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May 19, 2011

**By Electronic Filing**

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

***Re: New York Independent System Operator, Inc., Docket No. ER11-xxxx-xxx,  
Proposed Amendments to the ISO Agreement***

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act and Part 35 of the Commission's regulations, the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to the ISO Agreement.<sup>1</sup> These revisions are part of a package of changes that the NYISO is proposing in order to conform the conflict of interest provisions in its documents to the standards set forth in the New York State Reliability Council Agreement ("NYSRC Agreement").<sup>2</sup> The NYISO's stakeholders have reviewed these proposals, which were approved by the NYISO's Management Committee and the NYISO's independent Board of Directors in February 2011 and April 2011, respectively.

**I. Documents Submitted**

1. This filing letter;

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<sup>1</sup> Capitalized terms not specifically defined herein have the meaning set forth in the ISO Agreement, Services Tariff and the OATT.

<sup>2</sup> The other components of this package of changes are modifications to the NYISO's Code of Conduct, which is part of the NYISO Open Access Transmission Tariff. The NYISO filed these related proposals on May 18, 2011. New York Independent System Operator, Inc., Proposed Amendments to the ISO Agreement and Code of Conduct, Docket No. ER11-3595-000. Due to restrictions imposed by the eTariff system, the NYISO is submitting the proposed amendments to the ISO Agreement here as a separate filing. See *FERC Staff's Responses to Discussion Questions*, Tariff Record Related Codes, #25.

2. A cover page entitled “Foundation Agreements” (“Attachment I”);
3. A clean version of the proposed revisions to the ISO Agreement (“Attachment II”);  
and
4. A blacklined version of the proposed revisions to the ISO Agreement (“Attachment III”).

## **II. Background to this Filing**

The ISO Agreement and the NYSRC Agreement date from the start-up of the NYISO in 1999. In structuring the relationship between the NYISO and the New York State Reliability Council (“NYSRC”), the drafters of those agreements sought to ensure that the two organizations were independent of each other. Thus, as originally written, the NYSRC Agreement prohibited NYISO Board members or any Market Participant who participated in a NYISO stakeholder committee from serving on the NYSRC Executive Committee.

The NYSRC later found aspects of these restrictions to be unworkable. On November 23, 2009, the NYSRC filed proposed amendments to the NYSRC Agreement with the Commission, which the Commission accepted for filing by order dated December 29, 2009.<sup>3</sup> The NYSRC’s amendments accomplished two things: first, the NYSRC deleted the language that precluded participants in the NYISO stakeholder process from serving on the NYSRC Executive Committee. Second, the NYSRC expanded the category of persons associated with the NYISO who could not be members of the Executive Committee to include officers, employees, and paid consultants in addition to Board members. The result of these changes is to permit Market Participants to participate as members of the NYSRC Executive Committee while prohibiting NYISO directors, employees, and consultants from so serving.

The ISO Agreement and conflict of interest rules do not match the amended NYSRC Agreement. At present, Section 6.06 of the ISO Agreement requires the NYISO to prohibit a stakeholder committee member from also serving on the NYSRC Executive Committee. This prohibition is contained in Section 12.7 of the Code of Conduct, Attachment F to the NYISO OATT. The same Code restricts only NYISO Board members from serving on the NYSRC Executive Committee, and contains no provisions relating to NYISO contractors’ participation in NYSRC governance. The amendments proposed in this filing will align the ISO Agreement and the NYSRC Agreement.<sup>4</sup>

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<sup>3</sup> FERC Letter Order dated December 29, 2009 in Docket No. ER10-304-000.

<sup>4</sup> The Commission should note that there are no appointments to the NYSRC Executive Committee that violate the amended NYSRC Agreement.

### **III. Explanation of Changes**

As discussed in the NYISO's filing letter in Docket No. ER11-3595-000, the proposed change to Section 6.06 of the ISO Agreement is part of a package of revisions intended to conform the NYISO's conflict of interest rules to the rules imposed by the New York State Reliability Council. Section 6.06 requires the NYISO to establish and apply a Code of Conduct and sets forth the terms that are to be included. The NYISO proposes to delete language that currently requires the Code to prohibit a Market Participant from serving as a member of the NYSRC Executive Committee.

In addition to filing the revision to Section 6.06, the NYISO is also filing, for administrative purposes only, a "cover page" entitled "Foundation Agreements." This page will serve to identify the database relationship of the ISO Agreement within the new eTariff structure.

### **IV. Effective Date**

The NYISO requested an effective date of July 18, 2011 in the Docket No. ER11-3595-000 filing. The NYISO was unable to include the ISO Agreement changes presented here in that filing due to the limitations of the eTariff filing system. Because the changes to the Code of Conduct presented in the May 18 filing and the ISO Agreement amendments proposed herein were intended to be administered together, the NYISO respectfully requests a waiver of notice requirement<sup>5</sup> in order to permit these amendments to be effective on July 18, 2011.

### **V. Service**

The NYISO will electronically send a 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 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).

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<sup>5</sup> 18 C.F.R. §§ 35.3 and 35.11 (2010)

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**VI. Conclusion**

Wherefore, for the reasons stated above, the NYISO respectfully requests that the Commission accept for filing the proposed Agreement revisions attached hereto with an effective date of July 18, 2011.

Respectfully submitted,

/s/ Elizabeth A. Grisaru

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