

July 29, 2010

**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., Proposed Tariff  
Revisions related to the Emergency Demand Response Program,  
Docket No. ER10-\_\_\_\_-000***

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to Attachment G of its Market Administration and Control Area Services Tariff ("Services Tariff"), which describes the NYISO's Emergency Demand Response Program. The proposed tariff modifications do not constitute a substantive change in the Emergency Demand Response Program, but do clarify the NYISO's operational and administrative processes for the program. The NYISO is making this filing as part of an on-going comprehensive review of its tariffs to identify opportunities to improve and clarify tariff provisions.

**I. Documents Submitted**

1. This filing letter;
2. A clean version of the proposed revisions to Attachment G of the NYISO's Services Tariff; and
3. A black lined version of the proposed revisions to Attachment G of the NYISO's Services Tariff.

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<sup>1</sup> 16 U.S.C. 824(d)

<sup>2</sup> 18 C.F.R § 35 *et seq.* (2009).

## **II. Description of Proposed Tariff Revisions**

The NYISO proposes to revise Attachment G to the Services Tariff, which addresses the operation and administration of its Emergency Demand Response Program. The proposed clarifications and improvements to the tariff language will not impact the NYISO's current practices administering the Program. Many of the changes reflect non-substantive drafting improvements to aid the reader in understanding the requirements for the Program. Minor edits in Sections 22.1 through 22.9 of Attachment G reflect these ministerial drafting revisions that improve and clarify the tariff language. Section 22.10 has been largely rewritten to clarify the various payment rules. The substantive provisions addressing cost allocation that were originally contained in Section 22.11 are proposed to now be located with other cost allocation provisions — in Rate Schedule 1 of the OATT — as recently submitted to the Commission on July 21, 2010 in Docket ER10-1866-000 regarding Proposed Tariff Clarifications Addressing Guarantee and Margin Assurance Payments.<sup>3</sup> The following discussion describes the proposed changes for each section in more detail.

### **Attachment G of the Services Tariff:**

#### **Section 22.1**

In Section 22.1 the effective date language is modified to the past tense and the term “semi-annually” is used to reflect the current reporting timetable required of the NYISO by the Commission.

#### **Section 22.2:**

The proposed changes in section 22.2 better organize the existing qualification requirements for Curtailment Services Providers (“CSPs”) and list them together. No new requirements for CSPs have been added. The NYISO has also elected to replace the term “activation” with “deployment” to be consistent with NAESB terminology throughout Attachment G.

#### **Section 22.3:**

Modifications within Section 22.3 are proposed to correctly cross-reference Section 22.4 and capitalize the tariff-defined term Load. This latter change is repeated throughout the attachment.

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<sup>3</sup> As part of a significant re-organization of Rate Schedule 1 of the OATT, the NYISO submitted proposed revisions to the language that describes the cost allocation methodology for payments to Special Case Resources and Curtailment Service Providers. As proposed by the NYISO in Docket ER10-1866-000, and pending the Commission's approval thereof, Sections 6.1.2.2.4.2 and 6.1.4.2 describe the allocation of the costs of payments to Special Case Resources (SCR) and Curtailment Service Providers (CSP) to loads of Transmission Customers other than those acting as third party suppliers of Station Power.

#### **Section 22.4**

Clarifying language is added to Section 22.4 that describes the current rule that does not allow a CSP to subscribe a resource in the Emergency Demand Response Program if it has already been subscribed in the Program by another CSP.

#### **Section 22.5:**

In Section 22.5 the language “shall have discretion to activate” is replaced with “may deploy” and “statewide” and “system-wide” are replaced with “NYCA-wide.” The term “zonal” is added in two places to clarify that the resources in the program may be deployed zonally for one or more Load Zones or within a sub-zone located within Load Zone J.

