

September 5, 2013

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. ER13-298-____,
Increased Mitigation Limits for 10-Minute Non-Synchronized Reserves and
New York City Day-Ahead Market Spinning Reserves Bus Compliance Filing***

Dear Secretary Bose:

On November 2, 2012, the New York Independent System Operator, Inc. (“NYISO”) filed proposed tariff revisions to allow the NYISO to phase in, over three or more steps, the removal of the \$2.52/MWh reference level cap on 10-Minute Non-Synchronized reserves and the must Bid limit of \$0/MWh on New York City Day-Ahead Market (“NYC DAM”) Spinning Reserves (“November 2012 Filing”). The Commission accepted these revisions in its January 4, 2013 *Order Accepting Proposed Tariff Revisions*.¹

The November 2012 Filing included proposed Tariff² changes to implement the first phase, or step, by increasing the reference level cap on 10-Minute Non-Synchronized reserves to \$5.00/MWh and increasing the must Bid limit on NYC DAM Spinning Reserves to \$5.00/MWh or less. These revisions became effective January 22, 2013.

¹ *New York Independent System Operator, Inc.*, Docket No. ER13-298-000 (unpublished letter order issued January 4, 2013).

² Capitalized terms not specifically defined herein have the meaning set forth in the NYISO’s Market Administration and Control Area Services Tariff (“Services Tariff”) or in its Open Access Transmission Tariff (“OATT”).

The November 2012 Filing also indicated that the NYISO would make future informational compliance filings and provide revised tariff language to implement the balance of the phase-out plan, as approved by the Commission in this docket, following the recommendation of the NYISO's Market Monitoring Unit ("MMU"), Potomac Economics. This is the first of those subsequent informational compliance filings including revised tariff language.

Since implementation of the step-one increases on January 22, 2013, the MMU has evaluated the competitiveness of both the 10-Minute Non-Synchronized reserves market and Spinning Reserves market in accordance with the procedures outlined in the November 2012 Filing and corresponding Tariff revisions.

On August 21, 2013, the MMU presented, to the NYISO and Market Participants, its recommendation to move to the second step of the phase-out of these mitigation measures.³ Step two of the phase-out, as described in the NYISO's November 2012 filing, was to increase the reference level cap of 10-Minute Non-Synchronized reserves to \$10.00/MWh and increase the must Bid limit on NYC DAM Spinning Reserves to \$10.00/MWh or less.

The NYISO will implement these recommended revisions in the reference level cap on 10-Minute Non-Synchronized reserves and the must Bid limit on NYC DAM Spinning Reserves as of September 25, 2013.

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 black lined version of the proposed revisions to the NYISO's Services Tariff ("Attachment II").

II. SERVICE LIST

The NYISO will send 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, to all parties listed on the Commission's official service list in Docket No. ER13-298-000 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.

³ See the MMU presentation to the Market Issues Working Group at http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2013-08-21/MMU%20Evaluation%20of%20DAM%20Reserve%20Offers.pdf.

III. CONCLUSION

The NYISO respectfully submits this compliance filing, consistent with the November 2012 Filing and January 4, 2013 Order, to notify the Commission that the NYISO intends to implement second step on September 25, 2013 as reflected in attached Market Services Tariff sections.

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney
New York Independent System Operator, Inc.

cc:
Michael Bardee
Gregory Berson
Anna Cochrane
Jignasa Gadani
Morris Margolis
Michael McLaughlin
David Morenoff
Daniel Nowak

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 5th day of September, 2013

/s/ Mohsana Akter

Mohsana Akter
Regulatory Affairs
New York Independent System Operator, Inc
10 Krey Blvd
Rensselaer, NY 12144
(518) 356-7560