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FERC Authorizes NYISO to Halt Circuitous Scheduling Around Lake Erie

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On August 21, [FERC](#) issued an [order](#) accepting the [New York ISO's](#) (NYISO) emergency revisions to its tariff to [prohibit certain scheduling practices](#) around Lake Erie. In its order, FERC approved the NYISO's use of temporary action to reduce unscheduled power flows and directed that NYISO continue to work with market participants, neighboring ISOs, and the [North American Electric Reliability Corporation](#) (NERC) to develop longer-term solutions. FERC also noted that its Office of Enforcement has been investigating Lake Erie scheduling since May.

According to NYISO's [July 21 filing](#), the offending scheduling practices allowed market participants to take advantage of pricing differences between NYISO and neighboring PJM. NYISO also argued that the circuitous scheduling resulted in market distortions, and increased congestion and uplift charges. However, NYISO argued that the scheduling behavior was not technically prohibited by its tariff; thus, NYISO proposed a set of tariff revisions that would allow the grid operator to stop roundabout scheduling in the short-term. FERC approved those revisions, which will take effect beginning July 22 through November 18, 2008.

NYISO's proposal is controversial, drawing fire from market participants, but support from customers, neighboring ISOs, and state officials. In a [letter](#) filed with FERC on August 12, [Senator Charles Schumer](#) (D-NY) estimated the improper congestion costs to be between \$240-290 million and demanded that FERC investigate any possible links between the loop flow issues and New York consumers' spiking electric bills. FERC's continuing investigation will ensure that the issue remains at the forefront of the agency's and NYISO's agendas.