

March 16, 2016

ELECTRONICALLY SUBMITTED

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: New York Independent System Operator, Inc.'s Eleventh Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability; Docket No. ER10-2220-000.

Dear Secretary Bose:

In accordance with paragraph 54 and ordering paragraph “(C)” of the Federal Energy Regulatory Commission’s (“Commission’s”) October 12, 2010 Order On Proposed Mitigation Measures in Docket No. ER10-2220-000 (“October 2010 Order”),¹ the New York Independent System Operator, Inc. (“NYISO”), hereby submits this *Eleventh Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability* (“March 2016 Informational Report”). The NYISO submitted its *Tenth Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability* on September 18, 2015 (“September 2015 Informational Report”). **In footnote 44 of its October 2010 Order the Commission stated that it does not intend to issue public notices, accept comments, or issue orders on this Informational Report.**

Paragraph 54 of the October 2010 Order stated, in part, as follows:

Because fixed cost recovery issues do not go to whether NYISO’s mitigation proposal is in itself just and reasonable, this proceeding is not the appropriate forum in which to raise such issues. Further, commenters do not present factual evidence that demonstrates that market participants generally will be unable to recover their costs due to application of the proposed mitigation provisions. We note, however, that the NYISO Board of Directors, in its July 29, 2010 decision on the appeal of the NYISO Management Committee’s adoption of the instant mitigation proposal, directed NYISO management to work with stakeholders to examine the generation owners’ claims that existing cost recovery mechanisms

¹*New York Independent System Operator, Inc.*, 133 FERC ¶ 61,030. Since issuance of this Order in October 2010, the Commission has accepted tariff revisions to establish a New Capacity Zone comprised of Load Zones G, H, I and J, and a corresponding revision to the definition of “Rest of State.” See *New York Independent System Operator, Inc.*, 144 FERC ¶ 61,126, (Docket No. ER13-1380-000, accepting Services Tariff Sections 2.7, 2.18). Effective January 27, 2014, Rest of State is defined as Load Zones A through F.

are inadequate and to review the process that evaluates permanent solutions to reliability problems. Accordingly, we believe the better course is to await the outcome of the stakeholder process as directed by the NYISO Board of Directors. In this regard, we direct NYISO to file status reports every 180 days beginning 180 days from the date of this order for informational purposes only.⁴⁴

⁴⁴ The Commission does not intend to issue public notices, accept comments, or issue orders on such informational filings.

In compliance with the cited paragraphs of the October 2010 Order, the NYISO submits this Informational Report.

I. Informational Report

A. Summary of the September 2015 Informational Report

On February 19, 2015, the Commission issued an order finding that “the NYISO Tariff lacks provisions governing the rates, terms and conditions” for reliability must run (“RMR”) service (“February 2015 Order”).² The February 2015 Order requires the NYISO to submit the following:

[P]roposed tariff revisions governing the retention of and compensation to generating units required for reliability, including procedures for designating such resources, the rates, terms and conditions for RMR service, provisions for the allocation of costs of RMR service, and a pro forma service agreement for RMR service.³

The September 2015 Informational Report indicated that the NYISO was working diligently to develop proposed tariff revisions in response to the February 2015 Order.

B. March 2016 Informational Report

The NYISO submitted proposed RMR tariff revisions to the Commission in Docket No. ER16-120-000 on October 19, 2015,⁴ in compliance with the February 2015 Order’s directives in Docket No. EL15-37-000.⁵ The proposed tariff revisions remain pending before the Commission.

² *New York Independent System Operator, Inc.*, 150 FERC ¶ 61,116 (2015) at P 2.

³ *Id.* at P 4.

⁴ See *New York Independent System Operator, Inc.*, Compliance Filing, Docket Nos. EL15-37-002 and ER16-120-000 (October 19, 2015).

⁵ Pursuant to the Commission’s June 4 delegated letter order, the date to submit the compliance filing was extended to October 19, 2015. See Notice of Extension of Time (June 4, 2015), Docket No. EL15-37-000.

C. Next Steps

The NYISO awaits Commission action on its October 19, 2015 compliance filing.

Separately, on March 24, 2015, the NYISO submitted a *Motion to Terminate the Reporting Obligation* for semiannual informational filings in this docket. The purpose of the informational reports submitted in this docket has been superseded by the Commission's February 2015 Order.⁶ The tariff revisions required to comply with the February 2015 Order eliminate the need to separately continue examining "the generation owners' claims that existing cost recovery mechanisms are inadequate and to review the process that evaluates permanent solutions to reliability problems" as required by the October 2010 Order in Docket No. ER10-2220-000. The NYISO awaits Commission action on its March 24, 2015 motion in this docket.

II. Service

The NYISO will send an electronic link to this Informational Report 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 this Docket 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.

III. Conclusion

The NYISO respectfully submits this Informational Report in compliance with the Commission's October 2010 Order.

Respectfully submitted,

/s/ James H. Sweeney

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⁶ See *New York Independent System Operator, Inc.*, 150 FERC ¶ 61,116 (2015).