restoration plan. However, the NYPSC is concerned that the adequacy of blackstart facilities may still be jeopardized due

to generators "opting out" of the NYISO's program without sufficient regulatory oversight.

While the NYPSC supports the NYISO's August 31, 2012 filing because it represents an incremental improvement considering the overall package of proposed revisions, the NYPSC continues to have significant concerns with the ability of the NYISO and Con Edison to ensure the availability of adequate blackstart facilities.¹ Under the NYISO's restoration service program and the proposed revisions thereto, generators may provide notice of their intent to "opt out" of the program. However, such notice fails to account for the lead-time necessary to procure alternative blackstart facilities, and is therefore likely insufficient. Given the lack of regulatory oversight, the NYPSC issued a Declaratory Ruling clarifying that NYPSC consent is required under State law prior to a termination of blackstart service.²

In a separate FERC proceeding, TC Ravenswood has sought a ruling from the Commission that the NYPSC's Declaratory

¹ Because it appears that the New York State Reliability Council (NYSRC) will need to address revisions to the NYSRC's rules to accommodate the proposed changes to the testing procedures contemplated in the NYISO's August 31, 2012 filing, the NYPSC does not take a position on this aspect of the NYISO's filing at this time.

² Case 11-E-0423, Consolidated Edison Company of New York, Inc. - Petition for Declaratory Ruling, Declaratory Ruling Regarding Blackstart Service (issued September 28, 2011).

Ruling is preempted under federal law.³ The NYPSC responded as to why State law was not preempted under the circumstances, although the Commission has not yet ruled upon TC Ravenswood's complaint. The NYPSC urges the Commission to deny TC Ravenswood's complaint and to clarify that the NYPSC's consent to terminate blackstart service is required in addition to the applicable "opt-out" notice provision. This clarification will complement the NYISO's proposed tariff revisions in this proceeding and assist in ensuring that adequate blackstart and service restoration facilities continue to be available to meet public health, safety and reliability needs.

CONCLUSION

In accordance with the foregoing discussion, the Commission should approve the NYISO's August 31, 2012 filing in

³ Docket No. EL12-9-000 - TC Ravenswood, LLC, v. New York Independent System Operator, Inc. and New York State Reliability Council, LLC.

this proceeding, and deny TC Ravenswood's filing in Docket No.
EL12-9-000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter McGowan". The signature is written in a cursive, flowing style.

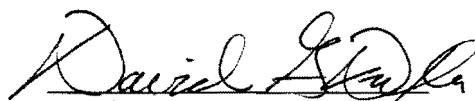
Peter McGowan
General Counsel
Public Service Commission
of the State of New York
By: David G. Drexler
Assistant Counsel
3 Empire State Plaza
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(518) 473-8178

Dated: September 21, 2012
Albany, New York

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: Albany, New York
September 21, 2012



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