

July 25, 2012

By Electronic Submission

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

Re: *New York Independent System Operator, Inc's, Proposed Tariff Revisions to Improve Clarity and Consistency of OATT Attachment Y; Docket No. ER12-___-___*.

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations, the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to its Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff"). The revisions, mainly to Attachment Y of the OATT, will improve clarity and consistency of language and terminology,² remove redundant language, renumber paragraphs and update internal section references accordingly, and reflect the experience that the NYISO and its stakeholders have gained over several cycles of tariff implementation of ISO planning processes.

These revisions were developed as part of an ongoing effort by the NYISO to improve and clarify its tariffs, and are not substantive in nature. The changes are not being submitted to the Commission for review of the NYISO's planning processes for purposes of compliance with Order 1000. Rather, they will facilitate the joint compliance filing by the NYISO and the New York Transmission Owners, to be made on October 11, 2012, by providing a clean version of tariff provisions that have already been accepted by the Commission for further amendment pursuant to the principles and requirements of Order 1000. For this purpose, the NYISO respectfully requests that the Commission act on its filing within 60 days of this filing, or September 24, 2012, and to make these tariff

¹ 16 U.S.C § 824(d)

² Capitalized terms not otherwise defined herein shall have the meaning specified in Section 1 or Section 31.1 of the OATT.

amendments effective on that date. This determination will allow the NYISO sufficient time to apply its Order 1000 tariff changes to the clean Attachment Y tariff for the October 11, 2012 compliance filing.

I. Documents Submitted

1. This filing letter;
2. A clean version of the proposed revisions to the NYISO's OATT (Attachment I);
3. A blacklined version of the proposed revisions to the NYISO's OATT (Attachment II);
4. A clean version of the proposed revisions to the NYISO's Services Tariff (Attachment III); and
5. A blacklined version of the proposed revisions to the NYISO's Services Tariff (Attachment IV).

II. Background

The New York ISO Comprehensive System Planning Process in Attachment Y of the NYISO's OATT provides the authority and requirements for the NYISO's long-term electric system planning processes. The attachment establishes processes for local transmission system planning by the Transmission Owners ("TOs") for identifying and addressing reliability needs on the bulk power system, and for analyzing transmission system congestion and considering economic transmission projects to relieve congestion. Cost allocation and cost recovery (through separate rate schedules) are provided for regulatory backstop reliability projects and for economic projects that receive approval from a supermajority of stakeholders.

Attachment Y has not been amended to clarify and reorganize its provisions since the Commission approved the NYISO's Order 890 compliance filings for reliability and economic planning. In a recent review of the attachment, however, the NYISO identified certain definitions, terms, organization issues, and clarifications needed to reflect actual practices in long term planning. Updated tariff language will allow the NYISO's System and Resource Planning staff more flexibility in the software modeling tools it uses for planning studies. At the request of stakeholders, the proposed amendments conform the tariff to the current practice of requesting and evaluating alternative regulated solutions to reliability needs at the same time as NYISO calls for and conducts its evaluation of market-based and regulated backstop solutions. Also at the request of stakeholders, the changes emphasize the preference for market-based projects from private investors over regulatory backstop projects, the risks and costs of which are borne by consumers.

Further, the NYISO also proposes one related ministerial change to Section 11 of the Services Tariff, which was identified in the review process.

III. Tariff Revisions

The NYISO is proposing to make revisions throughout OATT Attachment Y, Sections 31.1 through 31.6. Many of the edits are intended to improve the overall consistency of the terms used. These changes are ministerial in nature, with substitutions of OATT-defined terms wherever applicable, such as “the ISO” instead of “the NYISO” and “the Commission” for “FERC.” Where Attachment Y includes a new defined term, changes are proposed to ensure the term is used consistently within the Attachment. Edits also consist of changes intended to improve the organization of the document. Some subsections have been moved and redundant language has been deleted. Paragraphs are then renumbered and internal section references are updated to accommodate the amendments. Amendments have been included that are intended to clarify the intent of the text or to conform the text to actual practice.

The proposed revision to Services Tariff Section 11 is ministerial in nature.

The following describes the changes to each revised tariff section. The NYISO does not expound upon each and every revision when they repeat prior similar changes — many of them are repetitive, applying frequently used terms and deleting redundant terms, substituting expanded terms with acronyms and capitalizing defined terms as described above. Nevertheless, the NYISO describes the changes to each section and enumerates those revisions that are significant to the substance and structure of the document.

