

October 31, 2013

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. ER13-909-001;
Informational Report**

Dear Secretary Bose:

The New York Independent System Operator, Inc. (“NYISO”) hereby submits the Informational Report requested in the Commission’s Order dated July 8, 2013 in this docket.¹ In its July Order, the Commission approved enhancements to the NYISO’s scarcity pricing mechanism whereby the NYISO reprices Energy and / or certain Ancillary Services to recognize that Load reductions were necessary to maintain a reliable system.

In its Order, the Commission requested that the NYISO provide an Informational Report describing how well its revised scarcity pricing mechanism achieved its objectives during the summer of 2013 including a discussion of how well it provided locational price signals indicating the existence of scarcity conditions and whether there were any undesirable effects on market outcomes during the 2013 summer. The Commission also requested the NYISO to describe the steps that would need to be taken, and the resources required, to implement a real-time scarcity pricing optimization engine, including a real-time dispatch that i) minimizes the joint social costs of providing energy and Operating Reserves, ii) allows prices for energy and Operating Reserves to clear the market, and iii) establishes operating locational reserve requirements that are sufficiently granular to recognize important transmission constraints.

The NYISO is pleased to provide this Informational Report to answer these questions.

¹ New York Independent System Operator, Inc., 144 FERC ¶ 61,013 (2013) (“July Order”)

I. Documents Submitted

1. This cover letter;
2. The Informational Report (Attachment I); and
3. Appendices to the Information Report ("Attachment II").

II. Communications and Correspondence

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

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III. Conclusion

Wherefore, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the Information Report, and Appendix provided herein as complying with its request included in the Commission's July Order for further information on how well the NYISO's scarcity pricing mechanism achieved its objectives

this summer and on the resources necessary to pursue certain enhancements as discussed in the July Order.

Respectfully submitted,

/s/Mollie Lampi

Mollie Lampi

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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 31st day of October, 2013.

/s/ Joy A. Zimmerlin

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