



HUNTON & WILLIAMS LLP
1900 K STREET, N.W.
WASHINGTON, D.C. 20006-1109

TEL 202 • 955 • 1500
FAX 202 • 778 • 2201

TED J. MURPHY
DIRECT DIAL: 202 • 955 • 1588
EMAIL: tmurphy@hunton.com

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July 6, 2010

Ms. 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 Nos.
ER09-1142-____, RM05-15-017, ER10-_____**

Dear Ms. Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission") June 4, 2010 order in the above captioned proceeding ("June 4 Order"),¹ and the Commission's directives in Order No. 676-F,² the New York Independent System Operator, Inc. ("NYISO") respectfully submits this compliance filing. This filing includes proposed compliance revisions to the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"): (1) to satisfy the June 4 Order's directives with respect to the NYISO's list of "traffic ticket" violations in Attachment O of the Market Administration and Control Area Services Tariff ("Services Tariff"); and (2) to incorporate by reference the Phase I Measurement and Verification ("M&V") business practice standards developed by the North American Energy Standard Board's ("NAESB") Wholesale Electric Quadrant ("WEQ") into its Open Access Transmission Tariff ("OATT") and Services Tariff, as directed by the Commission in Order No. 676-F. The NYISO also requests waiver of the Order No. 614 filing requirements to the extent necessary to make the proposed language effective prior to June 30, 2010 (*i.e.*, the effective date of the NYISO's baseline eTariff).

¹ *New York Independent System Operator, Inc.*, 131 FERC ¶ 61,225 (2010) ("June 4 Order").

² *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-F, 75 Fed. Reg. 20901 (April 22, 2010), 131 FERC ¶ 61,022 (2010).

I. Documents submitted

1. This filing letter;
2. Clean and Redline Attachment O Services Tariff Sheets reflecting the proposed changes (“Attachment I”);
3. Clean and Redline Services Tariff Sheets reflecting the proposed changes to Section 5.1.2.6 (“Attachment II”); and
4. Clean and Redline OATT Sheets reflecting the proposed changes to Section 2.17 (“Attachment III”).

II. Communications

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel
Carl F. Patka, Senior Attorney
*Alex Schnell
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
rfernandez@nyiso.com
cpatka@nyiso.com
aschnell@nyiso.com

*Ted J. Murphy
Vanessa A. Colón
Hunton & Williams LLP
1900 K Street, NW
Suite 1200
Washington, DC 20006-1109
Tel: (202) 955-1500
Fax: (202) 778-2201
tmurphy@hunton.com
vcolon@hunton.com

III. Summary and Discussion of Tariff Modifications

A. Modifications to Comply with the June 4 Order

The June 4 Order accepted most of the tariff changes proposed by the NYISO, but directed the NYISO remove thirteen of the sixteen proposed traffic ticket violations exempt from referral to the Market Monitoring Unit in some cases because no referral was necessary, and in other cases because the Commission determined that the NYISO retains too much discretion under its tariffs. In compliance with the June 4 Order, and subject to its contemporaneously filed Request for Rehearing and Clarification addressing items numbers (9), (10) and (16), the NYISO is submitting revised tariff sheets that delete items (1), (3) through (10), and (12-14).

Additionally, the Commission rejected item (16), failure to comply with creditworthiness requirements, because it found the NYISO did not provide tariff references for the conduct or the sanction.³ The NYISO, therefore, proposes to modify the proposed language that it submitted on February 18, 2010, to address the Commission's concern by specifying the relevant tariff provisions. The NYISO proposes the following revised language:

failure of a Market Party to comply with the ISO's creditworthiness requirements set forth in Attachment K of the ISO Services Tariff, or other action, that triggers sanctions under Section 7.5 of the ISO Services Tariff or Section 2.7.5 of the ISO OATT, specifically for customers, including, but not limited to, failure to: (i) failure of a Market Party to make timely payment under Section 7.2.2 of the ISO Services Tariff or Section 2.7.3.2 of the ISO OATT that triggers a sanction under Sections 7.5.3(i) or 7.5.3(iv) of the ISO Services Tariff or Sections 2.7.5.3(i), 2.7.5.3(iv), or 2.7.5.4 of the ISO OATT; comply with a demand for additional credit support, (ii) failure of a Market Party to comply with a demand for additional credit support under Article 26.5 of Attachment K to the ISO Services Tariff that triggers a sanction under Section 7.5.3(i) of the ISO Services Tariff or Section 2.7.5.3(i) of the ISO OATT; cure a default in another independent system operator/regional transmission organization market; (iii) failure of a Market Party to cure a default in another ISO/RTO market under Sections 7.5.3(iii) of the ISO Services Tariff, or Sections 2.7.5.3(iii) of the ISO OATT that triggers a sanction under of those tariff provisions; prepay for charges in accordance with the terms of a prepayment agreement; (iv) failure of a Market Party that has entered into a Prepayment Agreement with the ISO under Appendix K-1 to Attachment K to the ISO Services Tariff to make payment in accordance with the terms of the Prepayment Agreement that triggers a sanction under the Prepayment Agreement or 7.5.3(i) of the ISO Services Tariff; comply with the ISO's creditworthiness reporting requirements; and (v) failure of a Market Party to make timely payment on two occasions within a rolling twelve month period under Section 7.5.3(iv) of the ISO Services Tariff, or Section 2.7.5.3(iv) of the ISO OATT that triggers a sanction under either of those provisions; provide sufficient credit support to cover bid submissions.

The June 4 Order stated that the NYISO could either remove the rejected items or propose modifications,⁴ but the Commission did not specifically indicate that the NYISO could propose modified tariff language for item (16).⁵ However, because the Commission generally

³ June 4 Order at P 26.

⁴ *Id.* at P 17.

⁵ *Id.* at p 26

directed the NYISO to either remove or propose modifications to the rejected items, the NYISO submits that the Commission should accept the NYISO's proposed change to item (16) as complying with the June 4 Order. The NYISO requests clarification of this issue in its contemporaneously submitted Request for Rehearing and Clarification.

The NYISO requests that the Commission accept these proposed modifications for filing effective as of January 1, 2010, the effective date the June 4 Order accepted for the proposed tariff modifications.⁶

Additionally, the NYISO is revising OATT Section 2.7, Billing and Payment, to correct the numbering on one item referred to in the proposed tariff language above. Specifically, the NYISO is correcting the numbering for the section titled "Notice to Transmission Customers" from 2.7.5.1 to 2.7.5.4. The Commission has previously accepted such ministerial corrections in compliance filings.⁷

B. Modifications to Comply with Order No. 676-F

Order No. 676-F requires public utilities to modify their tariffs to incorporate by reference the new Phase I M&V Standards. The Phase I M&V Standards categorize various demand response products and services and support the measurement and verification of these products and services in wholesale electric energy markets.⁸ Order No. 676-F directed public utilities to include tariff language to incorporate the Phase I M&V Standards into their tariffs, in their next unrelated tariff filing.⁹

In compliance with Order No. 676-F, the NYISO proposes to modify section 2.17 of the OATT and section 5.1.2.6 of the Services Tariff to include the following language:

Measurement and Verification of Wholesale Electricity Demand Response
(WEQ-015, 2008 Annual Plan Item 5(a), March 16, 2009).

The NYISO respectfully requests that the Commission accept for filing these proposed modifications effective as of May 24, 2010, the effective date of the Phase I M&V Standards.

IV. Request for Waiver of Order No. 614 Filing Requirements

⁶ *Id.* at P 1.

⁷ See, e.g., *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).

⁸ Order No. 676-F at P 1.

⁹ *Id.* at P 44.

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Given that the requested effective dates (i.e., January 1, 2010 and May 24, 2010) of the proposed compliance language precedes the eTariff baseline date of June 30, 2010, the NYISO is requesting a waiver of the of the requirements that it provide a paper version of the tariff sheets as they would have been filed under Order No. 614. The attached clean and redlined files comply with Order No. 719 and incorporate the changes directed by the Commission's order in the instant docket. However, should the Commission wish to complete the "paper" record, the NYISO can provide those sheets upon request.

V. 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 electric utility regulatory agency of New Jersey. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

VI. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this filing to be effective as specified above.

Respectfully submitted,

/s/Ted J. Murphy

Ted J. Murphy

Counsel to

the New York Independent System Operator, Inc.

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 6th day of July, 2010

/s/ Joy A. Zimmerlin

Joy Zimmerlin
New York Independent System Operator, Inc
10 Krey Blvd
Rensselaer, NY 12114
(518) 356-6207