A. Proposed Changes to OATT Section 31.1 - New York Comprehensive System Planning Process (CSPP)

The 31.1.1 subheading “New York Comprehensive System planning Process (“CSPP”) has been moved up to replace the Section 31.1 heading “General Overview.” Subsequent sections have been renumbered.

The definitions in Section 31.1 have been moved from their former position at subsection 31.1.2 to subsection 31.1.1. Language is proposed at the beginning of subsection 31.1.1 to specify that the defined terms apply to OATT Sections 31.1 through 31.6. Definitions of terms already capitalized in Attachment Y were added. Proposed definitions include: Affected TO; Bounded Region; Developer; LCR; Loss of Load Expectation (“LOLE”); LTP Dispute Resolution Process (“DRP”); Net CONE; NPCC; NYISO Load and Capacity Data Report; and Trigger Date. The definitions of ATRA and ESPWG, already defined elsewhere in the tariff, were removed. Revisions to definitions of the following terms are proposed: CARIS; CRP; Responsible Transmission Owner; RNA; and TPAS. Language is proposed at the end of the subsection to specify that other capitalized terms in Attachment Y are defined in the NYISO’s tariffs.

In subsection 31.1.2 proposed language was added to clarify the priority of market solutions in the planning process, and “development” was changed to “implementation” to clarify the stage of the process being described.

In subsection 31.1.5 language regarding access to confidential information is redundant, also appearing in subsection 31.1.6.1, and has been removed.

In subsection 31.1.6.1 the referenced title of the NYISO's Comprehensive System Planning Process Manual has been updated to reflect the correct title of the manual.

B. Proposed Changes to OATT Section 31.2 - Reliability Planning Process

In subsection 31.2.1.2.1, the reference to the NYISO's Comprehensive Reliability Planning Process Manual has been replaced with the defined term "ISO Procedures." This change is proposed throughout Attachment Y and is consistent with terminology utilized elsewhere in the NYISO's tariffs.

In subsection 31.2.1.3.1 the defined term "Affected TO" has replaced the term "Transmission Owner."

The NYISO proposes to remove a reference to congestion analysis from subsection 31.2.2.1, given that the NYISO posts, on its website, a quarterly report on historic congestion analysis, and includes a comprehensive congestion analysis in the CARIS and, accordingly, no longer conducts such analysis in the RNA. In the same subsection "TO" is replaced with "Transmission Owner" to conform to a defined term.

In subsection 31.2.2.3.2 the term "ATRA" has been replaced with "FERC Form No. 715 Base Case" and redundant language has been removed.

In subsection 31.2.2.3.3 the defined term "Target Year" is proposed to replace the term "expected first year." Here and throughout Attachment Y, the defined term "Reliability Needs" has been capitalized. In subsection 31.2.2.3.4 a clarification of the NYISO's role in determining the Target Year for each Reliability Need is proposed.

Changes are proposed in subsection 31.2.3.1 to clarify the NYISO's obligations, when disclosing study results, with respect to protecting Confidential Information, as defined in the tariff, and Critical Energy Infrastructure Information. Similar changes, as applicable to respective studies, are proposed in subsections 31.3.2.1 and 31.4.3.5.1.

Also in this subsection for clarity, the NYISO has specified which stakeholder groups review the draft RNA.

In subsection 31.2.3.2 a reference to Attachment O to the OATT, the term used by stakeholders to identify the NYISO's Market Monitoring Plan, is added.

The proposed changes in subsections 31.2.4.1 through 31.2.4.6 are intended to clarify how projects will be distinguished in terms of the level of project detail that is required, and to clarify the role of the NYISO in determining the time frame for acting on backstop solutions. The timing of certain TO actions within the overall framework of a

project is also specified. Other changes address the scope of the NYISO's review of proposed market-based and alternative regulated projects. Specifically, throughout these subsections the defined term "Trigger Date" is used to clarify time frames relating to the NYISO's responsibilities and process milestones.

In subsection 31.2.4.1.1 a cross reference to subsection 31.2.4.2.1 is added to clarify existing exception requirements, the defined term "Study Period" replaces an obsolete time frame provision, an incorrect cross reference is deleted, and language describing the response solicitation process has been moved to the end.

In subsection 31.2.4.2.1 "projected" is replaced with "identified" for consistency, and "year" is replaced with "planning cycle." In subsection 31.2.4.2.2 a cross reference to an existing exception is added, and a redundant parenthetical provision is deleted. The phrase "Study Period" is added to clarify a reference to the RNA.

