

March 30, 2018

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.*, ER18-____-000;
Proposed Revisions to Price Correction Deadlines**

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), the New York Independent System Operator, Inc. (“NYISO”) submits proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) and Open Access Transmission Tariff (“OATT”) to modify the deadlines for correcting erroneous Day-Ahead and real-time Energy and Ancillary Services prices.² The NYISO proposes to revise the current price correction rules to utilize business days rather than calendar days in computing the applicable deadlines.

The NYISO Management Committee unanimously approved the proposed revisions on January 31, 2018. The NYISO respectfully requests that the proposed revisions become effective on May 30, 2018 (*i.e.*, the day following the end of the statutory 60-day notice period).

I. Documents Submitted

The NYISO respectfully submits the following documents with this filing letter:

1. A clean version of the proposed revisions to the Services Tariff (“Attachment I”);
2. A blacklined version of the proposed revisions to the Services Tariff (“Attachment II”);
3. A clean version of the proposed revisions to the OATT (“Attachment III”); and

¹ 16 U.S.C. § 824d.

² Capitalized terms not otherwise defined herein shall have the meaning specified in Section 2 of the Services Tariff and Section 1 of the OATT.

4. A blacklined version of the proposed revisions to the OATT (“Attachment IV”).

II. Background

Attachment E of the Services Tariff and Attachment Q of the OATT contain the procedures and timelines for the reservation and correction of Day-Ahead and real-time Energy and Ancillary Services prices by the NYISO. These procedures and deadlines are designed to provide market certainty and confidence as to the finality of market outcomes, and avoid untimely retroactive price corrections.

The tariffs establish strict price reservation and correction deadlines. The NYISO does not have authority to correct erroneous prices that are not reserved and corrected within the established time frames, except as may be directed by the Commission or a court of competent jurisdiction. The NYISO is required to reserve any prices requiring further assessment for potential errors: (i) prior to the start of the operating day for which the price applies in the case of Day-Ahead prices; and (ii) by no later than 5:00 p.m. of the day immediately following the operating day for which the price was calculated in the case of real-time prices. The NYISO is effectively required to complete any needed corrections of reserved prices within: (i) two calendar days following the affected operating day in the case of Day-Ahead prices; and (ii) four calendar days following the affected operating day for real-time prices.

The tariffs also impose certain reporting requirements on the NYISO related to price corrections. For each price correction made, the NYISO is generally required to report the following information within ten days after each correction: (i) the affected pricing intervals; (ii) the affected LBMP zone(s) or the affected Ancillary Services; (iii) the type of pricing error at issue; (iv) a description of the nature of the pricing error; (v) a description of the underlying cause of the pricing error; and (vi) the price correction method used to address the error. The NYISO is also required to provide quarterly reports on the cause of each pricing error requiring correction, the steps taken or planned to eliminate or mitigate future recurrences of each such error, and information regarding any errors that the NYISO becomes aware of after the applicable price reservation and/or correction deadlines have passed.

III. Description of the Proposed Tariff Revisions

The current price reservation and correction deadlines have remained unaltered since 2006.³ The NYISO has undertaken a multitude of initiatives since implementation of these deadlines to improve initial price accuracy. These initiatives have successfully resulted in a very substantial reduction in price reservation and correction activity by the NYISO. In fact, since 2009, prices for fewer than 1% of all hours have been reserved for further assessment and less than 0.1% of all real-time intervals have been subject to a price correction.⁴

³ Docket No. ER06-1014-001, *New York Independent System Operator, Inc.*, Letter Order (March 12, 2007).

⁴ The NYISO has not implemented any corrections to Day-Ahead prices pursuant to these rules since they went into effect in 2006.

Despite the NYISO's success to date in significantly reducing instances of price corrections and complying with the applicable deadlines when corrections are required, the current price correction deadlines pose the potential for challenges under certain circumstances, as further described below. In particular, the use of calendar days to measure the applicable deadlines could unnecessarily constrain the ability to rectify errors in some cases.

The use of calendar days instead of business days to measure the price correction deadlines can materially reduce the time otherwise available to complete a thorough and comprehensive review of potentially anomalous pricing outcomes and undertake any needed corrections in cases where the current time frames encompass weekends and/or holidays. Price validation staff is available and conducts the required reviews of pricing outcomes on weekends and holidays. Access to other support staff, such as information technology staff, that may be required to assist with further assessment of potentially erroneous prices and/or undertaking corrective action, if needed, may be limited on weekends and holidays. The use of business days to determine the applicable price correction deadlines would better align with availability of the resources that may be needed to assist with price validation and correction activities.

