

April 30, 2014

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.;
Proposed Tariff Revisions Regarding Offer Requirements for its
Economic Demand Response Programs; and
Ministerial E-Tariff Correction;
Docket No. _____**

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) to clarify that NYISO customers that participate in its economic demand response programs may submit bids above one megawatt in tenths of a megawatt.² The proposed tariff revisions eliminate ambiguity within the NYISO’s Services Tariff regarding the offer requirements for suppliers participating in the economic demand response programs and clearly align such requirements with the general offer requirements for suppliers in New York.

The NYISO initially required that transactions in its Energy market above one megawatt be offered and scheduled in “whole” megawatts. In a December 2010 filing, the NYISO proposed, and the Commission accepted, clarifications to these requirements to provide that a supplier may offer a transaction above one megawatt in tenths of a megawatt, with limited exceptions.³ The NYISO recently determined that it inadvertently failed to include in the December 2010 filing conforming changes elsewhere in its Services Tariff to remove the “whole” megawatt offer requirement for suppliers participating in its economic demand response

¹ 16 U.S.C. § 824d (2013).

² Terms with initial capitalization not defined herein have the meaning set forth in the Services Tariff.

³ *New York Independent System Operator, Inc.*, Proposed Tariff Clarifications Regarding the Bidding for and Scheduling of Energy in New York’s LBMP Market and the Scheduling of Transmission Service in the New York Control Area, FERC Docket No. ER11-2459-000 (December 21, 2010) (“December 2010 Filing”); *New York Independent System Operator, Inc.*, FERC Letter Order, FERC Docket No. ER11-2459-000 (February 10, 2011) (“February 2011 Order”).

programs - the Day-Ahead Demand Response Program (“DADRP”) and the Demand Side Ancillary Services Program (“DSASP”). The NYISO, therefore, proposes to revise the Services Tariff to remove references to the “whole” megawatt offer requirement for suppliers participating in its economic demand response programs. The proposed revisions make clear that suppliers participating in the DADRP and DSASP may offer Demand Reduction in the NYISO’s Day-Ahead Market above one megawatt in increments of tenths of a megawatt. The proposed tariff revisions were approved by NYISO stakeholders without objection or abstention and by the NYISO Board.

The NYISO also submits with this filing a ministerial correction to the e-Tariff version of the Services Tariff. As described in Part VII below, the Commission previously accepted NYISO tariff revisions that inserted Section 30.6.6.3 of the Services Tariff. However, the accepted tariff provision has been inadvertently removed from the e-Tariff version of the Services Tariff. The NYISO re-submits the current tariff language with this filing for inclusion in e-Tariff.

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

II. Copies of Correspondence

Communications regarding this pleading should be addressed to:

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⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2013) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, VA.

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III. Background

The NYISO generally requires that each transaction in its Energy market be offered and scheduled at a minimum size of one megawatt. The NYISO initially required that any bids above this minimum size be offered and scheduled in “whole” megawatts. On December 21, 2010, the NYISO submitted tariff revisions to improve and clarify the requirements for the bidding and scheduling of Energy, Ancillary Services, Installed Capacity and Transmission Services in the New York Control Area.⁵ As part of this submission, the NYISO proposed revisions to the requirements in Section 4.1.4 of the Services Tariff that establish the increments in which a supplier may offer transactions in the NYISO’s markets. Specifically, the NYISO proposed to clarify Section 4.1.4: (i) to identify the transactions that are subject to the one megawatt minimum scheduling requirement, and (ii) to specify that customers could bid above this minimum size requirement in tenths of megawatts, with certain limited exceptions - Bilateral Transactions and External Transactions - that must continue to be scheduled in “whole” megawatts. As described in the NYISO’s filing letter:

The NYISO proposes to identify those Transactions that are subject to a one (1) megawatt minimum size by explaining that this restriction applies to Transactions in the Energy, Installed Capacity and Ancillary Services market, other than to offers for Regulation Service, and to all purchases in the Transmission Congestion Contract market. The NYISO is also proposing to clarify that Installed Capacity may be offered from Special Case Resources with a 100 kW minimum size. ***The NYISO further clarifies that only Bilateral Transactions and External Transactions in the LBMP Market must be scheduled in whole megawatts, all other Transactions, above one megawatt, may be scheduled in tenths of a megawatt.***⁶

The NYISO implemented these clarifications in Section 4.1.4, as follows:

⁵ See December 2010 Filing. The NYISO developed the clarifications to its tariffs described in the December 2010 Filing as part of a comprehensive review of its tariffs to identify opportunities to improve and clarify them. The tariff revisions in the December 2010 Filing aligned the NYISO’s tariff requirements with the NYISO’s then-current bidding and scheduling processes and did not propose substantive changes to these processes. December 2010 Filing at p 1.

⁶ December 2010 Filing at pp 4-5 (emphasis added).