In subsection 31.2.4.4 proposed revisions clarify the viability requirements for market-based solutions, and in subsection 31.2.4.5 revised language clarifies the timing of requests for alternative regulated responses.

In subsection 31.2.4.6 a reference to the CRP is added and a part of the language regarding viability of alternative regulated solutions is removed.

Proposed revisions to subsection 31.2.5.4 clarify the review process for alternative regulated solutions.

Subsection 31.2.6.4 has been proposed for deletion but its content relocated to new subsection 31.2.5.7. Specific proposed revisions to the relocated language include the addition of the phrase "at any time," in the first sentence of subsection 31.2.5.7.1, to clarify that the NYISO may make the determination that implementation of a regulated backstop solution is necessary outside of a particular CRP cycle. Also in the first sentence, the term "backstop" and the phrase "reviewed in a previous RNA/CRP cycle" are proposed to be added to clarify that the section applies only to a previously-reviewed regulated backstop solution. As in the rest of Attachment Y, throughout subsection 31.2.5.7 "NYISO" has been changed to "ISO," defined terms are capitalized, and the term "FERC" has been changed to "Commission." In subsection 31.2.5.7.2 the term "backstop" has been added twice, the term "identified" has been changed to "evaluated" and a numbered reference has been changed to "the CRP." In subsection 31.2.5.7.3 the term "regulated backstop" had been added."

In subsection 31.2.5.8 the term "finding" has been changed to "determination" for consistency and the term "Responsible" has been added to more closely define the Transmission Owner in question for accuracy.

In subsection 31.2.5.9 the term "backstop" was added twice for consistency and clarity.

In subsection 31.2.5.10.2 language referencing the state power system is revised to conform to a defined term, and in subsections 31.2.5.10.3 and 31.2.5.10.5 cross references are corrected.

In subsections 31.2.5.11.1 and 31.2.5.11.3 the phrase “supplier or owner” is changed to the defined term, “Developer,” and in subsection 31.2.5.11.5 the term “developer” is clarified to define the referenced party as “Developer of a market-based response.”

In subsection 31.2.6.1, the NYISO proposes clarifying language regarding the protection of Confidential Information, and to specify that the TPAS and ESPWG conduct the review of the draft CRP. A reference to Attachment O of the OATT is expanded to add clarity in subsection 31.2.6.2.

In subsection 31.2.7.3 the word “backstop” has been inserted twice to add clarity in differentiating “regulated backstop solution” from “market-based solution.” In the same section language is rearranged to clarify the description regarding the NYISO’s assessment of viability of solutions for Reliability Needs. A cross reference to the subsection that discusses governance is also added, and the word “halted” replaces “cancelled” and “status” replaces “appearance.”

In subsection 31.2.7.3.1 a reference to cost recovery mechanism is more precisely defined as Rate Schedule 10. This clarification is made throughout subsection 31.2.7.

In subsection 31.2.7.3.2 a reference to the language regarding “Determination of Necessity” is updated to reflect the proposed new location (subsection 31.2.5.7) of that language. Also in subsection 31.2.7.3.2 the word “evaluate” is replaced with “monitor” to clarify the NYISO’s role in the market-based solution implementation process, and the phrase “in a timely manner” is redundant and has been removed.

In subsection 31.2.7.3.4 the NYISO proposes the addition of language to clarify costs eligible for recovery should a regulated backstop solution be rejected by regulators.

In subsection 31.2.7.4.1 revised language is proposed to clarify timeframes for implementation of market-based and regulated backstop solutions.

In subsections 31.2.7.4.2 and 31.2.7.4.3 a replacement of the term “reliability need date” with the defined term “Target Year” is proposed for consistency.

In subsection 31.2.7.4.4, “that” is replaced with “whether” to clarify the scope of market-based solution viability.

In subsection 31.2.7.4.5 “sponsor” is replaced with the defined term “Developer” in two instances for consistency.

In subsection 31.2.7.4.6 the NYISO proposes to make a ministerial grammar correction, replace “invoke” with the phrase “proceed with” and delete the words “within the benchmark timeframe” as unnecessary.

In subsection 31.2.7.4.7 “reliability need date” is replaced with the defined phrase “Target Year.”