Deployment of significant modifications to the NYISO's systems and periods of significant price volatility can result in substantially larger than normal volumes of data anomalies that require further assessment. The use of calendar days in computing the applicable price correction deadlines reduces the time available to conduct a thorough review of such data to ensure pricing accuracy. Computing the applicable price correction deadlines using business days would afford additional time to undertake price validation activities and any required price corrections.

In recent years, the NYISO has implemented Coordinated Transaction Scheduling ("CTS") for real-time interchange transactions with PJM Interconnection, L.L.C. ("PJM") and ISO New England Inc. ("ISO-NE").⁵ The implementation of CTS and more frequent scheduling of real-time interchange transactions requires, in certain instances, coordination and consultation among the NYISO and a neighboring independent system operator and/or regional transmission organization ("ISO/RTO") as to real-time price accuracy. For example, CTS with ISO-NE includes rules related to the allocation of certain congestion costs between NYISO and ISO-NE.⁶ As a result, material differences between the NYISO's deadline for correcting real-time prices and the corresponding deadlines in neighboring regions can present concerns.

⁵ The NYISO implemented CTS with PJM on November 4, 2014. CTS with ISO-NE was implemented on December 15, 2015.

⁶ Docket No. ER15-2640-000, *New York Independent System Operator, Inc.*, Proposed Tariff Amendments to Implement External Coordinated Transaction Scheduling with ISO New England Inc. at 13 (September 10, 2015); and *New York Independent System Operator, Inc.*, 153 FERC ¶ 61,158 (2015).

The current rules in ISO-NE and PJM generally afford five business days⁷ and ten calendar days,⁸ respectively, for correcting erroneous real-time prices. Revising the NYISO's price correction deadline for real-time prices to four business days, instead of four calendar days, provides for greater alignment with the applicable price correction deadlines in ISO-NE and PJM. Improved alignment of real-time price correction deadlines will help in facilitating any needed coordination with neighboring ISOs/RTOs as it relates to price validation and correction activities.

In response to the foregoing, the NYISO proposes to revise the current rules to use business days rather than calendar days in determining the applicable price correction deadlines.⁹ The NYISO's proposal affects only the applicable price correction deadlines. The NYISO does not propose any changes to the current price reservation deadlines or reporting requirements applicable to price corrections.

A. Proposed Revisions to Attachment E of the Services Tariff

The NYISO proposes to revise Section 20.3 of Attachment E of the Services Tariff to utilize business days rather than calendar days in computing the applicable price correction deadlines. For Day-Ahead prices, the applicable price correction deadline will be two business days after the applicable operating day for which the pricing error applies. The NYISO will have four business days after the applicable operating day to correct erroneous real-time prices.

B. Proposed Revisions to Attachment Q of the OATT

The provisions set forth in the Attachment Q of the OATT merely replicate those set forth in Attachment E of the Services Tariff. To reduce unnecessary duplication of provisions in the Services Tariff and the OATT, the NYISO proposes to delete the substance of Attachment Q of the OATT and replace it with a cross reference to Attachment E of the Services Tariff.

IV. Effective Date

The NYISO respectfully requests that the proposed tariff revisions become effective on May 30, 2018 (*i.e.*, the day following the end of the statutory 60-day notice period).

V. Stakeholder Process

The proposed revisions to the current price correction deadlines were unanimously approved by the Management Committee on January 31, 2018. The NYISO Board of Directors

⁷ See Section III.2.9A of ISO-NE Transmission, Markets and Services Tariff.

⁸ See Section 1.10.8(e) of the Appendix to Attachment K of the PJM Open Access Transmission Tariff.

⁹ The NYISO also proposes to reduce unnecessary duplication of provisions in both the Services Tariff and OATT.

approved the proposed revisions on March 20, 2018.

VI. Communications and Correspondence

Please direct all communications and service in this proceeding to:

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VII. Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, each participant on its stakeholder committees, the New York State Public Service Commission, and the New Jersey Board of Public Utilities. The NYISO will also post the complete filing on its website at www.nyiso.com.

VIII. Conclusion

The NYISO respectfully requests that the Commission accept the proposed revisions to the Services Tariff and OATT attached hereto with an effective date of May 30, 2018.

Respectfully submitted,

/s/ Garrett E. Bissell

Garrett E. Bissell
Senior Attorney
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