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FILE NO: 55430.000063

February 17, 2011

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

Re: *New York Independent System Operator, Inc.*, Interim Compliance Filing to Implement Escalated ICAP Demand Curves From May 1, 2011 Until the Implementation of Revised ICAP Demand Curves and Request for Expedited Action, Docket No. ER11-2224-001

In compliance with the Commission's January 28, 2011 Order on the NYISO's filing proposing updated Installed Capacity ("ICAP") Demand Curves for Capability Years 2011/2012, 2012/2013, and 2013/2014 ("January Order"),¹ the NYISO respectfully submits this interim compliance filing to establish the values for escalated ICAP Demand Curves for the period between May 1, 2011 and the implementation of revised ICAP Demand Curves.² Consistent with Paragraph 1 and Paragraph 168 of the January Order, it is possible that a Commission order accepting revised ICAP Demand Curves might not be issued prior to the Summer Capability Period, because the January Order established an effective date as of the end of the five month suspension period (*i.e.*, June 28, 2011) or an alternative date set by the Commission. The ICAP Demand Curve values set forth in the NYISO's attached proposed compliance tariff revisions are based on the currently effective ICAP Demand Curves, escalated using a 1.7% escalation factor. The NYISO requests that the Commission accept these tariff sheets effective May 1, 2011. The NYISO will make another compliance filing to address the other requirements of the January Order no later than the Commission's March 29, 2011 deadline.

¹ *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,058 (2011).

² *Id.* at P 168.

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The NYISO also respectfully requests that the Commission take any action necessary to allow it to issue an order accepting this compliance filing by March 9, 2011. As explained in the NYISO's February 9, 2011 Request for Clarification ("February Request"),³ expedited action will enable the NYISO to post ICAP Demand Curve values in advance of the start of the Summer 2011 Capability Period. Expedited action would ensure clarity and facilitate participation in the NYISO-administered ICAP auctions.

I. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents:

1. This filing letter;
2. A clean version of the modifications to Section 5.14.1.2 of the Market Administration and Control Area Services Tariff ("Services Tariff") (Attachment I); and
3. A blacklined version of the modifications to Section 5.14.1.2 of the Services Tariff (Attachment II).

II. BACKGROUND

The January Order directed the NYISO to revise its proposed ICAP Demand Curves, and submit a compliance filing by March 29, 2011.⁴ The January Order also suspended the proposed tariff sheets for five months and directed that the currently effective ICAP Demand Curves remain in effect until superseded.⁵ On February 9, 2011, the NYISO submitted an expedited request for clarification regarding the escalation factor to be applied to the currently effective ICAP Demand Curves during the interim period. The February Request also indicated that the NYISO would submit this interim compliance filing.

³ *New York Independent System Operator, Inc.*, Request for Expedited Clarification and for Expedited Action of the New York Independent System Operator, Inc., Docket No. ER11-2224-000 (filed February 9, 2011).

⁴ January Order at P 168.

⁵ *Id.*

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III. DESCRIPTION OF PROPOSED TARIFF REVISIONS

In compliance with the January Order, the NYISO hereby submits revised tariff sheets, reflecting the interim ICAP Demand Curve values that the NYISO will use from May 1, 2011 until the revised ICAP Demand Curves are made effective. The January Order did not expressly direct the NYISO to make this filing but it is necessary and consistent with the directives of the January Order. Revising the tariff to reflect accepted ICAP Demand Curves values will also be beneficial because it will provide certainty and clarity to all stakeholders.

The current version of the Services Tariff does not reflect the application of an escalation factor to the currently effective ICAP Demand Curves (*i.e.*, the 2010/2011 ICAP Demand Curves) for a period beyond the 2010/2011 Capability Year. Further, the ICAP Demand Curves for the period after April 30, 2011, set forth in the Services Tariff are suspended. Absent an interim compliance filing, the ICAP Demand Curve values that would be in effect during the interim period, *i.e.*, the currently effective ICAP Demand Curves adjusted by an appropriate escalation factor, would not be reflected anywhere in the Services Tariff. The proposed tariff revisions would avoid that problem and Market Participant uncertainty, and effectuate the mandate of the January Order to use the currently effective ICAP Demand Curves until the new curves are established, by specifying the interim period Demand Curve values.

Specifically, the NYISO is proposing to take the currently effective ICAP Demand Curves and adjust them upwards by the 1.7% escalation factor that the January Order found to be prospectively just and reasonable. The tariff revisions also add language indicating that the ICAP Demand Curve values for Capability Years 2011/2012, 2012/2013 and 2013/2014 are the subject of the January Order. By reference to the January Order, it is noted that the ICAP Demand Curves are suspended and subject to further adjustments that will be addressed in the NYISO's subsequent compliance filing.

IV. PROPOSED EFFECTIVE DATE AND REQUEST FOR EXPEDITED ACTION

The NYISO requests an effective date of May 1, 2011 for the proposed revisions, which would then remain in effect until new Commission-accepted ICAP Demand Curves are implemented, as described above.

The NYISO also respectfully requests that Commission shorten the notice and comment period, and issue an order accepting the proposed revisions by March 9, 2011. As was explained in the February Request expedited action will provide clarity and facilitate



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participation in the Summer 2011 Capability Period auctions. Further, the only substantive question implicated by this filing, *i.e.*, whether the currently effective ICAP Demand Curves should be adjusted by 1.7%, is identical to the one raised by the February Request. Granting the NYISO's request for expedited action will therefore not unfairly disadvantage any interested party because that substantive question is already pending before the Commission.

V. SERVICE

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.

VI. CONCLUSION

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this compliance filing effective May 1, 2011.

Respectfully submitted,

/s/Ted J. Murphy

Ted J. Murphy

Counsel to

the 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 17th day of February, 2011.

/s/ Joy Zimmerlin

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