

NYISO has 30 days to submit its compliance filing, **the NYISO requests that the Commission abbreviate the notice period for submitting comments on this Request and that the Commission rule on this Request by April 4, 2012.**

I. Documents Submitted with this Request:

The documents submitted are:

1. this Request;
2. Attachment A—a proposed agenda for the technical conference; and
3. a Certificate of Service.

II. Request for Technical Conference

A. Purpose of Technical Conference

The NYISO is uncertain about the intended scope/breadth of several aspects of the Order. The NYISO is concerned that certain components of the Order could be read to require fundamental changes to the structure of the markets that the NYISO administers. To clarify the Commission's expectations, the NYISO requests an opportunity to give a presentation on how it proposes to comply with the Order, and to seek further guidance from Commission Staff² regarding the NYISO's proposal. Obtaining timely input from the Commission Staff regarding the NYISO's proposal will enable the NYISO to better understand the scope and nature of the compliance obligations imposed by the Order. Staff guidance on the adequacy of the NYISO's compliance proposal should reduce the administrative burden on both the NYISO and the Commission, and indicate whether fundamental changes to the NYISO's markets are, in fact, necessary to meet the Commission's expectations.

² The NYISO recognizes that Commission Staff is not the Commission, and that the Commission's authority to consider and rule on the NYISO's compliance filing will not be bound by guidance that the NYISO receives from Commission Staff.

Most significantly, the NYISO has conferred with PJM Interconnection, LLC (“PJM”) and with its own Market Monitoring Unit, Potomac Economics. Both entities have indicated their desire and willingness to address aspects of the Order that present concerns to the NYISO. A representative of PJM’s senior management will (1) clarify certain aspects of PJM’s External Transaction pricing method and implementation, and (2) explain PJM’s position on the NYISO’s compliance proposal. Dr. David Patton, president of Potomac Economics the NYISO’s external Market Monitoring Unit, has requested the opportunity to address the audience at the technical conference to speak to the validity and market efficiency of the NYISO’s proposed compliance plan and pricing approach.

The NYISO’s questions are limited to the scope of changes that may be required by the Order. The NYISO understands that it is expected to submit proposed Tariff revisions for the Commission’s consideration and is not requesting Staff guidance in that regard.

B. Relevant Provisions of the Order

The NYISO is prepared and able to comply with Paragraph 23 of the Order, but is concerned that other paragraphs (set forth below) could be read to require far broader changes to the NYISO’s markets:

23. PJM’s methodology, as noted above, utilizes NERC tag information to determine the actual source and sink for a transaction and calculates prices based on the actual energy flows. Because at least certain elements of the methodology outlined by NYISO in its compliance notice (namely, the Conforming Mode, which relies on NYISO’s *status quo* pricing and scheduling policy), are inconsistent with the PJM methodology, we find that NYISO’s filing is non-compliant with the December 2010 Order and July 2011 Order.

The NYISO has questions about the nature and scope of the changes the Commission may expect the NYISO to make to its markets in order to comply with Paragraphs 21 and 25 of the Order:

21. To the extent our compliance directive in the December 2010 Order was unclear, we clarify here that NYISO is required to submit a further compliance filing that includes an interface pricing methodology consistent with PJM's methodology, i.e., an interface pricing methodology that uses NERC tag information to determine actual source and sink for a transaction and calculates prices based on the actual energy flows at all times. Such a compliance directive is consistent with our December 2010 Order for the following reasons.

25. Accordingly, we direct NYISO to submit an additional compliance filing, within 30 days of the date of this order, including tariff sheets and all necessary support, addressing its Interface Pricing Initiative, as clarified herein. Specifically, we direct NYISO to submit detailed tariff provisions specifying a revised pricing methodology for all interface transactions, based on NERC tag information and actual energy flows, i.e., consistent with PJM's methodology, that it proposes to utilize to determine prices, including but not limited to tariff provisions identifying all relevant terms and their definitions and identifying all relevant buses to be included in its calculations. In its filing, NYISO should include full explanations and support for its proposals, including examples.

