

September 22, 2011

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

**Re: New York Independent System Operator, Inc., Compliance Filing
Docket No. ER11-2224-010**

Dear Ms. Bose:

Pursuant to the Commission's September 15, 2011 *Order on Compliance Filing* ("September Order")¹ regarding the NYISO's proposed updated Installed Capacity ("ICAP") Demand Curves,² the New York Independent System Operator Inc. ("NYISO") respectfully submits this compliance filing. This filing provides compliance tariff revisions to Section 5.14.1.2 of the NYISO's Services Tariff which modify the ICAP Demand Curve points to reflect the revised values for the winter to summer ratios ("WSR"), as directed by the *September Order*.³ Additionally, pursuant to paragraph 86 of the *September Order*, the NYISO notifies the Commission that it will implement these revised ICAP Demand Curves for the period beginning October 1, 2011, covering activities associated with the October ICAP Spot Market Auction.

I. LIST OF DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents:

1. This filing letter;
2. A blacklined version of the modifications to Section 5.14 of the Services Tariff ("Attachment I"); and
3. A clean version of the modifications to Section 5.14 of the Services Tariff ("Attachment II").

II. BACKGROUND

The NYISO filed proposed ICAP Demand Curves for Capability Years 2011/2012,

¹ *New York Independent System Operator, Inc.*, 136 FERC ¶ 61,192 (2011) ("September Order").

² Terms with initial capitalization that are not otherwise defined herein shall have the meaning set forth in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff").

³ *September Order* at PP 81, 86.

2012/2013, and 2013/2014 on November 30, 2010 (“November Filing”).⁴ The Commission issued an order on the filing on January 28, 2011 (“*January Order*”),⁵ accepting, suspending and ordering a compliance filing. On May 20, 2011 the Commission issued an order on rehearing of the *January Order* directing a further compliance filing (“*May Order*”), to, among other things, revise the values for the winter to summer ratios (“WSR”) “consistent with the assumed average levels of excess capacity used to calculate the other components of net CONE, or to explain why the values of WSR calculated based on recent actual data reasonably approximate the ratio of winter-to-summer DMNCs that would arise under the assumed average level of excess capacity.”⁶

On June 20, 2011 the NYISO filed its compliance filing addressing, among other things, the *May Order*’s directive by justifying its use of WSR values calculated based on recent actual data. On September 15 the Commission issued an order on the NYISO’s compliance filing, accepting subject to condition the proposed ICAP Demand Curves and directing this further compliance filing.

III. DESCRIPTION OF PROPOSED COMPLIANCE TARIFF REVISIONS

The *September Order* rejected the NYISO’s explanation of the WSR values calculated based on recent actual data and directed the NYISO to include WSR values in the ICAP Demand Curves that “so that the same levels of excess capacity, and the underlying mix of resources, are used to calculate deliverability costs and the winter/summer adjustment.”⁷ Accordingly, the NYISO is making compliance modifications to the ICAP Demand Curve points in the table in Section 5.14.1.2 of the Services Tariff to reflect adjustments in the WSR values consistent with the assumed levels of excess capacity, in compliance with the Commission’s directive.

The NYISO is also revising the table in Section 5.14.1.2 to delete the phrase “Date Determined by Commission Order” in the third column of the table and insert a September 30, 2011 end date for the rates currently in effect. The NYISO is also deleting the phrase “Date Determined by Commission Order” in the fourth column of the table and inserting October 1, 2011 as the date for the rates to begin to apply for the revised ICAP Demand Curves effective until April 30, 2012.⁸ These proposed ending and starting dates will be effectuated in the NYISO’s systems so that the revised rates are known prior to and are applied to activities associated with the October ICAP Spot Market Auction.

⁴ *Tariff Revisions to Implement ICAP Demand Curves for Capability Years 2011/2012, 2012/2013, and 2013/2014*, Docket No. ER11-2224-000 (filed November 30, 2010).

⁵ *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,058 (2011) (“*January Order*”).

⁶ *New York Independent System Operator, Inc.*, 135 FERC ¶ 61,170 at P 100 (2011) (“*May Order*”).

⁷ *September Order* at P 81.

⁸ *September Order* at P 86.

IV. EFFECTIVE DATE AND NOTICE OF IMPLEMENTATION

In accordance with the September Order, these proposed modifications would be effective as of September 15, 2011.

The Commission also directed the NYISO to provide notice “as to the ICAP spot market auction in which the new demand curve rate will be in effect.”⁹ The NYISO hereby notifies the Commission that it will implement the revised ICAP Demand Curves on this date, September 22, 2011, which is in time for the October ICAP Spot Market Auction.

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

Respectfully submitted,

/s/ Gloria Kavanah

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⁹ *Id.*

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 22nd day of September, 2011.

/s/ Joy Zimmerlin

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