

November 30, 2012

Submitted Electronically

Hon. 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 in Docket
No. **ER12-2568-**____

Dear Ms. Bose:

In compliance with paragraphs 36 and 37 and ordering paragraph "B" of the Federal Energy Regulatory Commission's ("Commission" or "FERC") October 31, 2012 *Order Accepting Proposed Tariff Revisions Subject to Conditions* that was issued in Docket No. ER12-2568-000 ("October Order"),¹ the New York Independent System Operator, Inc. ("NYISO") hereby respectfully submits proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The October Order conditionally accepted a filing made by the NYISO on August 31, 2012 ("August Filing"), but directed the NYISO to submit revised tariff sections with certain changes.

I. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents:

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

¹*New York Independent System Operator, Inc.*, 141 FERC ¶ 61,081 (2012) ("October Order").

II. COPIES OF CORRESPONDENCE

Correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel
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III. BACKGROUND

In its August Filing, the NYISO proposed extensive changes to section 15.5 (Rate Schedule 5) of its Services Tariff, as well as sections 6.6 and 30.2 of its Open Access Transmission Tariff. Those changes reflected the results of months of negotiations with the NYISO stakeholders and represented a consensus agreement to revise numerous aspects of the program under which Consolidated Edison Company of New York, Inc. (“Con Edison”) provides System Restoration and Black Start Services to the New York City Area. In the Con Edison System Restoration and Black Start Service Plan (“Con Edison Plan”), generators are designated to provide services and compensated under the NYISO’s Services Tariff. The revisions were intended to enhance the ability of the NYISO and Con Edison to procure and retain sufficient generation resources in the Con Edison Plan, improve generator testing requirements, help maintain black start performance, and increase compensation paid to generators.

NYISO submitted its filing to the Commission on August 31, 2012. On October 31, 2012, the Commission issued an order accepting NYISO’s proposal, subject to conditions, to become effective November 1, 2012, as requested. The Commission found NYISO’s proposed revisions “appear[ed] to be a reasonable step in meeting concerns over the adequacy of black start service to support a local system restoration in New York City.”² However, the Commission ordered the NYISO to make certain revisions within 30 days, which the NYISO submits in the instant compliance filing.

² *See October Order*, ¶ 34.

Specifically, the Commission directed the NYISO to re-submit section 15.5 of the Services Tariff to: (1) remove the reference to section 206 of the Federal Power Act and to the agreement among the parties that the rates would be unjust and unreasonable for Generators granted a unit-specific rate, (2) revise the tariff provisions to set forth the procedure and cost showing for a Generator to obtain a special, unit-specific rate, (3) revise the tariff provisions to specify that NYISO will file the eTariff record change reflecting the generator's requested special, unit-specific rate in a filing made jointly with the Generator, and (4) add a provision stating that, upon receipt from Con Edison, NYISO will file with the Commission as an information filing the revised Con Edison Plan for system restoration.

IV. TARIFF DESCRIPTION AND JUSTIFICATION

To comply with the Commission's directives, the NYISO submits the following changes to the tariff language proposed in its August Filing.

First, in compliance with the Commission's directive to file an updated Con Edison System Restoration Plan, the NYISO proposes to add the following sentence to section 15.5.4 of Rate Schedule 5.

Within thirty (30) days of receipt of an updated Consolidated Edison Plan, including changes to unit designations as described in this section, the ISO will file a copy with FERC on an informational basis with a non-public Critical Energy Infrastructure Information designation.

This additional requirement will ensure that the Commission receives timely updates to the Con Edison Plan and is aware of which units are designated to provide these services. This filing will be made on an informational basis and will be filed with the Commission with a non-public Critical Energy Infrastructure Information ("CEII") designation in order to appropriately protect it.

Next, the NYISO proposes several changes to section 15.5.4.2.3.2 to accommodate the Commission's directives. The NYISO has removed the statement that a generator seeking a unit-specific rate must make a filing under section 206 of the Federal Power Act and the reference to the agreement among the parties that the standard proxy rate would be "unjust and unreasonable for those unit(s)." Instead, in compliance with the Commission's order, the NYISO is proposing an alternative process for a Generator to petition for a special, unit-specific rate that is greater than the proxy rate offered in section 15.5.4.2.3.1. Instead of the Generator directly filing with the Commission, it will now submit its cost information to the NYISO. The NYISO will then have the obligation to submit the filing to FERC through its eTariff filing system.

As directed by the October Order, the proposed tariff amendments set forth the details of the procedure for a Generator to submit this information to the NYISO, the specific information that a Generator must submit, as well as a timeframe under which the NYISO

will submit the documentation to FERC. The amendments outline the duties of the parties in relation to the submission and the various burdens that apply. Since the unit-specific rate would be filed under the NYISO's Services Tariff as an appendix to Rate Schedule 5, the NYISO will be the filing party. This procedure will allow the NYISO to file the tariff section containing the proposed redlined appendix simultaneously with the Generator's cost information for the Commission's review. The tariff states that while the NYISO is the filing party and the NYISO is making a joint filing, it is the Generator's burden to show in its application that the submission meets the cost showing requirements. The NYISO will not comment on or add to the substance of the filing in the initial joint submission to the Commission, but will only offer its comments, if any, during the FERC noticed comment period with all other interested parties.

The NYISO also lists in the tariff the specific information that Generators seeking a unit-specific rate should submit to the NYISO. NYISO will make only a threshold determination as to whether a Generator has submitted the required information. Specifically, the Generator has the burden to submit actual incremental cost documentation showing:

- (1) that the actual incremental costs are reasonably and prudently incurred,
- (2) that the actual incremental costs are incurred solely for the purpose of providing Restoration Services, and
- (3) that the actual incremental costs exceed the "proxy rate."

Finally, the tariff states that the NYISO will submit the information to FERC within 30 days of receiving complete cost documentation from the Generator. The obligation is on the Generator to notify the NYISO that it considers its submission final and that it does not intend to submit additional documentation. The NYISO would have 30 days from receiving all necessary documentation to review the submission and confirm that information has been submitted for all elements of the cost showing requirements, prepare a filing letter, and submit the documentation to FERC.

The NYISO also made one minor clarification, changing the word "addendum" to "appendix" to maintain consistent vocabulary throughout Rate Schedule 5 and its Services Tariff.

V. EFFECTIVE DATE

The NYISO requests an effective date for these tariff amendments of November, 1 2012, which is consistent with what NYISO requested for the amendments proposed in its August Filing and that the Commission accepted in its October Order.

VI. SERVICE

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

VII. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission accept this filing and the proffered tariff changes as fulfilling its obligation to comply with paragraphs 36 and 37 and ordering paragraph B of the October 31, 2012 Order.

Respectfully submitted,

/s/ Kristin A. Bluvas

Kristin A. Bluvas, Attorney

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 30th day of November, 2012.

/s/ Joy A. Zimmerlin

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