

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
New York Independent System
Operator, Inc.
Docket Nos. ER11-3236-000
ER11-3236-001

Issued: 5/13/11

Mollie Lampi
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Reference: Filing to Revise the Calculation of Bid Production Cost Guarantees

Dear Ms. Lampi:

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation – East, under 18 C.F.R. § 375.307, the revisions New York Independent System Operator, Inc. (NYISO) submitted to its Market Administration and Control Area Services Tariff (Services Tariff) in the above referenced dockets are accepted, effective June 1, 2011, as requested. NYISO's request for limited waiver of its Services Tariff from September 30, 2011 until June 1, 2011 for real-time only regulation service providers is also accepted.

On March 30, 2011, NYISO filed revisions to its Services Tariff to clarify the calculation methodology for Bid Production Cost Guarantee (BPCG) payments made to generators and transmission customers importing energy to the New York Control Area (NYCA) for scheduled bilateral transactions. NYISO is revising the BPCG calculation methodology so that the calculation will be indifferent to whether or not a portion of the schedule supports bilateral transactions. This will eliminate the risk that NYISO-provided schedules will produce insufficient revenues to support recovery of bid-in production costs and better align physical scheduling system and BPCG eligibility calculation. In addition, NYISO filed revisions to the BPCG payment calculation methodology for generators that provide real-time only regulation service to include bid-in incremental energy costs to provide consistent treatment between the day-ahead and real-time regulation service markets.

On April 20, 2011, NYISO filed an amendment to its March 30, 2011 filing to further revise its Services Tariff. NYISO stated that it discovered that its earlier filing was incomplete because it failed to completely describe the BPCG eligibility for import transactions.

Notice of the March 30, 2011 filing was issued on March 31, 2011, with comments, protests, or interventions due on or before April 20, 2011. Notice of the April 20, 2011 amendment was issued on April 21, 2011, with comments, protests, or interventions due on or before April 27, 2011. New York Transmission Owners filed an intervention on April 20, 2011.¹ Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against NYISO.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Jignasa Gadani, Director
Division of Electric Power Regulation – East

cc: All Parties

¹ New York Transmission Owners include: Central Hudson Gas & Electric Corporation; Consolidated Edison Company of New York, Inc.; Long Island Power Authority; New York Power Authority; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and Rochester Gas and Electric Corporation.