



HUNTON & WILLIAMS LLP
RIVERFRONT PLAZA, EAST TOWER
951 EAST BYRD STREET
RICHMOND, VIRGINIA 23219-4074

HEATHER S. GLASS
DIRECT DIAL: 804.788.8691
EMAIL: HGLASS@HUNTON.COM

July 31, 2015

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.*'s Proposed Tariff Revisions
to Enhance External Transaction Credit Requirements; Docket No. ER15
- ____-000**

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. ("NYISO") hereby submits revisions to Attachment K of its Market Administration and Control Area Services Tariff ("Services Tariff").² The NYISO is proposing to change the timeframe for requiring credit support for External Transactions to limit the number of days the NYISO holds this credit support and to better align the holding period with the NYISO's actual credit exposure. The Management Committee unanimously approved the proposed tariff revisions, with abstentions, on March 31, 2015.

The NYISO requests that the Commission issue an order accepting the proposed tariff revisions by September 30, 2015, with an effective date of October 28, 2015, in accordance with the notice requirements in section 35.3(a)(1) of the Commission's regulations. The period between the date of the Commission's order and the effective date provides time for the NYISO to finalize the software enhancements necessary to implement the proposed tariff revisions prior to the effective date.

¹ 16 U.S.C. § 824d.

² Capitalized terms used in this filing letter but not defined herein shall have the meanings given to them in the Services Tariff.

I. List of Documents Submitted

The NYISO submits the following documents:

1. This filing letter;
2. A clean version of the proposed revisions to the Services Tariff (Attachment I); and
3. A blacklined version of the proposed revisions to the Services Tariff (Attachment II).

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel
*Raymond Stalter, Director of Regulatory Affairs
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
rfernandez@nyiso.com
rstalter@nyiso.com

Kevin W. Jones
*Heather S. Glass
Hunton & Williams LLP
951 E. Byrd Street
Richmond, VA 23219
Tel: (804) 788-8691
Fax: (804) 343-4755
kjones@hunton.com
hglass@hunton.com

* Persons designated to receive service.

III. Service

The NYISO will send an electronic link of this filing to the official representatives of each of its Market Participants, 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.

IV. Background

In June 2013, the NYISO implemented credit requirements for External Transactions (*i.e.*, imports to, exports from, and wheels through the New York Control Area ("NYCA")) separate from those applicable to other energy market transactions.³ Under these

³ *New York Independent System Operator, Inc.*, Order Accepting Credit Requirements for External Transactions, 143 FERC ¶ 61,229 (2013).

requirements, a Market Participant must post credit support upon its submission of a Bid to import, export, or wheel power through the NYCA.

Soon after implementation, some Market Participants expressed concern about the imposition of the credit requirements upon submission of a Bid. The NYISO has no credit exposure on an External Transaction Bid until it becomes binding one day prior to the transaction date. Where a company submits Bids for External Transactions weeks or months in advance of the transaction date, the current credit policy requires the Market Participant to post credit support upon submission of a Bid, which, as noted, could be for an extended period of time during which the NYISO has no credit exposure.

V. Description of Proposed Revisions

The NYISO is proposing revisions to Services Tariff Section 26.4.2.2 to change the timeframe in which it evaluates and holds credit support for External Transactions. Under the proposed tariff revisions, the NYISO will perform an initial evaluation to calculate the credit requirement for pending Bids for External Transactions three days prior to the Day Ahead Market (“DAM”) close for a market day. For example, for the market day of Friday, the DAM closes at 5:00 a.m. on Thursday. On Monday (*i.e.*, three days prior to the DAM close) the NYISO will calculate the credit requirement for any pending Bids for External Transactions with a Friday market day. For External Transaction Bids submitted after the initial credit evaluation is performed, the NYISO will calculate the credit requirement upon submission of the Bid.

This proposal limits the number of days the NYISO will hold credit support for External Transaction Bids and better aligns the holding period with the NYISO’s actual credit exposure. If a Market Participant’s Bids are rejected for insufficient credit at the initial credit evaluation, this proposal still provides time for Market Participants to post additional credit support and resubmit those Bids.

VI. Effective Date

The NYISO respectfully requests Commission action within sixty days from the date of this filing (*i.e.*, September 30, 2015) and an effective date of October 28, 2015. The period between the date of the Commission’s order and the effective date provides time for the NYISO to finalize the software enhancements necessary to implement the proposed tariff revisions prior to the effective date.

VII. Requisite Stakeholder Approval

The NYISO and Market Participants collaboratively developed the proposed tariff revisions at meetings of the Credit Policy Working Group in July, October, and November 2013. In 2014, the software revisions required to implement the proposed tariff revisions were added to the NYISO's 2015 project plan. The Credit Policy Working Group affirmed the proposed tariff revisions in January 2015. The Business Issues Committee and Management Committee each approved unanimously, with abstentions, the proposed tariff revisions on March 11, 2015 and March 31, 2015, respectively. On April 21, 2015, the Board of Directors authorized NYISO management to file the proposed tariff revisions pursuant to Section 205 of the Federal Power Act.

VIII. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff revisions identified in this filing.

Respectfully submitted,

/s/ Heather S. Glass

Heather S. Glass

Counsel to the

New York Independent System Operator, Inc.

cc: Michael Bardee
Gregory Berson
Anna Cochrane
Morris Margolis
David Morenoff
Daniel Nowak
Kathleen Schnorf
Jamie Simler
Kevin Siqveland