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January 30, 2013

By Electronic Delivery

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. ER13-435-000**

Dear Ms. Bose:

The New York Independent System Operator, Inc. ("NYISO") hereby respectfully submits proposed revisions to its Open Access Transmission Tariff ("OATT") and its Independent System Operator Agreement ("ISO Agreement") in compliance with paragraph 13 and ordering paragraph "B" of the Federal Energy Regulatory Commission's ("Commission's") December 31, 2012, *Order Conditionally Accepting Tariff Filings* that was issued in the abovecaptioned docket and in docket ER13-437-000 ("December Order").¹

In a November 20, 2012, filing, the NYISO proposed revisions to its OATT and ISO Agreement to provide NYISO directors, employees, and their immediate family ("NYISO Employees") who hold the securities of certain NYISO market participants or their affiliates with the option of placing these securities into a blind trust, rather than divesting them ("November Filing").² In its December Order, the Commission conditionally accepted the revisions and directed the NYISO to incorporate a definition of the term "blind trust" into its OATT and ISO Agreement.³ The NYISO hereby submits revisions to its OATT and ISO Agreement to incorporate a definition of "blind trust" as described in Section IV below.

¹ New York Independent System Operator, Inc., *Order Conditionally Accepting Tariff Filings*, 141 FERC ¶ 61,277 (December 31, 2012) ("December Order").

² New York Independent System Operator, Inc., *Proposed Tariff Revisions Regarding a Blind Trust Mechanism*, Docket Nos. ER13-435-000 and ER13-437-000 (November 20, 2012) ("November Filing").

³ December Order at P 13 and Ordering Paragraph B.

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 OATT (Attachment I); and
3. A blacklined version of the proposed revisions to the OATT (Attachment II).

The NYISO will make a supplemental compliance filing in Docket No. ER13-437-000 to submit clean and blacklined versions of the proposed revisions to the ISO Agreement. Due to technical restrictions imposed by the eTariff system, the NYISO is unable to electronically submit the proposed revisions to the ISO Agreement at the same time as it electronically submits its proposed revisions to the NYISO OATT. With the exception of this Section I, the filing letter for the supplemental compliance filing in Docket No. ER13-437-000 will be identical to this filing letter.

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

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⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2011) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, VA.

III. Background

NYISO Employees are generally prohibited under the NYISO Code of Conduct in Attachment F of the NYISO OATT and the ISO Agreement from having a financial interest in a market participant or its affiliates and are required to divest prohibited financial interests within six months.⁵ In its November Filing, the NYISO submitted proposed revisions to its OATT and ISO Agreement to establish a blind trust mechanism to provide NYISO Employees that hold the securities of certain qualifying market participants and affiliates with an alternative to divestiture. In its transmittal letter, the NYISO indicated that a blind trust requires that an independent third party have full managerial discretion over the trust's holdings.⁶ In addition, the trust beneficiary - in this case, the NYISO Employee - cannot have control over or visibility into the holdings of the trust.⁷

In its December Order, the Commission noted that “while NYISO describes the attributes of a blind trust in its transmittal letter, the proposed tariff revisions themselves do not define the term ‘blind trust’” and stated that the term “blind trust” is not self-explanatory.⁸ For this reason, the Commission conditionally accepted the proposed revisions, but directed the NYISO to make a compliance filing to incorporate a definition of blind trust into the OATT and ISO Agreement.⁹

IV. Description of Proposed Tariff Revisions

The NYISO proposes to revise Section 12.7.2 of its Code of Conduct in Attachment F of the NYISO OATT to include the following definition of a blind trust:

For this purpose, a “blind trust” is a legally binding arrangement pursuant to which a third-party fiduciary, as the trustee, has full management discretion over the assets contained in the trust, and the ISO Employee or his/her immediate family, as the trust beneficiary, has no visibility regarding the specific assets contained in the trust.

This definition is consistent with the NYISO's description of a blind trust in its transmittal letter and with the Midwest Independent Transmission System Operator's definition of a blind trust in its Transmission Owner Agreement, which was previously accepted by the Commission and was referenced by the Commission in its December Order.¹⁰ Pursuant to the NYISO's proposed definition, the third-party trustee, and not the NYISO Employee, will have full discretion over the management of the assets included in a blind trust created pursuant to Section 12.7.2 of the

⁵ See NYISO OATT §§12.7.1 and 12.7.2; ISO Agreement § 5.01.

⁶ See November Filing at p 5.

⁷ See *id.*

⁸ December Order at P 13.

⁹ December Order at P 13 and Ordering Paragraph B.

¹⁰ December Order fn 15.

NYISO Code of Conduct. In addition, the NYISO Employee will not have visibility regarding the identity of any of the specific assets in the trust.

The NYISO also proposes to revise Section 5.01 of the ISO Agreement to expressly incorporate into the ISO Agreement the “blind trust” definition established in the Code of Conduct.

V. Effective Date

The NYISO requests an effective date for these tariff revisions of January 1, 2013, which is consistent with the date that the NYISO requested for the revisions proposed in its November Filing and that the Commission accepted in its December Order.

VI. Service List

This filing will be posted on the NYISO’s website at www.nyiso.com. In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to this proceeding, to 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.

VII. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the filing and the proposed revisions to the OATT and ISO Agreement as fulfilling its obligation to comply with paragraph 13 and ordering paragraph “B” of its December 31, 2012, order.

Respectfully submitted,

/s/ Michael J. Messonnier, Jr.

Michael J. Messonnier, Jr.

Counsel for

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 January, 2013.

/s/ Joy A. Zimmerlin

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