

July 29, 2010

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., Proposed Tariff*
 Revisions related to the Emergency Demand Response Program,
 *Docket No. ER10-2045-000***

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations,² the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to Attachment G of its Market Administration and Control Area Services Tariff ("Services Tariff"), which describes the NYISO's Emergency Demand Response Program. The proposed tariff modifications do not constitute a substantive change in the Emergency Demand Response Program, but do clarify the NYISO's operational and administrative processes for the program. The NYISO is making this filing as part of an on-going comprehensive review of its tariffs to identify opportunities to improve and clarify tariff provisions.

I. Documents Submitted

1. This filing letter;
2. A clean version of the proposed revisions to Attachment G of the NYISO's Services Tariff; and
3. A black lined version of the proposed revisions to Attachment G of the NYISO's Services Tariff.

¹ 16 U.S.C. 824(d)

² 18 C.F.R. § 35 *et seq.* (2009).

II. Description of Proposed Tariff Revisions

The NYISO proposes to revise Attachment G to the Services Tariff, which addresses the operation and administration of its Emergency Demand Response Program. The proposed clarifications and improvements to the tariff language will not impact the NYISO's current practices administering the Program. Many of the changes reflect non-substantive drafting improvements to aid the reader in understanding the requirements for the Program. Minor edits in Sections 22.1 through 22.9 of Attachment G reflect these ministerial drafting revisions that improve and clarify the tariff language. Section 22.10 has been largely rewritten to clarify the various payment rules. The substantive provisions addressing cost allocation that were originally contained in Section 22.11 are proposed to now be located with other cost allocation provisions — in Rate Schedule 1 of the OATT — as recently submitted to the Commission on July 21, 2010 in Docket ER10-1866-000 regarding Proposed Tariff Clarifications Addressing Guarantee and Margin Assurance Payments.³ The following discussion describes the proposed changes for each section in more detail.

Attachment G of the Services Tariff:

Section 22.1

In Section 22.1 the effective date language is modified to the past tense and the term “semi-annually” is used to reflect the current reporting timetable required of the NYISO by the Commission.

Section 22.2:

The proposed changes in section 22.2 better organize the existing qualification requirements for Curtailment Services Providers (“CSPs”) and list them together. No new requirements for CSPs have been added. The NYISO has also elected to replace the term “activation” with “deployment” to be consistent with NAESB terminology throughout Attachment G.

Section 22.3:

Modifications within Section 22.3 are proposed to correctly cross-reference Section 22.4 and capitalize the tariff-defined term Load. This latter change is repeated throughout the attachment.

³ As part of a significant re-organization of Rate Schedule 1 of the OATT, the NYISO submitted proposed revisions to the language that describes the cost allocation methodology for payments to Special Case Resources and Curtailment Service Providers. As proposed by the NYISO in Docket ER10-1866-000, and pending the Commission's approval thereof, Sections 6.1.2.2.4.2 and 6.1.4.2 describe the allocation of the costs of payments to Special Case Resources (SCR) and Curtailment Service Providers (CSP) to loads of Transmission Customers other than those acting as third party suppliers of Station Power.

Section 22.4

Clarifying language is added to Section 22.4 that describes the current rule that does not allow a CSP to subscribe a resource in the Emergency Demand Response Program if it has already been subscribed in the Program by another CSP.

Section 22.5:

In Section 22.5 the language “shall have discretion to activate” is replaced with “may deploy” and “statewide” and “system-wide” are replaced with “NYCA-wide.” The term “zonal” is added in two places to clarify that the resources in the program may be deployed zonally for one or more Load Zones or within a sub-zone located within Load Zone J.

Section 22.6:

Proposed changes to Section 22.6 clarify that the NYISO will attempt to provide advance notice to CSPs when it is aware that it may deploy the Emergency Demand Response Program. The NYISO will continue its practice, whenever possible, of providing notice to CSPs both one day ahead and two hours ahead of the possible program deployment. The tariff changes further clarify that the notice shall specify the time of deployment and when possible, the time when program deployment will end. The proposed amendments in Section 22.6 however, also make it clear that the NYISO may immediately deploy the Emergency Demand Response Program without any advance notice. The requirement for a CSP to provide a designated contact person to receive ISO notification is now included as a qualifying requirement for participation in the program listed in Section 22.2

Sections 22.7 and 22.8:

Section 22.7 contains proposed changes to clarify that Special Cases Resources with unsold capacity are automatically eligible to participate in the NYISO’s Emergency Demand Response Program for each month in which the capacity remains unsold. For consistency purposes, the term “Load,” a tariff defined term, is proposed to replace “demand” throughout Attachment G. This change is repeated throughout the remaining Sections.

Section IX:

Proposed ministerial amendments to Section 22.9 clarify the requirement for payment that the CSPs verify Load reduction performance data on or before the 75th day after a deployment as provided in ISO Procedures. This requirement for payment remains unchanged. Failure of the ISO to receive the performance data report in a timely manner shall result in the loss of payment for the claimed Load reductions.

Section 22.10:

Extensive amendments to the language in Section 22.10 are being proposed to clarify the various rules for payments under different deployment scenarios and durations. The changes include the introduction of the phrase “payment eligibility period” to clarify how the payment rules work for immediate deployments called for by the NYISO with no advance notice as well as payments for deployments lasting two (2) hours or less, between two (2) and three (3) hours, and for deployments exceeding 3 hours.

Section 22.11:

The tariff language in Section 22.11 that addresses Cost Allocation to Transmission Customers for the Emergency Demand Response Program was modified to reflect that, pursuant to these proposed revisions and proposed revisions to Rate Schedule 1 of the NYISO OATT that were filed with the Commission on July 21, 2010 in Docket ER10-1866-000, and subject to the Commission’s approval of these revisions, the cost allocation requirements for the Program will be located in Rate Schedule 1 of the NYISO Open Access Transmission Tariff.

III. Effective Date

The NYISO requests a September 30, 2010 effective date for these tariff amendments.

IV. Requisite Stakeholder Approval

The NYISO Management Committee unanimously approved the proposed revisions to Attachment G to the Services Tariff on February 24, 2010.

VI. Communications and Correspondence

All communications and services in this proceeding should be directed to:

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VII. 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 electric utility regulatory agency of New Jersey. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

VIII. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc., respectfully requests that the Commission accept for filing the proposed tariff revisions that are attached hereto with an effective date of September 30, 2010.

Respectfully Submitted,

/s/ David Allen

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