

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

New York Independent System Operator, Inc.,

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Docket No. ER12-1653-000

**REQUEST FOR EXTENSION OF TIME TO SUBMIT COMPLIANCE FILING,
SHORTENED NOTICE AND ANSWER PERIOD AND FOR EXPEDITED ACTION
OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (Commission’s) Rules of Practice and Procedure,¹ the New York Independent System Operator, Inc. (“NYISO”), respectfully submits this Request for Extension of Time to Submit Compliance Filing, Shortened Notice and Answer Period and for Expedited Action (“Request”).

On April 30, 2012,² as supplemented with further information on August 17, 2012,³ the NYISO submitted a compliance filing in this docket to complete its initial obligations resulting from the Commission’s directives in Order No. 755.⁴ The Commission conditionally accepted in part and rejected in part NYISO’s initial compliance filing and ordered a further compliance filing be made thirty days from the date of its Order.⁵ The NYISO intends to submit a compliance filing addressing most of the requirements of the November Order within the directed timeline. It seeks an extension solely with regard to that portion of the compliance

¹ 18 C.F.R. § 385.212 (2008).

² *New York Independent System Operator, Inc.*, Docket No. ER12-1653-000, Letter to Kimberly D. Bose, April 30, 2012 (“April 2012 Filing”)

³ *New York Independent System Operator, Inc.*, Docket No. ER12-1653-000, Letter to Kimberly D. Bose, August 17, 2012 (“August 2012 Filing”)

⁴ Frequency Regulation Compensation in the Organized Wholesale Power Markets, Order No. 755, 137 FERC 61,064 (2011), reh’g denied, Order No. 755-A, 138 FERC ¶ 61,123 (2011) (“Order No. 755”).

⁵ 141 FERC 61,105 (November Order)

filing that concerns an alternative to the NYISO's proposed temporary Regulation Movement Bid Restriction which the Commission rejected.⁶ The NYISO seeks permission to file that portion of its compliance filing on January 22, 2013. The NYISO also requests that the Commission grant the motion expeditiously and issue an order granting the requested extension by November 30, 2012. To the extent necessary to allow for expedited Commission action, the NYISO requests that the Commission shorten, or waive, the normal answer period.⁷ Expedited Commission action would permit the NYISO to fully develop an alternative approach and incorporate stakeholder comments and feedback.

I. Communications

Communications and correspondence regarding this filing should be directed to:

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⁶ November Order ¶ 69.

⁷ The Commission recently announced that it was revising its procedural rules to establish a five day period for filing answers to motions requesting extensions of time. *See Filing of Privileged Materials and Answers to Motions*, Order No. 769, 141 FERC 61,049 (October 18, 2012). Order No. 769 has not yet become effective. To the extent that a five day answer period would allow for expedited Commission action on this filing the NYISO would have no objection to adopting such a period in this proceeding.

II. Request for Extension of Time to Submit Compliance Filing

On October 20, 2011 the Commission issued Order No. 755⁸ adopting several significant changes to the manner in which Regulation Service is procured, scheduled and compensated. The Commission ordered that Tariff revisions be filed in April, 2012 and that revisions to the Regulation Service Market be implemented by October 25, 2012. The NYISO prepared new tariff provisions in the third quarter of 2011 following the Commission's decision and took its proposal to the stakeholders in January 2012. The NYISO and its stakeholders met monthly from January through April to craft the final compliance proposal in response to Order No. 755 which the NYISO filed on April 30, 2012.⁹ The NYISO's April 2012 filing was supplemented on August 17, 2012 with proposed levels for the NYISO's Regulation Movement Multiplier and temporary Regulation Movement Bid Restriction.¹⁰ The Commission tentatively approved the major portions of the NYISO's proposal, pending a thirty-day compliance filing, but rejected its proposed temporary Regulation Movement Bid Restriction.¹¹ The Commission agreed, however, that some method for mitigating the exercise of market power was justified while the NYISO developed references for Regulation Movement Bids and required the NYISO to either explain how its current mitigation methods are sufficient to address market power concerns in this

⁸ *Supra* at ft.nt. 4

⁹ *See*: meeting materials for Market Issues Working Group meetings from January 19, 2012 through April 10, 2012 at http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_miwg

¹⁰ August 2012 Filing

¹¹ November Order ¶ 69

market during this period of time or to propose an alternative, interim market power mitigation method for this period of time.¹²

The NYISO has taken a preliminary look at its available options for protecting customers against the exercise of market power in Regulation Movement for the period of time it will take for the NYISO to develop appropriate reference prices for this product. Although it is unlikely the NYISO will conclude that existing measures are adequate, the NYISO has not yet formulated an alternative approach to the Bid Restriction to resolve the NYISO's and its Market Monitoring Unit's concerns over the incentives Regulation providers may have to bid their marginal costs, and the interaction of such incentives with existing mechanisms for addressing market power in bidding Regulation Movement.

This issue is critical for NYISO stakeholders as inappropriately bid Regulation Movement can quickly elevate the total cost of Regulation Service significantly above what stakeholders pay today. Since Regulation Service providers have been including the cost of Regulation Movement in their one-part Regulation Service bids heretofore, a significant increase in the cost of Regulation Service may well be unwarranted.

Therefore, the NYISO is seeking an extension to January 21, 2013 for this portion of its compliance obligation. The NYISO needs to complete its analysis of this issue and, if an alternative interim measure is appropriate, the NYISO also needs time to develop the alternative measure(s), seek stakeholder comment, finalize the proposal and develop an implementation plan. The implementation plan which is likely to include software code revisions will drive the NYISO's proposed effective date for its Order No. 755 revisions and thus needs to be developed before the NYISO can completely respond to the Commission's November Order.

¹² *Id.*

Holiday closures and the reduced number of business days between now and the end of the year complicate this task. As mentioned, this issue is of significant interest to stakeholders and they are likely to also need an adequate period of time to review whatever approach the NYISO proposes. An extension would assure that stakeholders have an adequate opportunity to provide feedback on a complete market mitigation proposal and to influence its final form.

For the reasons set forth in the preceding paragraphs, the NYISO respectfully submits that there is good cause for a brief extension of time in this proceeding.

III. Request for Shortened Notice and Comment Period and Expedited Commission Action on this Request

Unless the Commission grants the NYISO's requested extension of time to submit its compliance filing, the NYISO is required to submit a complete compliance filing on December 6, 2012. In order to provide the NYISO with sufficient time to prepare and submit a complete compliance filing if the Commission rejects this Request, the NYISO requests that the Commission, to the extent it deems necessary, adopt a shortened answer period, and issue a ruling on this request by close-of-business on November 30, 2012. The NYISO will will notify its market participants that this filing has been made today.

IV. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission grant it an extension of time to January 22, 2013 to submit that portion of its compliance filing in the above-captioned proceeding that concerns an alternative to the NYISO's proposed temporary Regulation Movement Bid Restriction.

Respectfully submitted,

/s/ Mollie Lampi

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November 20, 2012

cc: Travis Allen
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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 20th day of November, 2012.

/s/ Mohsana Akter

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