C. Proposed Changes to OATT Section 31.3 - Economic Planning Process

The NYISO proposes revisions to subsection 31.3.1.1, which provides a general description of the CARIS process, to update, clarify, and more specifically describe the function and purpose of the process. In subsection 31.3.1.3.1 the phrase “most recently approved” is proposed to specify the version of the referenced CRP.

In subsection 31.3.1.3.2 the word “first” is inserted to highlight the preference given to market-based solutions in the NYISO’s planning process. Also the insertion of two cross references to subsection 31.2.5.7, Determination of Necessity, is proposed to clarify the trigger for regulated backstop solutions.

In subsection 31.3.1.3.5.6.1 language is proposed to clarify that the megawatt impact will be computed for both generic and actual economic project proposals and accordingly, the word “economic” is removed in two subsequent instances within the subsection.

In subsection 31.3.1.3.5.6.2 a cross reference is corrected to reflect the section numbering implemented in the eTariff baseline, and throughout the subsection “generic” replaces “economic” to more correctly describe the project cost impact measurement process, and “Table” is replaced by “Data Report” to conform to a newly defined term.

The NYISO proposes the addition of language in subsection 31.3.1.4 to clarify that data provided for the development of CARIS should include input on modifications to the New York State Transmission System. In subsection 31.3.1.5 “and TPAS” is removed to more accurately define the process participants.

In subsection 31.3.2.1 language is proposed to clarify the NYISO’s obligations, when disclosing study results, regarding the protection of Confidential Information, as defined in the tariff, and Critical Energy Infrastructure Information. Similar changes, as applicable to respective studies, are proposed in subsections 31.2.3.1 and 31.4.3.5.1.

A reference to Attachment O of the OATT is proposed in subsection 31.3.2.2 for clarity, and in subsection 31.3.2.4 a reference to the CARIS process timeline is updated to reflect a defined term. Also in subsection 31.3.2.4 the word “generic” is added to distinguish the development of CARIS from the evaluation of actual projects.

D. Proposed Changes to OATT Section 31.4 - Cost Allocation and Recovery

In subsection 31.4.2.1.1 revisions are proposed to clarify that cost allocation methodology will be focused on Reliability Needs rather than a more narrow criteria. In subsection 31.4.2.1.3 replacement of “Transmission Districts” with “Load Zones” is proposed for clarity, and in subsection 31.4.2.1.6 deletion of the phrase “among Transmission Districts” is proposed.

Reordering of the language in subsection 31.4.2.1.12 is proposed for clarity, and the definitions of “target year” and “trigger year” have been removed because they are included in subsection 31.1.1 as proposed defined terms. The subsections have been renumbered accordingly and subsequent use of the term Target Year is capitalized.

In subsection 31.4.2.2.1 a cross reference to Rate Schedule 10 of the OATT is proposed, and the phrase “reliability projects” is replaced with the language “solutions to Reliability Needs” for continuity with the defined term. Also in this subsection, a cross reference to the RNA is replaced with a cross reference to Section 31.2 of the OATT. In subsection 31.4.2.2.1.2 an element of an equation is corrected, and the usage of the element in the descriptive language following the equation is also corrected.

The definition of “Bounded Region” has been removed from subsection 31.4.2.2.1.3.3 because it has been included in subsection 31.1.1 as a proposed defined term. The NYISO proposes clarifying edits to the equation in subsection 31.4.2.2.1.3.6 and to the related descriptive language following the equation.

In subsection 31.4.3.1 a proposed acronym for regulated economic transmission projects, “RETP,” is introduced, and in subsection 31.4.3.2 it replaces language to improve continuity. The acronym “RETP” is also used to replace “regulated economic projects” and “regulated economic transmission projects” throughout the rest of Section 31.4 for consistency.

In subsection 31.4.3.2.1 “the CARIS” replaces “studies of future congestion,” also for continuity. Language in subsection 31.4.3.2.3 is revised to clarify a process for projects defined as RETPs throughout the rest of Section 31.4.

The NYISO proposes revisions to 31.4.3.3.1 to clarify the process for project eligibility for cost allocation and recovery.

In subsection 31.4.3.3.1 language is added to clarify roles of participants in the regulated economic transmission project cost allocation process. Also in this subsection the phrase “benefit/cost analysis” is completed for continuity. This term is completed as applicable throughout the remainder of Section 31.4 for consistency. The phrase “first ten years of” has been added in subsection 31.4.3.3.3 to clarify process time frames, and in subsection 31.4.3.3.5 the NYISO proposes to add language to clarify that an economic

project will not be eligible for cost recovery unless the principles set forth in subsection 31.4.3.2 have been satisfied. In subsection 31.4.3.3.6 a cross reference has been added for clarity.

