UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc. and	)	
PJM Interconnection, L.L.C.	)	Docket No. ER18-2442-000

PJM INTERCONNECTION, L.L.C. AND NEW YORK INDEPENDENT SYSTEM OPERATOR, INC., FIRST REPORT ON EFFORT TO DEVELOP JOINT OPERATING AGREEMENT REVISIONS

In accordance with paragraph 25 and ordering paragraph (C) of the Federal Energy Regulatory Commission's ("Commission's") *Order Granting Request for Waiver*, ("Order")[1] PJM Interconnection, L.L.C. ("PJM") and the New York Independent System Operator, Inc. ("NYISO") (collectively, the "RTOs") respectfully submit their first quarterly report addressing the progress they have made toward developing revisions to their Joint Operating Agreement ("JOA") to resolve the concern described in the September 17, 2018 waiver request.

I. BACKGROUND

PJM's Open Access Transmission Tariff ("PJM Tariff"), Attachment K-Appendix, Section 1.7.6 (a) (Scheduling and Dispatching) grants PJM authority to dispatch or redispatch generation to control constraints on neighboring systems on Market-to-Market ("M2M") Flowgates. If a tie line is not a M2M Flowgate under the JOA and there is a constraint on the NYISO side of the tie line, PJM has no authority under the PJM Tariff to dispatch PJM generation to control the constraint.

The RTOs have seen and expect to continue to see contingency overloads on the East Towanda–Hillside 230 kV transmission line (the "East Towanda–Hillside Tie Line") at various

[1] *PJM Interconnection, L.L.C. and New York Independent System Operator, Inc., Order Granting Request for Waiver*,165 FERC ¶ 61,149 (2018).

times when the Liberty (Asylum) Combined Cycle 850 MW unit is operating and there are transmission outages in the area. The limiting element is on the New York side of the East Towanda–Hillside Tie Line - a wave trap at the Hillside substation. The East Towanda–Hillside Tie Line was not a coordinated Flowgate under the JOA.

PJM normally has efficient redispatch relief available that can relieve the constraint on the limiting element. However, PJM's ability to take controlling actions is limited because, while PJM's actions were taken to protect the reliability of the Bulk Electric System ("BES"), and consistent with good utility practice and the applicable reliability standards (*e.g.*, TOP-001-4, R18), PJM determined that such actions violated PJM Tariff, Section 33.2 and PJM Tariff, Attachment K-Appendix, Section 1.7.6.

The RTOs have identified concerns with adding the East Towanda–Hillside Tie Line as a M2M Flowgate for generation redispatch under the currently effective M2M rules. JOA, Schedule D, Section 7.1.2 provides that PJM and the NYISO will only invoke M2M coordination under JOA when the Non-Monitoring RTO Market Flow is greater than its M2M Entitlement for the East Towanda–Hillside Tie Line. In order to consistently control the post-contingency exceedance without violating PJM's Tariff, the RTOs must be able to keep the M2M Flowgate activated consistently for the entire period the post-contingency exceedance is observed by PJM and/or the NYISO.

Consequently, on September 17, 2018, in Docket No. ER18-2442-000, PJM and the NYISO submitted a joint request for limited waiver of the JOA Market-to-Market Provisions regarding the East Towanda-Hillside Tie Line to permit PJM to conduct redispatch operations to control flows to the most restrictive rating on the NYISO side of the East Towanda–Hillside Tie Line without violating the PJM Tariff. In the Order the Commission granted the request for

waiver effective September 18, 2018, "to expire on the earliest of: (1) the date on which the Commission approves JOA revisions proposed in a Federal Power Act (FPA) section 205[2] filing submitted by the RTOs to implement a long-term solution to address the concerns identified in the waiver request to become effective; (2) the date on which the RTOs jointly request the waiver to end; or (3) September 17, 2019."[3] Additionally, the Commission directed "the RTOs to submit quarterly reports regarding the status of JOA revisions to implement a long-term solution to address the concerns identified in the waiver request."[4]

As explained below, the RTOs are working together to timely develop and submit proposed JOA revisions to address the problem while the limited waiver is in effect. The long term solution will require JOA amendments to be considered and accepted by the Commission.[5]

II. PROGRESS REPORT AND SCHEDULE FOR STAKEHOLDER DISCUSSIONS

Since the waiver was permitted to take effect on September 18, 2018, the RTOs have activated the M2M coordination process for the East Towanda Hillside Flowgate on twenty-two days and engaged in generation redispatch (of varying duration) to control flows on the East Towanda Hillside Tie Line on fifteen days.