Pursuant to ISO Procedures, each Transaction offered in the Energy, Installed Capacity, Ancillary Services or Transmission Congestion Contract market shall be subject to a minimum size of one (1) megawatt (“MW”), provided however, Regulation Service may be offered in tenths of a MW and provided further, pursuant to ISO Procedures, Special Case Resources may offer a minimum of 100 kW of Unforced Capacity in the Installed Capacity Market. ***Each Transaction above one (1) megawatt may be scheduled in tenths of a megawatt provided, however, Bilateral Transactions and External Transactions in the LBMP Market must be bid and scheduled in increments of one (1) megawatt.***⁷

The Commission accepted these proposed clarifications in a February 10, 2011, order.⁸

The NYISO has recently determined that it inadvertently failed to include in its December 2010 filing conforming changes elsewhere in its Services Tariff to remove references to the “whole” megawatt offer requirement for suppliers participating in its economic demand response programs. Specifically, Section 4.2.1.9 of the Services Tariff continues to indicate that a supplier participating in the DADRP or DSASP must submit a bid for Demand Reduction in “whole” megawatts. This language in Section 4.2.1.9 is a vestige of the NYISO’s initial “whole” megawatt offer and scheduling requirement that is no longer consistent with the revised offer and scheduling requirements in Section 4.1.4 or NYISO practice.

IV. Description of Proposed Tariff Revisions

The NYISO proposes to revise Section 4.2.1.9 of the Services Tariff in the following manner to remove the “whole” megawatt bidding requirement and to clarify that suppliers participating in the DADRP and DSASP may bid Demand Reduction in the NYISO’s Day-Ahead Market above one megawatt in tenths of a megawatt pursuant to Section 4.1.4:

Demand Reduction Providers and DSASP Providers offering Energy from Demand Side Resources shall submit: (i) bBids: in whole megawatts and (ii)-identifying the amount of dDemand Reduction, in MWs in accordance with Section 4.1.4 megawatts, that is available for commitment in the Day-Ahead Market (for every hour of the dispatch day) and (iii)-identifying the prices at which the Demand Reduction Provider or DSASP Provider will voluntarily enter into dispatch commitments to reduce demand; provided, however, the price at which the Demand Reduction Provider or DSASP Provider will voluntarily enter into dispatch commitments to reduce demand shall be no lower than \$75/MW hour.

The proposed revisions to Section 4.2.1.9 simply conform the offer requirement for the NYISO’s economic demand response programs with the general offer and scheduling requirements set forth in Section 4.1.4, which establish the NYISO’s current practice. These

⁷ Emphasis added.

⁸ See February 2011 Order.

revisions eliminate the unintended ambiguity in the Services Tariff regarding the applicable offer requirement for the economic demand response programs that was created when the NYISO revised Section 4.1.4, but inadvertently failed to make conforming revisions to the related requirements in Section 4.2.1.9. In clarifying these requirements, the proposed revisions may encourage additional participation in the NYISO's economic demand response programs, as the revisions remove any ambiguity regarding a suppliers' ability to bid in fractional increments above one megawatt, which increments may better align with suppliers' ability to reduce demand.

For the above-stated reasons, the NYISO requests that the Commission accept its proposed revisions.

V. Proposed Effective Date

The NYISO requests that the proposed tariff revisions become effective on June 29, 2014, which date complies with the Commission's notice requirements.⁹

VI. Requisite Stakeholder Approval

The tariff revisions proposed in this filing were discussed with stakeholders at the March 4, 2014, Market Issues Working Group. The proposed revisions were discussed at the March 12, 2014, Business Issues Committee and approved without objection or abstention. The tariff revisions were then discussed at the March 26, 2014, Management Committee meeting and were approved without objection or abstention. On April 15, 2014, the NYISO Board of Directors approved the proposed tariff revisions for filing with the Commission.

VII. Ministerial Correction

In a September 12, 2011, filing in Docket No. ER11-3312-001, the NYISO submitted the following language in Section 30.6 of its Market Monitoring Plan in Attachment O to the Services Tariff to comply with a Commission directive concerning the provision of Protected Information to other RTOs/ISOs' market monitoring units:

30.6.6.3 If the ISO discloses Protected Information to a Requesting Entity that is a jurisdictional ISO or RTO, the ISO shall also provide the Protected Information to the Requesting Entity's market monitoring unit as soon as the Requesting Entity's market monitoring unit satisfies the requirements of Section 30.6.6.1.1, above.¹⁰

⁹ See 18 C.F.R. §35.3.

¹⁰ *New York Independent System Operator, Inc.*, Compliance Filing, FERC Docket No. ER11-3312-001 (September 12, 2011).

The Commission accepted this tariff language in a letter order dated October 21, 2011.¹¹ However, the revised tariff language has been inadvertently removed from the e-Tariff version of the Services Tariff. For this reason, the NYISO re-submits with the filing a clean version of the currently effective Section 30.6 of Attachment O, as accepted by the Commission, for inclusion in eTariff.

VIII. 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.

IX. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff changes identified in this filing.

Respectfully submitted,

/s/ David Allen

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¹¹ *New York Independent System Operator, Inc.*, Letter Order, FERC Docket No. ER11-3312-001 (October 21, 2011).