#### **Section 22.6:**

Proposed changes to Section 22.6 clarify that the NYISO will attempt to provide advance notice to CSPs when it is aware that it may deploy the Emergency Demand Response Program. The NYISO will continue its practice, whenever possible, of providing notice to CSPs both one day ahead and two hours ahead of the possible program deployment. The tariff changes further clarify that the notice shall specify the time of deployment and when possible, the time when program deployment will end. The proposed amendments in Section 22.6 however, also make it clear that the NYISO may immediately deploy the Emergency Demand Response Program without any advance notice. The requirement for a CSP to provide a designated contact person to receive ISO notification is now included as a qualifying requirement for participation in the program listed in Section 22.2

#### **Sections 22.7 and 22.8:**

Section 22.7 contains proposed changes to clarify that Special Cases Resources with unsold capacity are automatically eligible to participate in the NYISO’s Emergency Demand Response Program for each month in which the capacity remains unsold. For consistency purposes, the term “Load,” a tariff defined term, is proposed to replace “demand” throughout Attachment G. This change is repeated throughout the remaining Sections.

#### **Section IX:**

Proposed ministerial amendments to Section 22.9 clarify the requirement for payment that the CSPs verify Load reduction performance data on or before the 75<sup>th</sup> day after a deployment as provided in ISO Procedures. This requirement for payment remains unchanged. Failure of the ISO to receive the performance data report in a timely manner shall result in the loss of payment for the claimed Load reductions.

**Section 22.10:**

Extensive amendments to the language in Section 22.10 are being proposed to clarify the various rules for payments under different deployment scenarios and durations. The changes include the introduction of the phrase “payment eligibility period” to clarify how the payment rules work for immediate deployments called for by the NYISO with no advance notice as well as payments for deployments lasting two (2) hours or less, between two (2) and three (3) hours, and for deployments exceeding 3 hours.

**Section 22.11:**

The tariff language in Section 22.11 that addresses Cost Allocation to Transmission Customers for the Emergency Demand Response Program was modified to reflect that, pursuant to these proposed revisions and proposed revisions to Rate Schedule 1 of the NYISO OATT that were filed with the Commission on July 21, 2010 in Docket ER10-1866-000, and subject to the Commission’s approval of these revisions, the cost allocation requirements for the Program will be located in Rate Schedule 1 of the NYISO Open Access Transmission Tariff.

**III. Effective Date**

The NYISO requests a September 30, 2010 effective date for these tariff amendments.

**IV. Requisite Stakeholder Approval**

The NYISO Management Committee unanimously approved the proposed revisions to Attachment G to the Services Tariff on February 24, 2010.

**VI. Communications and Correspondence**

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

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Elaine D. Robinson, Director of Regulatory Affairs  
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## **VII. Service**

The NYISO will electronically send a link to this filing to the official representative of each of its Customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agency of New Jersey. In addition, the complete filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com).

## **VIII. Conclusion**

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc., respectfully requests that the Commission accept for filing the proposed tariff revisions that are attached hereto with an effective date of September 30, 2010.

Respectfully Submitted,

/s/ David Allen

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## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 29<sup>th</sup> day of July, 2010.

/s/ *Mohsana Akter*

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## 22 Attachment G - Emergency Demand Response Program

### 22.1 Effective Date

The Emergency Demand Response Program ~~shall become~~ became effective on May 1, 2001. ~~At the end of each Capability Period, t~~The ISO will review the Emergency Demand Response Program's performance semi-annually and will propose appropriate changes as necessary.

### 22.2 Qualification Requirements For Curtailment Services Providers

Curtailment Services Providers must be Customers or, in the case of entities that would ~~become~~ Customers solely for the purpose of participating in the Emergency Demand Response Program, must ~~become~~ Limited Customers. The requirements for ~~for becoming a~~ Limited Customers s are set forth in ~~the~~ ISO Procedures.

