

May 20, 2013

Submitted Electronically

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: New York Independent System Operator, Inc.'s Compliance Filing;
Docket No. ER13-780-____

Dear Ms. Bose:

In accordance with paragraph 27 and Ordering Paragraph (B) of the Federal Energy Regulatory Commission's ("Commission's") March 21, 2013 *Order Accepting Compliance Filing Subject to Conditions* ("March Order"),¹ The New York Independent System Operator, Inc. ("NYISO") hereby submits for the Commission's review proposed additions and revisions to Section 16.3.3.8 of (Attachment J to) the NYISO's Open Access Transmission Tariff ("OATT") and to Section 30.4.6.8 of the NYISO's Market Monitoring Plan.² The proposed additions and revisions to the NYISO's Tariffs³ are designed to permit the NYISO, acting in consultation with its Market Monitoring Unit, to propose to add new circuitous scheduling path prohibitions by submitting a compliance filing in Docket ER13-780.

In addition to the Tariff revisions proposed to comply with the March Order, the NYISO also submits Tariff revisions to Sections 5.1.2 of the Services Tariff and 2.17 of the OATT to comply with the Commission's February 21, 2013 *Standards for Business Practices and Communication Protocols for Public Utilities* ("Order No. 676-G").⁴ The proposed changes revise the Tariffs to include the two North American Energy Standards Board ("NAESB") Energy Efficiency and Phase II Demand Response Measurement and Verification

¹ *New York Independent System Operator, Inc.*, 142 FERC ¶ 61,202 (2013).

² The NYISO's Market Monitoring Plan is Section 30 of (Attachment O to) its Market Administration and Control Area Services Tariff ("Services Tariff").

³ Capitalized terms that are not expressly defined herein have the meaning ascribed to them in the NYISO's Services Tariff.

⁴ *Standards for Business Practices and Communications Protocols for Public Utilities*, 78 Fed. Reg. 14,654 (Mar. 7, 2013), FERC Stats. & Regs. ¶ 31,343 (2013) ("Order No. 676-G").

(“NAESB Phase II M&V”) standards incorporated by reference in Order No. 676-G.⁵ As authorized by Order No. 676-G, the NYISO submits those compliance revisions in this unrelated Tariff filing that is being submitted after the effective date of the standards (*i.e.*, May 6, 2013).⁶

I. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents:

1. this filing letter;
2. a blacklined version of the NYISO’s proposed revisions to Section 30.4 of (Attachment O to) its Services Tariff, effective July 22, 2013 (Attachment I);
3. a clean version of the NYISO’s proposed revisions to Section 30.4 of (Attachment O to) its Services Tariff, effective July 22, 2013 (Attachment II);
4. a blacklined version of the NYISO’s proposed revisions to Section 16.3.3.8 of (Attachment J to) its OATT, effective July 22, 2013 (Attachment III);
5. a clean version of the NYISO’s proposed revisions to Section 16.3.3.8 of (Attachment J to) its OATT, effective July 22, 2013 (Attachment IV);
6. a blacklined version of the NYISO’s proposed revisions to Section 5.1 of its Services Tariff, effective May 6, 2013 (Attachment V);
7. a clean version of the NYISO’s proposed revisions to Section 5.1 of its Services Tariff, effective May 6, 2013 (Attachment VI);
8. a blacklined version of the NYISO’s proposed revisions to Section 2.17 of its OATT, effective May 6, 2013 (Attachment VII); and
9. a clean version of the NYISO’s proposed revisions to Section 2.17 of its OATT, effective May 6, 2013 (Attachment VIII).

⁵ *Id.* at P 54.

⁶ *Id.* at P 55 (finding that in order “to lighten the burden associated with an immediate, stand-alone filing of a revised tariff reflecting the standards incorporated by reference in this Final Rule, we are giving RTOs and ISOs the option of including these changes as part of an unrelated tariff filing”).

II. BACKGROUND

A. Interface Pricing Revisions

In response to a protest of its January 18, 2013 Interface Pricing compliance filing by the PJM Market Monitoring Unit (“PJM MMU”), the NYISO proposed the following compromise solution for the Commission’s consideration:

The PJM MMU appears to be concerned that scheduling paths other than the eight scheduling paths identified in Section 16.3.3.8 of (Attachment J to) the NYISO’s OATT could be used to schedule transactions over a contract path that is not consistent with the NYISO’s expectation of how power will actually flow.