The NYISO proposes to replace the phrase “SCPP study period” in subsection 31.4.3.4.1 with “most recently completed CARIS” for continuity, and updates cross references in subsections 31.4.3.4.2.1 and 31.4.3.4.2.5. Also, in subsection 31.4.3.4.2.5 subheading “(vi)” has been deleted and in its place a new subsection, 31.4.3.4.2.6, has been added to designate the content therein as a new equation. The language in subsection 31.4.3.4.4.1 is rearranged to clarify how the costs of a proposed RETP are allocated, and in subsection 31.4.3.4.4.3 language is revised to clarify time frames in the cost allocation process. In subsection 31.4.3.4.5.2 language is revised for continuity.

In subsection 31.4.3.5.1 language is proposed to identify the participants in the collaborative governance process who will review the benefit/cost analysis and beneficiary determination results. Language is also proposed to clarify the NYISO’s obligations, when disclosing study results, regarding the protection of Confidential Information, as defined in the tariff, and regarding the protection of Critical Energy Infrastructure Information. Similar changes, as applicable to respective studies, are proposed in subsections 31.2.3.1 and 31.3.2.1.

In subsection 31.4.3.5.2 the NYISO proposes language to clarify the role of the NYISO Board of Directors in the process for governing cost allocation and cost recovery.

In subsection 31.4.3.6.1 language is proposed to clarify eligibility to vote on proposed projects, and in subsection 31.4.3.6.3 language is proposed to clarify voting share.

In its proposed revisions to subsection 31.4.4, the NYISO has deleted language that appears in subsection 31.4.2.2.1 as redundant. In this subsection the NYISO also clarifies that Transmission Owners may recover the costs of developing proposals to meet Reliability Needs, whether or not they are ultimately implemented. For consistency, the NYISO proposes to use the term “solutions” instead of “projects.”

In subsection 31.4.4.1 cross references have been updated and the NYISO proposes to replace “cancelled” with “halted.”

In subsection 31.4.4.2 the NYISO proposes language to clarify the nature of the regulated transmission solution being referenced. Also proposed is the use of the defined term, NYISO/TO Reliability Agreement.

Subsection 31.4.4.3 is revised with language proposed to clarify the type of projects subject to cost recovery under state law.

The NYISO proposes revisions to subsection 31.4.4.4 to clarify that the developer of an economic transmission project must obtain stakeholder approval of the project before submitting a Section 205 filing to the Commission.

E. Proposed Changes to OATT Section 31.5 - Other Provisions

The revisions in Section 31.5 are ministerial, inserting defined terms for improved continuity.

F. Proposed Changes to OATT Section 31.6 - Appendices to Attachment Y

The NYISO proposes to expand the title of subsection 2.0 of the Attachment Y Appendices to more closely define the topic of the subsection. Language is proposed in the text of the subsection to indicate that alternative software may be used for congestion cost analysis. All other revisions to subsection 2.0 are ministerial.

G. Proposed Changes to Services Tariff Section 11 - Purpose and Applicability of Dispute Resolution Procedure

In subsection 11.1.2 of the Services Tariff a cross reference to the LTP Dispute Resolution Process in subsection 31.2.1.3 of OATT Attachment Y is corrected.

IV. Effective Date

The NYISO requests an effective date for these tariff amendments of September 24, 2012, 60 days from the date the proposed changes have been filed with the Federal Energy Regulatory Commission.

V. Requisite Stakeholder Approval

These amendments were approved, with one abstention, by the NYISO Management Committee on June 27, 2012 and by the NYISO's Board of Directors on July 18, 2012.

VI. Communications and Correspondence

All communications and service in this proceeding should be directed to:

Robert E. Fernandez, General Counsel
Raymond Stalter, Director of Regulatory Affairs
*Carl Patka, Assistant General Counsel
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6220
Fax: (518) 356-7678
rfernandez@nyiso.com
rstalter@nyiso.com
cpatka@nyiso.com

* Persons designated for receipt of service.

VII. Service

The NYISO will send an electronic link to this filing to the official representative of 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. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

VIII. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the proposed tariff revisions that are attached hereto with an effective date of September 24, 2012.

Respectfully Submitted,

/s/ Carl F. Patka

Carl F. Patka
Assistant General Counsel
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, New York 12144
(518) 356 6220