~~Customers and Limited Customers seeking to become~~ Curtailment Service Providers must: (i) comply with the registration requirements set forth in the ISO Procedures; ~~and~~ (ii) designate one or more contact persons to receive ISO communications; (iii) comply with the metering requirements set forth below in Section VIII22.8 of this Attachment, and as provided in ISO Procedures; and (iv) as discussed in accordance with ISO procedures ~~Procedures~~, be capable of reducing at least 100 kW of NYCA Load in a single Load Zone within two hours of receiving notice of the ISO's ~~activation~~ deployment of the Emergency Demand Response Program. The required Load reduction may be accomplished by Curtailing Load and/or by serving Load with a Local Generator pursuant to ISO Procedures. ~~Curtailment Services Providers must also comply with the metering requirements set forth below in Section 22.8, and in the ISO Procedures.~~

### 22.3 Relationship Of The Emergency Demand Response Program To Other Demand Side Response Measures

The Emergency Demand Response Program is intended to complement other demand-side response programs developed by the ISO, the PSC and LSEs. Except as noted in Section

22.4 below, Curtailment Service Providers are free to participate in other demand response programs, to the extent that those programs allow, ~~except as noted in Section 22.5 below;~~ provided, however, that the ~~NY~~ISO will pay under only one program for each MWh of delivered ~~load~~ Load reduction. This restriction is not intended to limit payment for installed capacity otherwise available to Curtailment Service Providers.

#### **22.4 Prohibition On The Double Subscription Of Load**

Curtailment Service Providers may not offer to reduce NYCA Load in the Emergency Demand Response Program that has already been subscribed to the Program by another Curtailment Service Provider.

#### **22.5 ISO ~~Activation~~ Deployment Of The Emergency Demand Response Program**

The ISO ~~shall have discretion to activate~~ may deploy the Emergency Demand Response Program in response to: (i) a Real-Time Locational, Zonal or ~~statewide~~ NYCA-wide Operating Reserve shortage or an ISO peak forecast of a locational, zonal or ~~system~~ NYCA-wide Operating Reserve shortage; (ii) an ISO ~~declared~~ Major Emergency State; ~~or~~ (iii) ~~in response to~~ a request for assistance from a Transmission Owner for Load ~~relief~~ reduction purposes or as a result of a Local Reliability Rule; ~~or (iv).~~ ~~In the event that the NYISO instructs Special Case Resources to reduce their consumption of Energy, the ISO may activate the Emergency Demand Response Program.~~

In accordance with ISO Procedures, ~~The~~ ISO may ~~use its discretion~~ elect to call on a subset of participants subscribed in the Emergency Demand Response Program ~~to relieve NYCA or Zonal Emergencies and may call on the performance of fewer than all participants in the Emergency Demand Response Program~~ within Load Zone J ~~in accordance with ISO Procedures~~ when responding to the request for assistance from the Transmission Owner for Load reductions within the Load Zone.



## 22.6 Notification ~~Of~~To Curtailment Service Providers

The ISO ~~shall attempt~~will, whenever possible, ~~to~~ provide Curtailment Service Providers with day-ahead notice that it may ~~activate~~deploy the Emergency Demand Response Program. Providing day-ahead notice of possible ~~activation~~deployment does not commit the ISO to ~~activate~~deploy the Emergency Demand Response Program or to make payments. ~~The ISO shall provide Curtailment Service Providers with at least two hours' notice of its activation~~deployment of the Emergency Demand Response Program. The notice shall specify the time at which the ISO requests that ~~demand~~Load reductions begin and shall, whenever possible, specify when the need for ~~demand~~Load reductions will end. The ISO will also provide notice to Curtailment Service Providers of the deployment of the Emergency Demand Response Program at least two hours in advance of the start time specified to begin Load reductions, except that, when necessary, the ISO may immediately deploy the Emergency Demand Response Program without advance notice and call upon Curtailment Service Providers to provide Load reductions as soon as possible. ~~The ISO may call Curtailment Services Providers to provide Load reduction as soon as possible in the event of a Real-Time Locational or statewide Operating Reserve shortage, emergency, or in response to a Transmission Owner request for assistance for Load relief purposes or as a result of a Local Reliability Rule.~~