....

[T]he NYISO proposes to submit a further compliance filing in this Docket proposing to modify Section 16.3.3.8 of (Attachment J to) the NYISO’s OATT in a manner that would permit the NYISO, acting in consultation with its MMU, to submit future compliance filings seeking authorization from the Commission to implement additional prohibited scheduling paths. If and when the NYISO, acting in consultation with its MMU, determines that particular scheduling paths are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow, the NYISO will submit a compliance filing in this Docket seeking permission to prohibit the inappropriate paths.

[W]hen and if the NYISO, acting in consultation with the NYISO MMU, makes the necessary determination, the NYISO will submit a compliance filing in this Docket: (1) proposing to add a new prohibited scheduling path; (2) explaining the scheduling behavior it has identified and why that behavior presents a concern or risk; and (3) explaining why the NYISO believes that the problem it has identified can be remedied or mitigated by adding one or more new circuitous scheduling path prohibitions. Any such compliance filing that the NYISO submits would be required to include, or be accompanied by, a discussion of the NYISO MMU’s position regarding the NYISO’s proposal to add a new prohibited scheduling path or new prohibited scheduling paths.⁷

⁷ The NYISO MMU’s position can be explained in the NYISO’s filing letter, be set forth in an accompanying affidavit, or be submitted by the NYISO’s MMU as a companion filing to, or comments on, the NYISO’s compliance filing in this Docket.

In order to expedite the NYISO's ability to submit, and the Commission's ability to review and act on, a proposal to add a new prohibited scheduling path, the NYISO proposes to use a compliance filing mechanism similar to the filing rules that were proposed by the NYISO and accepted in Docket No. ER11-2547.⁸

Paragraph 27 of the Commission's March Order accepted the NYISO's compromise proposal and directed the NYISO to submit this compliance filing:

[W]e accept NYISO's proposal to add additional prohibited paths, as may be appropriate, pursuant to the procedures outlined by NYISO in its answer. We agree that this approach will address any valid concerns, as they may arise, that there may be additional paths that should be prohibited. Accordingly, we direct NYISO to propose tariff revisions adopting this allowance, in a compliance filing to be submitted within 60 days of the date of this order.

The proposed revisions to Section 16.3.3.8 of (Attachment J to) the NYISO's OATT and to Section 30.4.6.8 of the NYISO's Market Monitoring Plan that are described in this filing, and included in the attachments to this filing, were developed to implement the Commission's directive.

B. Compliance with Order No. 676-G - NAESB Energy Efficiency and Phase II Demand Response M&V Standards

In compliance with Order No. 676-G, the NYISO is using this unrelated Tariff filing as the vehicle for revising its Tariffs to include references to the most recent NAESB Phase II M&V standards. The NAESB Phase II M&V standards define terms to facilitate communications and provide standards for measurement and verification methodologies for energy efficiency in organized wholesale electric markets. Order No. 676-G requires each RTO/ISO to incorporate these standards by reference in its OATT.⁹

⁸ See Section 4.4.4 of the NYISO's Market Administration and Control Area Services Tariff; *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,186 (2011); NYISO's April 13, 2011 Compliance Filing in Docket No. ER11-2547 at 3-4; Letter Order accepting NYISO Compliance Filing issued in Docket No. ER11-2547 on July 21, 2011; NYISO's November 13, 2012 Compliance Filing in Docket No. ER11-2547; Letter Order accepting NYISO Compliance Filing issued in Docket No. ER11-2547-008 on December 18, 2012.

⁹ The NYISO is submitting these Tariff revisions to both its OATT and to its Services Tariff. Although Order No. 676-G provides that utilities should revise their OATTs to incorporate the NAESB standards, the NYISO's practice has been to incorporate references to the latest standards into both of its Tariffs.

III. PROPOSED TARIFF REVISIONS

A. Interface Pricing Revisions

The NYISO proposes to modify Section 16.3.3.8 of (Attachment J to) its OATT to permit the NYISO to submit a compliance filing in this Docket adding one or more new prohibited scheduling paths. The proposed revisions authorize the NYISO to act when the NYISO, acting in consultation with its Market Monitoring Unit, determines that particular scheduling paths are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow. The compliance filing will include: (1) an explanation of the scheduling behavior the ISO has identified and why that behavior presents a concern to the ISO and its Market Monitoring Unit; and (2) an explanation of why the ISO believes that the problem it has identified can be remedied or mitigated by adding one or more new prohibited scheduling paths. The compliance filing will also include, or be accompanied by, a discussion of the Market Monitoring Unit's position regarding the ISO's proposal.

