

February 6, 2017

Hon. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: New York Independent System Operator, Inc., Compliance Filing, Docket  
Nos. ER17-446-000, ER17-446-00\_**

Dear Secretary Bose:

In accordance with Paragraph 61 and Ordering Paragraph (B) of the Commission's January 27, 2017 order (the "Order"),<sup>1</sup> the New York Independent System Operator, Inc. ("NYISO") respectfully submits a proposed compliance revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The NYISO requests that the Commission accept these revisions with an effective date of January 29, 2017 in accordance with the Order.<sup>2</sup>

In the Order, the Commission accepted in part, subject to condition, and rejected in part the tariff revisions proposed Section 205 of the Federal Power Act and Part 35 of the Commission's regulations.<sup>3</sup> The tariff revisions will allow capacity market prices to appropriately reflect the impact of capacity exports from Localities<sup>4</sup> and provide clear rules regarding the obligations of generators that export capacity. The Commission directed the NYISO to make a compliance filing to remove the proposed provisions<sup>5</sup> that establish the one-year transition mechanism for an "80 percent Locality Exchange Factor for the G-J Locality."<sup>6</sup>

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<sup>1</sup> *New York Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,064 (2017).

<sup>2</sup> Order at Ordering Paragraph (A).

<sup>3</sup> 16 U.S.C. § 824d.

<sup>4</sup> Capitalized terms not otherwise defined herein shall have the meaning specified in the Services Tariff.

<sup>5</sup> See Docket No. ER17-446-000, *N.Y. Indep. Sys. Operator, Inc.*, Proposed Tariff Revisions Regarding Capacity Exports from Certain Localities in New York (Nov. 30, 2016) ("November 30, 2016 NYISO Filing").

<sup>6</sup> Order at P 55.

## I. DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents in support of this filing:

1. This filing letter;
2. A clean version of the proposed revisions to the Services Tariff Sections 2.12 and 5.11 (“Attachment I”).
3. A blacklined version of the proposed revisions to Services Tariff Sections 2.12 and 5.11 (“Attachment II”); and
4. A blacklined version of Services Tariff Sections 2.12 and 5.11 showing in blackline and single underline the language proposed in the November 30, 2016 NYISO Filing, and showing the compliance revisions in bold and double underline (Attachment III).

## II. BACKGROUND

The Order accepted the NYISO’s proposal to reflect in the ICAP Spot Market Auction clearing prices the portion of exported capacity that can be replaced by capacity located in Rest of State, sending a market price signal that reflects the capacity that truly must be located within the Locality. The revisions provide for the NYISO to use the methodology in Section 5.11.4.1 of the Services Tariff to annually calculate a “Locality Exchange Factor” that would reflect the amount of capacity from Rest of State that can replace MW of capacity exported from an Import Constrained Locality. However, the proposal contained an exception so that the Locality Exchange Factor for exports from the G-J Locality to ISO-NE would be fixed at 80% from June 2017 through May 2018. The Order rejected that proposed exception and directed the NYISO to file a compliance filing “to revise section 5.11.4.1 to remove the provisions that establish the one-year transition mechanism.” The Commission’s directive is accomplished by eliminating certain language in Section 5.11.4.1 and also revising the definition of “Locality Exchange Factor” to eliminate the reference in the NYISO’s proposal to the 80% one-year transition mechanism. With those revisions, the Locality Exchange Factor would be the value determined in accordance with the methodology in Section 5.11.4.1 for exports for all periods and for all neighboring Control Areas.

## III. DESCRIPTION OF PROPOSED COMPLIANCE TARIFF REVISIONS

In compliance with the January 2017 Order, and as explained above, the NYISO proposes to modify Section 5.11.4.1 as follows:

**Except for the the Locality Exchange factor from the G-J Locality to ISO-NE for June 2017 through May 2018, n**No later than January 31 each year, the ISO shall determine the Locality Exchange Factor for each Import Constrained Locality relative to each neighboring Control Area.

The NYISO also proposes to modify the definition of Locality Exchange Factor in Section 2.12 as follows:

Locality Exchange Factor: Except the G-J Locality to ISO-NE for June 2017 through May 2018, ~~the~~ The percentage of Locational Export Capacity that the ISO determines annually in accordance with Section 5.11.4.1 of the Services Tariff. **For the G-J Locality to ISO-NE for June 2017 through May 2018, eighty percent (80%).**

Attachment II to this filing shows as clean the language that was accepted by the Order subject to this compliance filing, with the compliance revisions marked in blackline.<sup>7</sup> Attachment III to this filing shows in blackline and single underline the language proposed in the NYISO Filing, and the proposed compliance revisions in bold and double underline.

#### IV. EFFECTIVE DATE

The NYISO requests that the Commission accept the proposed compliance tariff revisions shown in Section III of this letter, which are set forth in Attachment I and, in accordance with Ordering Paragraph (C), requests that the Commission make them effective on January 29, 2017.

#### V. COMMUNICATIONS AND CORRESPONDENCE

All communications and services in this proceeding should be directed to:

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<sup>7</sup> Attachments I and II also correct the alphabetical order of the terms Locality Exchange Factor and Locality Exchange MW. That ministerial correction is not shown in blackline in Attachment II to avoid confusion with the proposed compliance revisions.

\*Designated for receipt of service.

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## VI. SERVICE

This filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com). In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to the proceedings listed in the subject line of this filing letter, 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 tariff revisions proposed in this filing and make them effective as of January 29, 2017.

Respectfully submitted,

/s/ Gloria Kavanah

Gloria Kavanah

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<sup>8</sup> The NYISO respectfully requests waiver of the Commission's regulations (18 C.F.R. § 385.203(b)(3)(2014)) to the extent necessary to permit service on counsel for the NYISO in both Richmond, Virginia and Washington, D.C.

## **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 6<sup>th</sup> day of February 2017.

/s/ Joy A. Zimmerlin

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