~~Curtailment Service Providers shall designate a contact person to receive the ISO's notification.~~

## 22.7 Voluntariness Of Emergency Demand Response Program

Participation in the Emergency Demand Response Program shall be voluntary. The ISO shall not penalize Curtailment Service Providers that decline to take steps to reduce ~~demand~~Load when the Emergency Demand Response Program is ~~activated~~deployed. ~~Participation in the Emergency Demand Response Program shall not expand or reduce a Local Generator's rights and obligations to buy or sell Energy into the wholesale Energy market.~~ Special Case Resources

that have not sold their capacity ~~for the month~~ shall be temporarily transferred to the Emergency Demand Response Program for ~~such each~~ month ~~until such time as~~ in which their capacity ~~is~~ remains unsold.

## **22.8 Metering**

Curtailment Service Providers shall provide sufficient hourly interval metering data, pursuant to ISO procedures, to allow verification of their ~~demand~~-Load reduction performance.

## **22.9 Verification**

Curtailment Service Providers shall ~~verify~~-report their ~~demand~~-Load reduction performance ~~by providing interval metering~~ data to the ISO in accordance with ISO Procedures on or before ~~within the~~ 75<sup>th</sup> days after each deployment of ~~their performance in~~ the Emergency Demand Response Program. If ~~a Curtailment Service Provider fails to provide the data within the 75 day period~~ the ISO does not receive timely performance data, the ISO shall refuse to pay for that Curtailment Service Provider's claimed ~~demand~~-Load reductions. All ~~load~~-Load reduction data are subject to audit by the ~~NY~~ISO. If the ISO determines that it has made an erroneous payment to a Curtailment Service Provider it shall have the right to recover it either by reducing other payments to that Curtailment Service Provider or by any other lawful means.

## **22.10 Payment**

The ISO shall pay Curtailment Service Providers that have caused a verified reduction in ~~demand~~-Load in response to the ~~activation~~deployment of the Emergency Demand Response Program ~~provided the Curtailment Service Provider provides evidence of such reductions within 75 days of the demand reduction performance~~. Payment shall be made in the manner set forth in this section and in accordance with ISO Procedures.

### **22.10.1 Curtailment Service Provider Eligibility Requirements for Payment**

~~If~~ When the ISO ~~activated~~deploys ~~the~~ an Emergency Demand Response Program event (for the purposes of this subsection, “a deployment event”), each Curtailment Service Provider ~~that caused a verified reduction in demand~~ shall be eligible to be paid for verified Load reductions made during each hour of the payment eligibility period. The first hour of the payment eligibility period shall begin at the top of the hour within which the deployment event is to start as identified by the ISO. For immediate deployment events, the ISO-identified start is the time of the deployment message. The payment eligibility period shall end at the later of the third consecutive hour following the first hour of the payment eligibility period or the deployment event end time identified in the deployment message; provided, however, that the end time may be adjusted by the ISO in messages subsequent to the deployment messagedemand reduced for the duration of the ISO activation~~deployment of the Demand Response Program or four hours, whichever is greater.~~

To be eligible for payment provided under this section the Curtailment Service Provider shall submit to the ISO as provided by sSections ~~VIII and IX~~22.8 and 22.9 above and in accordance with ISO Procedures, timely and sufficient Load reduction performance data including, but not limited to, interval metering data for each hour of the payment eligibility period.