Order No. 719 requires the NYISO's Market Monitoring Plan to set forth all of the NYISO Market Monitoring Unit's duties. The NYISO proposes modifications to Sections 30.4.6.8.1, 30.4.6.8.2, 30.4.6.8.3, 30.4.6.8.4, 30.4.6.8.5 and 30.4.6.9 of its Market Monitoring Plan to accurately reflect the NYISO's Market Monitoring Unit's responsibilities.

While preparing this filing, the NYISO determined that the current text of Section 30.4.6.8.1 of the Market Monitoring Plan exactly duplicates another provision (Section 30.4.6.5.1) of the Market Monitoring Plan. The NYISO further determined that the current text of Section 30.4.6.8.1 is wrongly located and is superfluous. In this compliance filing the NYISO proposes to replace the current text of Section 30.4.6.8.1 of the Market Monitoring Plan with new language that (a) sets forth the Market Monitoring Unit's duty to work with the NYISO to identify scheduling paths that are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow, and (b) requires the Market Monitoring Unit to inform the Commission of its position with regard to any compliance filing that the NYISO might submit proposing to add new prohibited scheduling paths to Section 16.3.3.8 of (Attachment J to) the NYISO's OATT.

Consistent with the proposed correction to Section 30.4.6.8.1 of the Market Monitoring Plan described above, the NYISO proposes conforming ministerial clarifications to Sections 30.4.6.8.2, 30.4.6.8.3, 30.4.6.8.4, 30.4.6.8.5 and 30.4.6.9 of its Market Monitoring Plan. The proposed clarifications identify the topics addressed in each of the Sections, but do not change the substance of the existing provisions.

B. Revisions to Incorporate Order No. 676-G - NAESB Energy Efficiency and Phase II Demand Response M&V Standards

As authorized by Order No. 676-G, the NYISO is including Tariff revisions to incorporate by reference the standards adopted by the Commission in this filing. The NYISO seeks to revise Sections 5.1.2 of its Services Tariff and 2.17 of its OATT to include the language specified in P 56 of Order No. 676-G. The attached revisions also propose ministerial clarifications to Sections 5.1.2 of the Services Tariff and 2.17 of the OATT to correctly identify the NAESB standards with which the NYISO is not required to comply.¹⁰ The proposed clarifications do not change the substance of the existing Tariff provisions.

IV. EFFECTIVE DATES

The NYISO requests that the Commission permit the interface pricing Tariff revisions proposed in this compliance filing to become effective on July 22, 2013, which is more than 60 days after the submission of this compliance filing.

The NYISO requests that the Commission permit the Tariff revisions proposed to incorporate the NAESB Phase II M&V standards to become effective May 6, 2013, the effective date of the standards. The NYISO's proposed effective date is appropriate because it is the date by which Order No. 676-G requires the NYISO to comply with the standards.¹¹

V. SERVICE

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to this proceeding, to each of its customers, to each participant on its stakeholder committees, to the New York State Public Service Commission, and to the New Jersey Board of Public Utilities.

¹⁰ The Commission has previously authorized the NYISO to include limited, but necessary, clarifications in compliance filings and should follow that precedent here. *See New York Independent System Operator, Inc.*, 125 FERC ¶ 61,206 (2008), *reh'g*, 127 FERC ¶ 61,042 (2009) (accepting proposed tariff revisions necessary to correct drafting errors or ambiguities).

¹¹ Order No. 676-G at P 54.

VI. CONCLUSION

Wherefore, for the foregoing reasons, the NYISO respectfully requests that the Commission accept the proposed Tariff revisions included in the Attachments to this filing, without modification, effective on the dates proposed in Section IV of this filing.

Respectfully submitted,

/s/ Alex M. Schnell

Alex M. Schnell

New York Independent System Operator, Inc.

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cc: Travis Allen
Michael A. Bardee
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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 20th day of May, 2013.

/s/ John C. Cutting
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