

August 4, 2017

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
Amendments to Open Access Transmission Tariff Rate Schedule 1 to
Remove the Bunce Creek PARs Cost Recovery Mechanism;
Docket No. ER17-____-000**

Dear Secretary Bose:

The New York Independent System Operator, Inc. (“NYISO”) submits this filing pursuant to Section 205 of the Federal Power Act¹ to propose amendments to Rate Schedule 1 of the NYISO Open Access Transmission Tariff (“OATT”). The proposed amendments remove the language that was added in 2012 to permit the NYISO to recover from its Transmission Customers² payments that it made to the Midcontinent Independent System Operator, Inc. (“MISO”) for charges assessed by the MISO for International Transmission Company’s (“ITC’s”) replacement Bunce Creek phase angle regulators (“PARs”). Based on the Federal Energy Regulatory Commission’s (“Commission’s”) September 2016 Order,³ the MISO no longer assesses charges to the NYISO for the Bunce Creek PARs. Since September 2016, the MISO has refunded all of the payments that were made subject to refund back to the NYISO and the NYISO has, in turn, refunded all of the money it received from MISO back to its Transmission Customers.

¹ 16 U.S.C. §824d.

² Capitalized terms not otherwise defined herein shall have the meaning specified Section 1 of the Open Access Transmission Tariff (“OATT”).

³ *Midwest Independent Transmission System Operator, Inc.*, 156 FERC ¶ 61,202 (2016).

I. Background and Justification

In 2012, the Commission accepted NYISO OATT Rate Schedule 1 revisions to permit the NYISO to recover from its Transmission Customers payments that the NYISO made to the MISO for ITC's replacement Bunce Creek PARs.⁴ The OATT revisions required the NYISO to include the Bunce Creek PARs charges as NonISOFacilitiesCosts in the allocation formulae set forth in Sections 6.1.6 of Rate Schedule 1. When the NYISO submitted the OATT revisions to the Commission in 2012, the NYISO and New York Transmission Owners were vigorously contesting the propriety, justness and reasonableness of MISO's and ITC's Bunce Creek PARs charges in Docket No. ER11-1844. Given the contested nature of the charges that NYISO was proposing to recover from its Transmission Customers, the 2012 OATT revisions also specified how any Commission-ordered refunds would be redistributed to NYISO Transmission Customers. In general, refunds would be made to NYISO Transmission Customers that paid Bunce Creek PARs-related charges in proportion to their prior payments. The NYISO's refund mechanism did not require the NYISO to reopen closed bills to process and allocate refunds to its Transmission Customers.

In September 2016, the Commission issued an order concluding that MISO and ITC did not demonstrate that the Bunce Creek PARs cost allocation to NYISO and PJM was just and reasonable ("2016 Order").⁵ The order directed MISO to refund to NYISO the funds that NYISO had previously paid to MISO for the Bunce Creek PARs.⁶ NYISO received the refund from MISO in October of 2016 and paid the entire refund to its Transmission Customers in accordance with Section 6.1.6 of Rate Schedule 1. The total amount refunded was approximately \$17.6M (*i.e.*, \$16.3M plus approximately \$1.3M in interest).

The final monthly invoice that could have included outstanding refunds to NYISO Transmission Customers related to the Bunce Creek PARs was issued on May 5, 2017. At this time, there are no outstanding refunds for the NYISO to issue, or open monthly invoices for NYISO Transmission Customers to challenge, that include charges or refunds related to the Bunce Creek PARs.

II. Documents Submitted

1. This filing letter;
2. A clean version of the proposed revisions to the NYISO's OATT ("Attachment I"); and

⁴ *New York Independent System Operator, Inc.*, Docket No. ER12-2260-000 (unpublished letter order issued August 28, 2012); *New York Independent System Operator, Inc.'s Proposed Tariff Amendments to Permit Recovery of Charges for International Transmission Company's Phase Angle Regulators and Request for Retroactive Effective Date*, Docket No. ER12-2260-000 (July 18, 2012).

⁵ *Midwest Independent Transmission System Operator, Inc.*, 156 FERC ¶ 61,202 (2016).

⁶ *Id.* at Ordering Paragraph (C).

3. A blacklined version of the proposed revisions to the NYISO's OATT ("Attachment II").

III. Description of Proposed Revisions to Rate Schedule 1

NYISO proposes to modify Rate Schedule 1 of the OATT, Section 6.1.6, to remove the entire discussion related to charges assessed by MISO for the cost of ITC's Bunce Creek PARs. As discussed above, there are no further charges or refunds for the NYISO to pass through to its Transmission Customers. In accordance with the 2016 Order, MISO no longer assesses charges to the NYISO for these facilities and the NYISO has refunded all of the money it received to its transmission customers.

NYISO also proposes one ministerial cross-reference correction to OATT Section 6.1.6 and three ministerial, clarifying revisions to OATT Section 6.1.15.2. The OATT Section 6.1.15.2 revisions correct typographical errors in the Non-Physical FERC Fee recovery formula, including clarification that the *Total TCC Settled* is the sum of settled Transmission Congestion Contracts for all Transmission Customers.

IV. Effective Date

The NYISO respectfully requests that the Commission accept the proposed OATT revisions with an effective date of October 3, 2017, which is 60 days after the date of this filing.

V. Stakeholder Approval

The proposed amendments to OATT Rate Schedule 1 were approved unanimously by the NYISO Management Committee on May 31, 2017. The NYISO Board of Directors approved the filing of these proposed revisions on July 18, 2017.

VI. Communications and Correspondence

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

Robert E. Fernandez, General Counsel
Raymond Stalter, Director, Regulatory Affairs
*James H. Sweeney, Senior Attorney
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-7678
rfernandez@nyiso.com
rstalter@nyiso.com
jsweeney@nyiso.com

*Person designated for receipt of service.

Honorable Kimberly D. Bose

August 4, 2017

Page 4

VII. Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York State 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.

VIII. Conclusion

The New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the proposed OATT revisions that are attached hereto with an effective date of October 3, 2017.

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney

Senior Attorney

New York Independent System Operator, Inc.

cc: Michael Bardee
Anna Cochrane
Jette Gebhart
Kurt Longo
David Morenoff
Daniel Nowak
Larry Parkinson
J. Arnold Quinn
Douglas Roe
Kathleen Schnorf
Gary Will