## **22.10.2            Payment for Program Deployment**

### **22.10.2.1            Program deployment lasting two hours or fewer**

~~If the ISO activated~~deploys the Emergency Demand Response Program for more than four hours, each Curtailment Service Provider shall be paid the higher of \$500/MWh, or the zonal Real-Time LBMP per MWh, of demand reduced, starting with the hour specified by the ISO as the starting time of the activationdeployment, or, in the event that the ISO specified that the demand reduction begin as soon as possible, starting with the hour that the Curtailment Service Provider began its response. For deployment events of two hours or less, each Curtailment

Service Provider shall be paid the higher of \$500/MWh, or the zonal Real-Time LBMP for its verified Load reduction during the first two hours of the payment eligibility period, provided however if the deployment event starts after the top of the hour, the Curtailment Service Provider that reduces Load shall be paid the higher of \$500/ MWh or the zonal Real-Time LBMP for its verified Load reduction during the third hour of the payment eligibility period. Each Curtailment Service Provider shall be paid the zonal Real-Time LBMP for each MWh of its verified Load reduction for the remaining hour(s) of the payment eligibility period.

**22.10.2.2. Program deployment lasting between two and three hours**

If the ISO deploys the Emergency Demand Response Program for more than two hours but not exceeding three hours, each Curtailment Service Provider that reduces Load shall be paid the higher of \$500/MWh or the zonal Real-Time LBMP for its verified Load reduction during the first three hours of the payment eligibility period or for each hour of the payment eligibility period in which the program is deployed as established by the start and end times specified by the ISO in the deployment message(s). Each Curtailment Service Provider shall be paid the zonal Real-Time LBMP for each MWh of its verified Load reduction for the remaining hour of the payment eligibility period, if applicable.

**22.10.2.3 Program deployment exceeding three hours**

If the ISO deploys an Emergency Demand Response Program event that exceeds three hours, each Curtailment Service Provider that reduces Load shall be paid the higher of \$500/MWh or the zonal Real-Time LBMP for its verified Load reduction during each hour of the payment eligibility period.

~~If the ISO activated~~deploys~~ the Emergency Demand Reduction Program for four hours or less, each Curtailment Service Provider shall be paid as if the Emergency Demand Response Program had been activated~~deployd~~ for four hours. Each Curtailment Service Provider that reduces demand shall be paid the higher of \$500/MWh or the zonal Real-Time LBMP per MWh,~~

~~of demand reduced, for the duration of the ISO activation~~deployment ~~of the Emergency Demand Response Program or two hours whichever is greater, starting with the hour specified by the ISO as the starting time of the activation~~deployment~~, or, in the event that the ISO specified that the demand reduction begin as soon as possible, starting with the hour that the Curtailment Service Provider began its response. Each Curtailment Service Provider shall be paid the zonal Real-Time LBMP per MWh of demand reduced for the remainder of the four hour minimum payment period, provided that a verified demand reduction was effectuated by the time specified in the ISO's notice.~~

## **22.11 Cost Allocation**

~~In the event that the ISO activated~~deploys ~~the Emergency Demand Response Program in response to a statewide Emergency, a Real-Time statewide Operating Reserve Shortage or peak forecast of a statewide Operating Reserve shortage, p~~Payments ~~made to Curtailment Service Providers~~ for Load reductions provided under the Emergency Demand Response Program shall be recovered from all Transmission Customers pursuant to Rate Schedule 1 of the ISO OATT~~, on a statewide basis~~. ~~The ISO shall calculate, and the Transmission Customer shall pay, the monthly charge equal to the product of (A) payments made to Curtailment Service Providers and (B) the ratio of (i) the customer's billing units for the month to (ii) the sum of all billing units during that month. Billing units shall be based on the Actual Energy Withdrawals for all Transmission Service to supply Load in the NYCA, and hourly Energy schedules for all Wheel Throughs and Exports. To the extent that the ISO activated~~deploys ~~the Emergency Demand Response Program in response to an Emergency or a Real-Time Locational Operating Reserve shortage or a peak forecast of an Operating Reserve shortage in a particular zone or zones, including Load relief or to meet a Local Reliability Rule within a Zone as requested by a Transmission Owner, the billing units for such charges will be based on the Actual Energy~~

~~Withdrawals the affected zone(s) during the hours in which the Emergency Demand Response Program was activated~~deployd.

~~LSEs shall also be required to pay the monthly charges calculated above for the Transmission Customers which the LSE serves as retail access customers.~~