

October 26, 2010

Submitted Electronically

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Compliance Filing of the New York Independent System Operator, Inc. to
Remove Section 23.8 of its Market Power Mitigation Measures:
Docket No. ER10-2220-_____**

Dear Ms. Bose:

In compliance with the Commission's October 12, 2010 order in Docket No. ER10-2220-000 (the "October 12 Order"),¹ the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to the Market Power Mitigation Measures ("Mitigation Measures") that are set forth in Attachment H to its Market Administration and Control Area Services Tariff ("Services Tariff"). The October 12 Order accepted for filing a series of proposed revisions to the Mitigation Measures that permit the NYISO to apply a "generic" market power mitigation measure to Generators located outside the New York City Constrained Area² at times when they are committed outside the NYISO's economic evaluation process to address a reliability need and possess market power.

With the new "generic" mitigation measure in place, the NYISO no longer needs to retain a Generator-specific mitigation measure that it was authorized to add to its Market Mitigation Measures in Docket No. ER09-1682.³ This filing proposes a tariff revision directed by the Commission in paragraph 43 and ordering paragraph (B) of its October 12 Order, namely, "to submit a compliance filing within 15 days of the date of this order to remove section 23.8 (Generator-Specific Mitigation Measure) from Attachment H of the Services Tariff."

¹New York Independent System Operator, Inc., 133 FERC ¶ 61,030 (2010).

² The term Constrained Area is defined in Section 23.2.1 of the Mitigation Measures.

³ See New York Independent System Operator, Inc., 131 FERC ¶ 61,169 (2010).

I. List of Documents Submitted with this Filing

1. This filing letter;
2. A clean version of the proposed modifications to Services Tariff Attachment H; and
3. A blacklined version of the proposed modifications to Services Tariff Attachment H.

II. Copies of Correspondence

Communications and correspondence regarding this filing should be directed to:

Robert E. Fernandez
General Counsel
Elaine D. Robinson
Director of Regulatory Affairs
*Alex M. Schnell
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*Person designated for receipt of service.

III. Proposed Effective Date

The New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff revisions for filing with an effective date of December 27, 2010, more than 60 days after the date of this filing.

IV. Service

The NYISO will send an electronic link⁴ 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 filing will be posted on the NYISO's website at www.nyiso.com.

⁴18 C.F.R. § 35.2(e)(2).

V. Conclusion

For the reasons explained above, the NYISO respectfully requests that the Commission accept its proposed tariff revisions effective December 27, 2010.

Respectfully submitted,

/s/ Alex M. Schnell

Alex M. Schnell

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 26th day of October, 2010

/s/ Joy A. Zimmerlin

Joy A. Zimmerlin

New York Independent System Operator, Inc

10 Krey Blvd

Rensselaer, NY 12114

(518) 356-6207

~~23.8 Generator-Specific Mitigation Measure~~

The following mitigation measure only applies to the Saranac, Sterling and Batavia Generators.

If provisions 1 and 2 below are met, when calculating a daily Bid Production Cost guarantee for a New York Control Area Generator that is located outside the New York City Constrained Area, the ISO shall substitute a reference level (determined in accordance with Attachment H to the Services Tariff) for each Bid or component of a Bid for which the applicable threshold specified in provisions 3(a) through 3(e) below is exceeded:

1. ~~the~~ Generator was committed to protect or maintain New York Control Area or local system reliability as a Day-Ahead Reliability Unit (“DARU”) or via a Supplemental Resource Evaluation (“SRE”), or was committed as a DARU or via SRE and is also dispatched Out-of-Merit to protect or maintain New York Control Area or local system reliability; and
2. ~~the~~ Supplier that owns or offers the Generator is the only Supplier that can, or is the Supplier that has been designated to, solve the reliability need for which the Generator was committed or dispatched; and
3. ~~the~~ Bids or Bid components submitted for the Generator that were accepted to protect or maintain New York Control Area or local system reliability:
 - a. ~~exceeded~~ the Generator’s Minimum Generation Bid reference level by the greater of 10% or \$10/MWh, or
 - b. ~~exceeded~~ the Generator’s Incremental Energy Bid reference level by the greater of 10% or \$10/MWh, or
 - c. ~~exceeded~~ the Generator’s Start-Up Bid reference level by 10%, or

- d. ~~exceeded the Generator's minimum run time reference level by more than one hour, or~~
- e. ~~exceeded the Generator's minimum generation MW reference level by more than 10%.~~

23.8.1—Overlap with Other Mitigation Measures.

A Generator that is subject to this mitigation measure remains subject to the other provisions of these Mitigation Measures. This mitigation measure shall not be applied to mitigate a Bid or Bid component that has already been mitigated in accordance with a different Mitigation Measure.

23.8.2—Notice of Intent to Apply This Mitigation Measure to Bids Submitted for Other Generators.

The ISO shall send an electronic copy of its filing proposing to apply this mitigation measure to Bids submitted for a Generator other than Saranac, Sterling or Batavia to the Market Party that is identified as being financially responsible for that Generator in the ISO's settlement systems.

23.8.3—Consultation Regarding Proposed Mitigation.

The ISO shall electronically inform the Market Party that is identified as being financially responsible for a Generator in the ISO's settlement systems each time it determines that a Bid, or Bids, or Bid components submitted for the Generator may be subject to mitigation under this Rate Schedule. The ISO's notification shall be issued within 10 business days of the relevant market day, and shall identify the particular day(s) and Bid(s) or Bid component(s) that the ISO is proposing to mitigate. Following the ISO's identification of Bids or Bid components

that are potentially subject to mitigation, the ISO and the Market Party shall follow the consultation process and timeline set forth in Section 23.3.3.3.1 of these Mitigation Measures.

~~The permissible bases for challenging, or requesting a modification~~ to mitigation applied in accordance with this Rate Schedule shall be that (a) the costs associated with operating the Generator exceeded the reference level that the ISO employed when determining the mitigation, or (b) the ISO made a mathematical error when determining that mitigation was appropriate or in calculating the settlement impact of a mitigation.