The Order indicates that the NYISO's implementation of interface pricing revisions did not include, or fully identify, all of the changes that the Commission expected. This Request seeks an opportunity for the Commission Staff to provide guidance to the NYISO before it submits tariff revisions that will be designed to comply with the requirements of the Order.

C. Proposed Technical Conference Agenda

Attachment A to this Request sets forth a proposed agenda for the requested on-the-record technical conference. The NYISO proposes that the conference run from 9:00 a.m. to 12 noon, and provide an opportunity for the NYISO, PJM, Potomac Economics and other interested parties to give presentations and respond to Commission Staff questions. Because the NYISO is the entity that is subject to the compliance obligation, it proposes to start the conference and reserve 45 minutes for its presentation and an additional 45 minutes for Commission Staff questions on, and discussion of, the NYISO's presentation. Next, the NYISO proposes that a PJM representative address

PJM's External Transaction pricing method, and PJM's position on the NYISO's compliance proposal. The NYISO proposes that PJM be given 15 minutes to present its views, and that the Commission provide an additional 15 minutes for the Staff to ask the PJM representative questions. Following PJM, the NYISO requests that its External Market Monitoring Unit, Potomac Economics, be given 15 minutes to present, and 15 minutes to respond to the Commission Staff's questions regarding the NYISO's compliance proposal. The remaining half hour can be used to provide other interested parties an opportunity to speak, and for the Commission Staff to provide guidance to the NYISO.

III. Request for Extension of Time to Submit Compliance Filing

The Order requires the NYISO to submit its compliance filing by Monday, April 16, 2012 (30 days after the date of the Order). The NYISO requests that the Commission grant an extension to permit the NYISO to submit its compliance filing 30 days after the technical conference is held. Granting the NYISO 30 days after the technical conference will enable the NYISO to incorporate the guidance that the NYISO receives from Commission Staff at the technical conference into the compliance filing it submits. Providing the NYISO sufficient time to incorporate Staff's guidance into its filing should, in turn, reduce the likelihood that the Commission will be required to issue additional orders requiring corrections or modifications to the NYISO's compliance filing.

IV. Request for Shortened Notice and Comment Period and Expedited Commission Action on this Request

Unless the Commission grants the NYISO's requested extension of time to submit its compliance filing, the NYISO is required to submit its compliance filing on April 16, 2012. In order to provide the NYISO with sufficient time to prepare and submit a compliance filing if the

Commission decides to reject this Request, the NYISO requests that the Commission employ a shortened notice and comment period, and issue a ruling on this request by close-of-business on April 4, 2012.

V. Conclusion

WHEREFORE, the New York Independent System Operator, Inc. respectfully requests that the Commission act on an expedited basis and issue a ruling by April 4, 2012 on the NYISO's requests to:

- (i) schedule a public, on-the-record, technical conference in Docket No. ER08-1281-10 that incorporates the NYISO's proposed agenda (*see* Attachment A); and
- (ii) grant the NYISO an extension until 30 days after the date of the technical conference to submit its compliance filing in response to the Order.

Respectfully submitted,

/s/ Alex M. Schnell

Robert E. Fernandez, General Counsel
Alex M. Schnell
New York Independent System Operator, Inc.

Dated: March 30, 2012

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 in accordance with the requirements of Rule 2010 of the Commission Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, New York this 30th day of March, 2012.

/s/ Alex M. Schnell _____
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Attachment A

Proposed Technical Conference Agenda

Agenda
Interface Pricing Technical Conference
9:00 a.m. – 12:00 noon

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|-----------------|--|---|
| 9:00-
10:30 | NYISO Representative | Present NYISO's proposed, revised compliance proposal.
Respond to questions from and discuss with Commission Staff. |
| 10:30-
11:00 | PJM Representative | Explain aspects of PJM's External Transaction pricing method and implementation. Provide PJM's views on the NYISO's compliance proposal. Respond to Commission Staff questions. |
| 11:00-
11:30 | Potomac Economics Representative | Address market efficiency of NYISO compliance proposal.
Respond to Commission Staff questions. |
| 11:30-
12:00 | Other Presentations/
Staff Guidance | Staff discretion. |