Since September 2018 the RTOs have been meeting via conference call on a weekly basis to determine how best to revise the JOA and associated market rules to resolve the described concern. The RTOs are currently in the process of reviewing and revising a set of draft JOA

[2] 16 U.S.C. § 824d (2012).

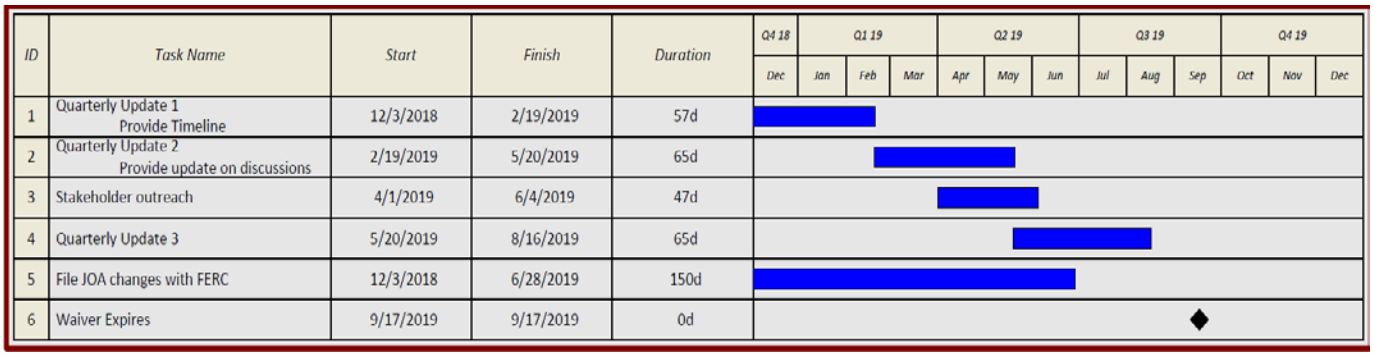
[3] Order at P.1.

[4] *Id.*

[5] The JOA is part of the NYISO's filed Tariff. In order to submit a Federal Power Act Section 205 filing to amend the JOA, the RTOs must develop proposed JOA revisions and the NYISO must obtain a stakeholder vote supporting the proposed JOA changes. *See* Section 19.01 of the NYISO's Commission-accepted *ISO Agreement*. The NYISO stakeholder review and approval process ordinarily takes several months to complete.

revisions. The RTOs goal is to be able to present draft JOA language to their stakeholders in early April.

The RTOs schedule to permit timely filing of proposed JOA revisions for the Commission's consideration is as follows:



ID	Task Name	Start	Finish	Duration
1	Quarterly Update 1 Provide Timeline	12/3/2018	2/19/2019	57d
2	Quarterly Update 2 Provide update on discussions	2/19/2019	5/20/2019	65d
3	Stakeholder outreach	4/1/2019	6/4/2019	47d
4	Quarterly Update 3	5/20/2019	8/16/2019	65d
5	File JOA changes with FERC	12/3/2018	6/28/2019	150d
6	Waiver Expires	9/17/2019	9/17/2019	0d

III. SERVICE

The PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissioners in the PJM Region by posting this filing electronically. PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region[6] alerting them this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: http://www.ferc.gov/docs-filing/elibrary.asp.

[6] PJM already maintains updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

The NYISO will send an electronic link to this filing to the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public Service Commission, and the New Jersey Board of Public Utilities. The NYISO will also post the complete filing on its website at www.nyiso.com.

IV. CONCLUSION

Consistent with the Commission's Order, the RTOs have submitted this first quarterly report documenting their progress and the schedule they intend to follow in order to timely submit proposed JOA revisions to the Commission for its consideration.

Respectfully submitted,

/s/ Steven R. Pincus
Steven R. Pincus
Associate General Counsel
Craig Glazer
Vice President-Federal Government Policy
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403
(610) 666-4370 (phone)

/s/ Alex M. Schnell
Alex M. Schnell
Assistant General Counsel/
Registered Corporate Counsel
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
(518) 356-6000 (phone)

Dated: February 19, 2019

CERTIFICATE OF SERVICE

I 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 at Audubon, PA, this 19th day of February 2019.

/s/ Steven R. Pincus
Steven R Pincus
Assistant General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon PA 19403
(610) 666-430