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November 18, 2015

**By Electronic Delivery**

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

**Re: *New York Independent System Operator, Inc.*'s Proposed Tariff Revisions  
to Enhance Requirements for Submitting Risk Management Policies;  
Docket No. ER16-\_\_\_\_-000**

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,<sup>1</sup> the New York Independent System Operator, Inc. ("NYISO") hereby submits revisions to Attachment K of its Market Administration and Control Area Services Tariff ("Services Tariff").<sup>2</sup> The NYISO is proposing to revise Services Tariff Section 26.1.3 to enhance its process for verifying Market Participant risk management policies by requiring a Market Participant to resubmit its risk management policies only when materially changed. The Management Committee unanimously approved the proposed tariff revisions on October 28, 2015.

The NYISO requests that the Commission issue an order accepting the proposed tariff revisions with an effective date of January 17, 2016, in accordance with the notice requirements in section 35.3(a)(1) of the Commission's regulations.

**I. List of Documents Submitted**

The NYISO submits the following documents:

1. This filing letter;

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<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> Capitalized terms used in this filing letter but not defined herein shall have the meanings given to them in the Services Tariff.

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**

Copies of correspondence concerning this filing should be served on:

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\* Persons designated to receive service.

## **III. Service**

The NYISO will send an electronic link to this filing to the official representative of each of its Market Participants, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

## **IV. Background**

In response to Order No. 741,<sup>3</sup> the NYISO implemented minimum participation criteria in October 2011.<sup>4</sup> One component of the minimum participation criteria requires Market Participants to submit their risk management policies and procedures to the NYISO for review and evaluation. Under the current tariff provisions, each Market Participant approved to participate in the Transmission Congestion Contract market must submit its risk management policies and procedures to the NYISO by no later than April 30 each year.<sup>5</sup> In

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<sup>3</sup> *Credit Reforms in Organized Wholesale Electric Markets*, Order No. 741, FERC Stats. & Regs. ¶ 31,317 (2010), *order on reh'g*, Order No. 741-A, FERC Stats. & Regs. ¶ 31,320 (2011), *order denying reh'g*, Order No. 741-B, 135 FERC ¶ 61,242 (2011).

<sup>4</sup> *See New York Independent System Operator, Inc.*, 136 FERC ¶ 61,193 (2011).

<sup>5</sup> Services Tariff §26.1.3.1(b).

addition, 10% - 20% of the Market Participant population is randomly selected each year to submit their risk management policies and procedures to the NYISO.<sup>6</sup>

Some Market Participants requested that the NYISO consider revising its tariffs to require a Market Participant to resubmit its risk management policies and procedures only when they have materially changed.

## **V. Description of Proposed Revisions**

Services Tariff Section 26.1.3 establishes the scope and standards for the NYISO's review of Market Participant risk management policies and procedures.

With this filing, the NYISO is proposing to add a new Services Tariff Section 26.1.3.1(f). This provision will allow a Market Participant that has previously had its risk management policies verified by the NYISO, provide an officer certification in lieu of resubmitting the same policies and procedures. The certification must be in a form acceptable to the NYISO, be signed by an authorized officer of the Market Participant, and state that the Market Participant's risk management policies and procedures have not materially changed since its last submission.

The proposed tariff revisions eliminate an unnecessary administrative burden that is sometimes imposed on Market Participants in the risk management verification process. The NYISO's experience in managing this process has shown that obtaining duplicate copies of a Market Participant's risk management policies and procedures provides no additional value. In addition, the NYISO's proposal is consistent with the practices of other ISOs/RTOs accepted by the Commission.<sup>7</sup>

## **VI. Effective Date**

The NYISO respectfully requests that the Commission accept the proposed tariff revisions with an effective date of January 17, 2016, which is 60 days after the date of this filing.

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<sup>6</sup> Services Tariff §26.1.3.1(d).

<sup>7</sup> See, e.g., *PJM Interconnection LLC, Open Access Transmission Tariff, Attachment Q, Section Ia.B.* providing that "[c]ertain FTR Participants (those providing representations found in paragraph 3.b of the annual certification set forth in Appendix 1 to this Attachment Q) are additionally required to submit to PJMSettlement (at the time they make their annual certification) a copy of their current governing risk control policies, procedures and controls applicable to their FTR trading activities, **except that if no substantive changes have been made to such policies, practices and/or controls applicable to their FTR trading activities, they may instead submit to PJMSettlement a certification stating that no changes have been made**" (emphasis added). Available at: <http://www.pjm.com/documents/agreements.aspx>.

## **VII. Requisite Stakeholder Approval**

The NYISO developed the proposed tariff revisions in response to requests from stakeholders. The Business Issues Committee unanimously approved the proposed tariff revisions October 14, 2015. The Management Committee unanimously approved the proposed tariff revisions on October 28, 2015. On November 17, 2015, the Board of Directors authorized NYISO management to file the proposed tariff revisions pursuant to Section 205 of the Federal Power Act.

## **VIII. 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/ Heather S. Glass

Heather S. Glass

Counsel to the

New York Independent System Operator, Inc.

cc: Michael Bardee  
Anna Cochrane  
Kurt Longo  
Max Minzner  
Daniel Nowak  
Larry Parkinson  
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Kevin Siqveland  
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