

February 17, 2017

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: New York Public Service Commission, et al. v. New York Independent
System Operator, Inc., Compliance Filing Docket Nos. EL16-92-000, ER17-__**

Dear Secretary Bose:

In accordance with Paragraph 1 and Ordering Paragraph (B) of the Commission's February 3, 2017 order in docket number EL16-92-000 (the "Order"),¹ the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed compliance revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The NYISO requests that the Commission accept these revisions with an effective date of February 3, 2017 in accordance with Paragraph 30 of the Order.²

The Order granted, in part, and denied, in part, the relief requested in the complaint filed in this proceeding.³ It directed the NYISO to file tariff revisions to exempt new Special Case Resources⁴ from the buyer-side market power mitigation rules ("BSM Rules") effective as of the date of the Order.

I. DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents in support of this filing:

1. This filing letter;
2. A clean version of the proposed revisions to the Services Tariff Section 23.4.5 ("Attachment I"); and

¹ *New York Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,137 (2017).

² Order at Ordering Paragraph (A).

³ N.Y. Pub. Serv. Comm'n, et al. June 24 2016 Complaint (Docket No. EL16-92-000) (the "Complaint").

⁴ Capitalized terms not defined herein have the meaning set forth in the Services Tariff.

3. A blacklined version of the proposed revisions to Services Tariff Section 23.4.5 (“Attachment II”).⁵

II. BACKGROUND

The Complaint sought to have the Commission direct the modification of the existing BSM Rules in order to exempt all Special Case Resources, including Special Case Resources previously determined to be subject to Offer Floor mitigation. The Order granted the complaint as to new Special Case Resources as of the date of the Order (*i.e.*, Special Case Resources that enrolled in the NYISO’s markets beginning on February 3, 2017, and thereafter), and directed that the NYISO file tariff revisions in accordance with the Order. The Order denied the complaint as to the application of the BSM rules to Special Case Resources previously determined to be subject to Offer Floor Mitigation.

The Commission’s directive is accomplished by eliminating certain language in Section 23.4.5.7.5 of the Services Tariff. With those revisions, new Special Case Resources will no longer be required to provide data in order for the NYISO to make a mitigation determination, and the NYISO will no longer issue such determinations. The revisions would thus result in new Special Case Resources not being subject to the BSM Rules.⁶

III. DESCRIPTION OF PROPOSED COMPLIANCE TARIFF REVISIONS

In compliance with the Order, and as explained above, the NYISO proposes to modify Section 23.4.5.7.5 as follows:

23.4.5.7.5 ~~A Mitigated Capacity Zone Installed Capacity Supplier that is a~~ Special Case Resource in New York City or the G-J Locality that was determined to shall be subject to an Offer Floor prior to February 3, 2017 shall be subject to the Offer Floor beginning with the month of its initial offer to supply Installed Capacity, and until its offers of Installed Capacity have been accepted in the ICAP Spot Market Auction at a price at or above its Offer Floor for a total of twelve, not necessarily consecutive, months. ~~A Special Case Resource shall be exempt from~~

⁵ On February 3, 2017 the Commission issued a separate order in different dockets that, among other things, rejected as moot the NYISO’s April 20, 2015 tariff compliance filing that proposed modifications to Section 23.4.5.7.5. *See New York Independent System Operator, Inc.* 158 FERC ¶ 61,127 (2017) (“Dismissal Order”). Thus, the language the NYISO had proposed in its April 20, 2015 filing was never made part of the NYISO’s tariff and, as such, the Dismissal Order specified that no substitute tariff filing was required. *See Dismissal Order* at P 1. Accordingly, that language is not reflected in Attachments I and II of this submittal.

⁶ In accordance with the Order’s denial of the Complaint as to Special Case Resources that were determined to be subject to Offer Floor mitigation prior to the issuance of the Order, Section 23.4.5.7.5 will retain language by which Special Case Resources that were subject to an Offer Floor will continue to be subject to their Offer Floor until such time the resource clears for twelve, not necessarily consecutive, months. *See* Section 23.4.5.7.5 of the Services Tariff.

~~the Offer Floor if (a) it is located in a Mitigated Capacity Zone except New York City and is enrolled as a Special Case Resource with the ISO for any month within the Capability Year that includes March 31 in an ICAP Demand Curve Reset Filing Year in which the ISO proposes a New Capacity Zone that includes the location of the Special Case Resource, or (b) the ISO projects that the ICAP Spot Market Auction price will exceed the Special Case Resource's Offer Floor for the first twelve months that the Special Case Resource reasonably anticipated to offer to supply UCAP. If a Responsible Interface Party fails to provide Special Case Resource data that the ISO needs to conduct the calculations described in the two preceding sentences by the deadline established in ISO Procedures, the Special Case Resource will cease to be eligible to offer or sell Installed Capacity. The Offer Floor for a Special Case Resource shall be equal to the minimum monthly payment for providing Installed Capacity payable by its Responsible Interface Party, plus the monthly value of any payments or other benefits the Special Case Resource receives from a third party for providing Installed Capacity, or that is received by the Responsible Interface Party for the provision of Installed Capacity by the Special Case Resource. The Offer Floor calculation shall include any payment or the value of other benefits that are awarded for offering or supplying Mitigated Capacity Zone Capacity except for payments or the value of other benefits provided under programs administered or approved by New York State or a government instrumentality of New York State...~~

The remainder of the language in Section 23.4.5.7.5, which addresses rules for offers into the capacity market from Special Case Resources that have an Offer Floor, would not be modified.

IV. EFFECTIVE DATE

The NYISO requests that the Commission accept the proposed compliance tariff revisions shown in Section III of this letter, and, in accordance with Paragraph 30 of the Order, requests that the Commission make them effective on February 3, 2017.

V. COMMUNICATIONS AND CORRESPONDENCE

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

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VI. SERVICE

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will email an electronic link to this filing to the official representative of each party to the proceedings listed in the subject line of this filing letter, to each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

VII. CONCLUSION

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the tariff revisions proposed in this filing and make them effective as of February 3, 2017.

Respectfully submitted,

/s/ Gloria Kavanah

Gloria Kavanah

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