

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.	)))	Docket No. ER11-4338-000
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**ANSWER OF NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
CLARIFYING ISSUES RAISED BY DEMAND RESPONSE SUPPORTERS IN
REQUEST FOR ORDER**

Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 385.213 (2011), the New York Independent System Operator, Inc. (“NYISO”) hereby submits this Answer to the “Request of Demand Response Supporters for Order on Pending Filing” (“Request for Order”) to clarify the NYISO’s current commitment to develop the market design for demand response participation in its real-time energy market.

I. BACKGROUND

On August 19, 2011, the NYISO submitted its compliance filing in this proceeding proposing amendments to its Day-Ahead Demand Response Program (“DADRP”) in order to comply with the Commission’s directives provided in Order No. 745.¹ On February 21, 2012, the NYISO moved to defer the effective date of these revisions to DADRP to a future date to be requested by the NYISO once the Commission ruled on its compliance filing. The NYISO further informed the Commission that it had made progress on the implementation software required to effect the proposed DADRP amendments, but that it would be required to suspend work on this implementation in order to allow other software implementation projects to move

¹ *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, 134 FERC ¶ 61,187 (March 15, 2011), *reh’g denied*, 137 FERC ¶ 61,215 (Dec. 15, 2011).

forward without delay.² In its answer, Demand Response Supporters characterized this motion as an “attempt to delay the adoption and implementation of the array of demand response participation opportunities required by Order No. 745.”³ These claims have been renewed in Demand Response Supporters’ Request for Order, that the NYISO has used the pendency of a Commission ruling on its compliance filing as an “excuse” to stop work and delay in developing the market design for demand response participation in the real-time energy market.⁴

II. CLARIFICATION OF NYISO EFFORTS TO IMPLEMENT DADRP AMENDMENTS AND IMPACT TO DESIGN OF REAL-TIME DEMAND RESPONSE PROGRAM

The NYISO seeks to clarify that it did not stop work on implementation of Order No. 745 to delay any opportunities for demand response participation. As noted in the NYISO’s February 2012 filing, the NYISO suspended work on implementation of Order No. 745 because it does not have the authority to implement market changes without the Commission’s approval. NYISO’s filings in February 2012 informed the Commission and its market participants that it was ready to implement the proposed amendments in March 2012, but that such implementation was ultimately tied to the Commission’s acceptance of the August 19, 2011 Compliance Filing. Without a ruling from the Commission, it was necessary for the NYISO to suspend work on the DADRP implementation, and separate that project from other implementation efforts that the NYISO was obligated to conduct in its March deployment.

² Motion of the New York Independent System Operator to Defer Proposed Effective Date of Tariff Revisions, Docket No. ER11-4338, pp.2-3, February 21, 2012

³ Answer of Demand Response Supporters In Opposition To NYISO Motion To Defer Proposed Effective Date, Docket ER11-4338, p. 2, March 7, 2012.

⁴ Demand Response Supports incorrectly claim that “NYISO is now positing the Commission’s inaction on the NYISO Order No. 745 compliance filing as a reason for NYIOS’s continuing failure to move forward with demand response in the RTE.” See Request for Order, pp. 3-4.

To further clarify, the delay in implementing the DADRP compliance measures has neither altered nor delayed the NYISO commitment to proceed with its market design for demand response in the real-time energy market. The NYISO reaffirmed these commitments in its semi-annual compliance filings for demand response where it indicated that it completed an architectural design specification and committed to begin work with its stakeholders during the second half of 2012 in order to complete the market design process by the close of this year.⁵ In addition, the NYISO has communicated directly to its stakeholders that the market design discussions for demand response in the real-time energy market will be initiated in late summer/early fall of 2012.⁶ This continues to be the timeline that the NYISO is following. While the Commission's decision on the August 19, 2011 Compliance Filing will inform some aspects of the market design for demand response in the real-time energy market, NYISO staff continues to work on several other aspects of the market design in order to meet its commitments to its stakeholders and to the Commission.

III. CONCLUSION

For the reasons stated above, the NYISO respectfully requests that the the Commission consider the answer and clarifications provided herein and grant the the NYISO's request to

⁵ See NYISO Semi-Annual Compliance Report on Demand Response Programs, Docket Nos. ER01-3001-000 and ER03-647-000, p. 8 (filed June 1, 2012); and NYISO 2011 Annual Report on Demand Response Programs, Docket No. ER01-3001-000, pp. 28 & 30 (filed January 17, 2012).

⁶ See e.g., Presentation at the January 30, 2012 Price Responsive Load Working Group re: 2012 Proposed Project Description, http://www.nyiso.com/public/webdocs/committees/bic_prlwg/meeting_materials/2012-01-30/2012_ProposedProjectDescriptions_10_7_11BPWG.pdf; and Presentation at July 20, 2012 Budget and Priorities Working Group re: 2012 Project Plan Schedule Milestone Update http://www.nyiso.com/public/webdocs/committees/mc_bpwg/meeting_materials/2012-07-20/BPWG_2012_ProjectMilestones_7_17_12_finalapproved.pdf. In addition a verbal update on DR projects was made at the March 22, 2012 Price Responsive Load Working Group http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2012-03-22/MIWG_PRLWG_Agenda_032212.pdf

propose a new effective date for the DADRP amendments once (1) the Commission issues its order on the NYISO's August 19 Compliance Filing, and (2) the NYISO assesses the impact of such an order on its software development resources and establishes a revised schedule for the software deployment needed to support the Order No. 745 tariff modifications.

Respectfully submitted,

/s/ David Allen

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Date: July 25, 2012

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 25th day of July, 2012.

/s/ Joy A. Zimmerlin

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