

January 08, 2010

By Hand Delivery

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

**Re: Compliance Filing of the *New York Independent System Operator, Inc.*,
Docket No. ER10-65-000**

Dear Secretary Bose:

In compliance with the Commission's December 11, 2009 Order ("December 11 Order"), the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The December 11 Order conditionally accepted a filing made by the NYISO on October 15, 2009 ("October 15 Filing"), but directed the NYISO to submit revised tariff sheets, placing the protocols of the Administrative Practices Manual into its Services Tariff and to make one modification to its protocols.

I. Documents Submitted

1. This filing letter
2. A clean version of the proposed revisions to the NYISO's Services Tariff ("Attachment I"); and
3. A blacklined version of the proposed revisions to the NYISO's Services Tariff ("Attachment II").

II. Background

The NYISO's October 15 Filing responded to a February 2009 Commission order in Docket ER09-405-000 directing the NYISO to, *inter alia*, "develop[] procedures for stakeholder involvement in the analysis of errors and the development of corrective action."¹

¹ *N. Y. Indep. Sys. Operator, Inc.*, 126 F.E.R.C. ¶61,100 at P. 19, 21 [2009]

The NYISO's October 15 Filing presented procedures for stakeholder involvement in the analysis of errors and the development of corrective action ("notification protocols") which had been developed with its stakeholders, and proposed placing these notification protocols in a new NYISO Administrative Practices Manual ("Manual"). The NYISO and its stakeholders also proposed a one-sentence tariff amendment referencing the availability of these new procedures on the NYISO's website.

The Commission's December 11 Order found that the NYISO's proposed notification protocols were reasonable, provided that they were added to the NYISO Tariff. The Commission also required that the NYISO change its notification protocols to require that the NYISO immediately inform both its Market Monitoring Unit and the Commission's Office of Enforcement upon discovery of a potential Market Problem.²

III. Tariff Description and Justification

The NYISO proposes to locate the notification protocols in a new subsection 3.5.1 of its Services Tariff entitled "Market Problems Reporting Procedure" and to insert a requirement that the NYISO immediately notify its Market Monitoring Unit and the Commission's Office of Enforcement upon discovery of a potential Market Problem. The NYISO proposes to merge the first two paragraphs of the newly inserted language in order to make this revision.

The previous language in the Manual read:

Upon discovery of a potential Market Problem, the NYISO will notify its Independent Market Advisor of the issue.

Upon the determination in consultation with the Independent Market Advisor that there is sufficient credible information to believe that a Market Problem has occurred, the NYISO will report the Market Problem to appropriate Commission staff.

The new proposed language in the Services Tariff reads:

Upon ISO discovery of a potential Market Problem, the ISO will immediately report the Market Problem to the Market Monitoring Unit and to the Commission's Office of Enforcement.

The balance of the protocols in this new subsection is the same as the language submitted in the October 15 Filing.³ The balance of the proposed revisions ensure that

²Unless otherwise indicated, terms that are capitalized are used as defined in the NYISO's Services Tariff.

³ The NYISO has replaced colloquial references with more appropriate references. These include changes

Market Participants are promptly notified when there is an error affecting the NYISO's markets, and that Market Participants, the Commission and the NYISO's Market Monitoring Unit are provided with impact and corrective action information in a timely fashion.

The NYISO also proposes to move existing language under a new subsection, 3.5.2, titled, "Provision of Data by Market Participants" in order to separate this existing language from the new provisions.

Finally the NYISO proposes to add a definition of the term "Market Problem" to Article 2 of its Services Tariff, to clearly identify those issues to which the proposed notification protocols apply and particularly to distinguish them from "Market Violations."⁴ The definition reads as follows:

2.103a Market Problem

An issue which requires notification to Market Participants, the Commission and the Market Monitoring Unit pursuant to Section 3.5.1 of this Services Tariff. It includes market design flaws, software implementation and modeling anomalies or errors, market data anomalies or errors, and economic inefficiencies that have a material effect on the ISO-administered markets or transmission service. The term does not include erroneous Energy or Ancillary Services prices (which are managed through procedures outlined in Attachment E to the Services Tariff) or erroneous customer settlements.

IV. Effective Date

The NYISO requests an effective date for these tariff amendments of December 13, 2009, as conditionally accepted in the December 11 Order.

V. Communications and Correspondence

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

Robert E. Fernandez, General Counsel
Elaine Robinson, Director of Regulatory Affairs
*Mollie Lampi, Assistant General Counsel
* Kristin Bluvas, Attorney
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in the definition of the term "Market Problem" to delete unnecessary references to internal NYISO working groups.

⁴ See NYISO Market Services Tariff, Attachment O, § 2.9 (defining Market Violation).

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VI. Service

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will email an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agency of New Jersey. The NYISO will also make a paper copy available to any interested party that requests one.⁵

VII. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the proposed tariff revisions that are attached hereto with an effective date of December 13, 2009.

Respectfully Submitted,

/s/ Kristin A. Bluvas
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New York System Operator, Inc.

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⁵ 18 C.F.R. § 35.2(e) (2009)