

September 23, 2014

By Electronic Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *New York Independent System Operator, Inc., Compliance Filing, Docket No. ER14-473-000*

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits this compliance filing in response to Ordering Paragraph (D) in the Commission’s *Order on Compliance* in this Docket.¹ The NYISO is responding to the Commission request that the NYISO either: (i) provide it with the location of information necessary to support decisions regarding financial self-supply of Regulation Service and demonstrate that it is consistent with or superior to the requirement of Order No. 784;² or (ii) post Area Control Error³ data on a six-second or one-minute/ten minute average. The NYISO proposes to comply with this directive by posting six-second Area Control Error data, as described herein. For informational purposes, the NYISO also provides the description and location of relevant information posted on the NYISO’s website regarding market clearing prices paid to suppliers of Regulation Service.

¹ *New York Independent System Operator, Inc.*, 148 FERC 61,181 (2014) (“2014 Order”). The Commission accepted the NYISO’s proposal to amend section 15.3.1.1 of Rate Schedule 3 of its Market Administration and Control Area Services Tariff (“Services Tariff”) by inserting the statement that NYISO will take into account the speed and accuracy of regulation resources in determining reserve requirements for Regulation Service. 2014 Order at P 9.

² *Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, Order No. 784, 78 Fed. Reg. 46,178 (July 30, 2013), FERC Stats. & Regs. ¶ 31,349 (2013), *order on clarification*, Order No. 784-A, 146 FERC ¶ 61,114 (2014). (“Order No. 784”)

³ Capitalized terms that are not otherwise defined in this filing letter shall have the meaning specified in the NYISO’s tariffs.

I. BACKGROUND

Two Order No. 784 directives, formally applicable to the NYISO, were designed to provide greater transparency regarding reserve requirements for regulation service.⁴ The first required the NYISO to amend Rate Schedule 3 of its Market Administration and Control Area Services Tariff to add a statement that it takes into account the speed and accuracy of regulation resources in determining regulation service reserve requirements.⁵ As mentioned, the Commission has accepted the NYISO's compliance with this requirement.⁶

The second requirement directed the NYISO to post historical one-minute and ten-minute average Area Control Error ("ACE") data for the most recent calendar year, updated annually, pursuant to the new section 37.6(k) of the Commission's regulations – which specifies the information to be posted on Open Access Same-Time Information System ("OASIS").⁷ The Commission explained that this rule would provide an additional tool for a transmission customer to demonstrate to the public utility transmission provider that the resource(s) it selects for self-supply are comparable to those owned or controlled by the public utility transmission provider itself.⁸

The NYISO had argued that the information the NYISO already posts on its website provides more relevant information for purchasers and suppliers in the NYISO-administered Regulation Service markets than section 37.6(k) would require because NYISO's Transmission Customers are not authorized to meet their Regulation Service requirements through physical self-supply. The Commission acknowledged the unavailability of physical self-supply in the NYISO but required the NYISO to explicitly identify the location of the information it posts that is more relevant for purchasers and suppliers in the NYISO-administered Regulation Service markets and to demonstrate that the provided information is consistent with or superior to the requirement of Order No. 784. The Commission also offered, as an alternate compliance approach, the posting of six-second Area Control Error ("ACE") data.⁹

III. COMPLIANCE WITH 2014 ORDER

The NYISO will post six-second ACE data for 2013 to its website before the end of October, 2014, in compliance with the Commission's 2014 Order. Posting 2013 data will be a manual process that requires time to prepare the information to be posted and a final review before posting. The NYISO will provide an index to this information on its website and populate the data as soon as it can – but no later than the end of October, 2014.

⁴ Order No. 784 at P 2.

⁵ *Id.* at 111.

⁶ 2014 Order, P 9

⁷ Order No. 784 at P 116.

⁸ Order No. 784 at PP 3, 4.

⁹ 2014 Order P 17

In addition, the NYISO has also begun the process of automating a monthly posting of six-second ACE data for the most recently concluded year and the most recently completed month. Once deployed, this project will ensure that six-second ACE data is posted for the most recently completed calendar year and for each most recently completed month in the current year.¹⁰ The NYISO expects this process to be deployed in February, 2015.

The NYISO also provides the following additional description, for informational purposes, of its posting of market clearing price information paid to suppliers of Regulation Service. Hourly pricing data for Regulation Capacity in the Day-Ahead market and five-minute data for Regulation Capacity and Regulation Movement in the real-time market is available at http://www.nyiso.com/public/markets_operations/market_data/pricing_data/index.jsp. Day-Ahead data includes the Day-Ahead market prices for Regulation Capacity/MWH. Real-Time data includes the Real-Time market prices for Regulation Capacity/MWH and Regulation Movement/MW. Regulation Movement is procured only in real-time. Archived pricing data, back to year 2000, is available at the same location. In addition, the hourly Regulation Service statewide purchase requirements are posted at: http://www.nyiso.com/public/webdocs/markets_operations/market_data/reports_info/nyiso_regulation_req.pdf

Pricing and statewide purchase requirement data allows parties interested in financial self-supply of Regulation Service to evaluate the reasonableness of financial arrangements that would allow them to hedge charges for the purchase of Regulation Service through a private contract with a third party. Historical market prices for Regulation Service would be absolutely necessary to inform the creation of a reasonable self-supply instrument. As such, the pricing and requirements data provides transparency necessary to effectuate reasonable financial self-supply arrangements. Moreover, each Transmission Customer's individual Regulation Service purchase responsibility, based on that Customer's Load ratio share of statewide Load, is visible to each customer.

IV. 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 Public Service Commission, and to the New Jersey Board of Public Utilities.

¹⁰ The annual data will not be rolling 12 month increments but rather stand-alone, calendar month data.

V. COMMUNICATIONS

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel
Ray Stalter, Director of Regulatory Affairs
*Mollie Lampi, Assistant General Counsel
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
rfernandez@nyiso.com
rstalter@nyiso.com
mlampi@nyiso.com
*persons designated to receive service

VI. CONCLUSION

For the reasons specified above, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this compliance filing.

Respectfully submitted,

/s/ Mollie Lampi
Mollie Lampi
Assistant General Counsel
New York Independent System Operator, Inc.

Dated: September 23, 2014

cc: Michael A. Bardee
Daniel Nowak
Gregory Berson
Anna Cochrane
Jignasa Gadani
Morris Margolis
Michael McLaughlin
David Morenoff

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 Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, NY this 23rd day of September, 2014.

By: /s/ John C. Cutting

John C. Cutting
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144
(518) 356-7521