



MEDIA ALERT New York

FERC Accepts NYISO Tariffs to Remedy Power Flows

November 17, 2008

Docket No. ER09-198-000, -001

The Federal Energy Regulatory Commission (FERC) has accepted permanent tariff revisions to help the New York Independent System Operator (NYISO) stem the use of circuitous transmission paths and help relieve congestion-related costs for New York ratepayers. The revised tariffs preclude the scheduling of power flows over eight different transmission paths where there are more direct routes. These tariffs replace interim tariffs put in place Aug. 21, 2008.

Background

Beginning in January 2008, an increasing number of transactions were placed by a small number of market participants around Lake Erie under a schedule that exits NYISO, goes through the Independent Electricity System Operator of Ontario (IESO) and the Midwest Independent System Transmission System (MISO), and ends in PJM Interconnection (PJM). In reality, approximately 80 percent of the power flowed over the common border between NYISO and PJM. The circuitous routes took advantage of pricing differences between regional transmission organizations (RTOs). NYISO states that because RTOs have not implemented technologies to control flows, the power actually flows over the path of least resistance, rather than the scheduled path, causing market distortions, increased congestion and uplift costs, a type of additional payment. NYISO submitted, and FERC accepted, interim tariff revisions in August 2008. In that order, FERC disclosed that its Office of Enforcement had initiated a non-public investigation into the power flow problem in May 2008.

The Order

FERC accepted the tariffs because, with two minor differences, they address the same problem in the same manner as the interim tariffs accepted in August 2008. NYISO "has adequately justified that its filing was necessary to alleviate unnecessary congestion-related costs," FERC said. FERC noted the need for long-term comprehensive solutions and encouraged parties to work out comprehensive measures. The Commission also directed NYISO to file within 90 days a status report on its progress in developing comprehensive solutions. Finally, FERC stated that the Office of Enforcement's non-public investigation is continuing, and the Commission will determine what further actions may be appropriate after considering the results of the staff investigation.

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