

December 21, 2011

By Electronic Delivery

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

Re: *New York Independent System Operator, Inc.*, Proposed Tariff Amendments to the Market Monitoring Plan; Docket No. ER12-____-_____.

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,¹ the New York Independent System Operator, Inc. (“NYISO”) hereby submits proposed amendments to the Market Monitoring Plan (“Plan”) set forth in Attachment O to its Market Administration and Control Area Services Tariff (“Services Tariff”). The NYISO proposes amendments to its Plan that will allow the Chief Executive Officer (“CEO”) to delegate management oversight of the NYISO’s internal Market Mitigation and Analysis Department (“MMA”) to the Chief Operating Officer (“COO”). Under the proposed tariff revisions, the MMA will continue to be subject to management oversight.

I. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents:

1. This filing letter;
2. A clean version of the proposed revisions to the NYISO’s Market Monitoring Plan (“Attachment I”); and
3. A blacklined version of the proposed revisions to the Market Monitoring Plan (“Attachment II”).

¹ 16 U.S.C. § 824d (2010).

II. COPIES OF CORRESPONDENCE

Correspondence concerning this filing should be served on:

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III. BACKGROUND

The Plan was initially accepted by the Commission in November 1999 as a stand-alone document. Prior to the Commission's issuance of Order No. 719 in 2008,² the NYISO had an internal market monitoring department, Market Monitoring and Performance ("MMP"), which reported directly to the CEO pursuant to the Plan. At that time, MMP performed some of the functions that were defined as core market monitoring functions by the Commission in Order No. 719. In addition, the NYISO had an external market advisor, Potomac Economics, which advised both NYISO staff and the NYISO's Board of Directors ("Board") on various aspects of the New York Electric Markets. Potomac Economics reported directly to the Board and also performed some of the functions that the Commission defined as core market monitoring functions in Order No. 719.

In May 2009, the NYISO proposed, and the Commission accepted, tariff revisions to comply with the market monitoring requirements of Order No. 719. The NYISO's Order No. 719 Compliance Filing³ incorporated its Plan into its Services Tariff as Attachment O. The Plan provides for the independent, impartial and effective monitoring of, and reporting on the New York Electric Markets.⁴

Potomac Economics became the NYISO's "Market Monitoring Unit," as that term is defined in Order No. 719. The Plan contains the tariff rules that govern Potomac Economics'

² *Wholesale Competition in Regions with Organized Electric Markets* ("Order No. 719"), Order No. 719, 73 Fed. Reg. 64, 100 (Oct. 28, 2008), FERC Stats. & Regs. ¶ 31, 281 (2008), 125 FERC ¶ 61,071 (2008).

³ New York Independent System Operator, Inc., Compliance with Order No. 719, Docket No. ER09-1142-400 (May 15, 2009).

⁴ See Section 30.1.1 of the Services Tariff.

duties as the Market Monitoring Unit (“MMU”). As such, Potomac Economics is now responsible for performing the Order No. 719 “Core Market Monitoring Functions,” and reports to the non-management members of the Board. Potomac Economics is solely responsible for performing all of the core market monitoring functions. Consistent with the requirements of Order No. 719, all responsibilities or duties that are assigned to the MMU are in the Plan and the NYISO’s Services Tariff makes clear that the provisions of the Plan control, with regard to the MMU, its responsibilities and its authority.

The NYISO’s internal MMP Department was renamed the MMA Department. MMA remains an internal NYISO department and assists the NYISO’s efforts to implement the requirements of its tariffs (including but not limited to implementing the NYISO’s Market Mitigation Measures, Attachment H to the Services Tariff). The MMA is not responsible for carrying out any of the Order No. 719 core market monitoring functions. Rather, the MMA is responsible for working collaboratively with the MMU and other NYISO departments to assist the NYISO’s efforts to carry out its Tariff responsibilities, including the ISO’s obligation to provide adequate data and support to its MMU. The MMA’s primary duty is to administer mitigation in accordance with the NYISO’s tariffs.⁵ The MMA reports to NYISO management and is not the NYISO’s “Market Monitoring Unit” as that term is defined in Order No. 719.

In this filing, the NYISO proposes to amend the Plan to allow the MMA to be subject to NYISO management oversight and to act at the direction of the CEO, or his designee, the COO. This proposed tariff change will bring operational flexibility to NYISO senior management. If the Commission accepts the proposed tariff revisions, the CEO will be able to designate day-to-day oversight and management of the MMA to the COO.

IV PROPOSED TARIFF REVISIONS

The NYISO proposes to revise the following sections of the Plan by replacing references to the CEO with “the CEO, or his designee, the COO.”

- Affected sections: Section 30.3.2, Sections 30.3.4, Section 30.5.1.1, Section 30.5.1.2.13, Section 30.7.1, Section 30.8.1, Section 30.8.3, and Section 30.10.5

In addition, the NYISO proposes ministerial corrections to Sections 30.3.2 and 30.3.4.

The tariff revisions proposed in this filing are submitted herewith in both clean and blacklined versions.

⁵ See Section 30.3.3 of the Services Tariff.

V. EFFECTIVE DATE

The NYISO respectfully requests that the tariff revisions proposed in this filing be permitted to become effective on February 22, 2012; more than 60 days after the date of this filing.

VI. STAKEHOLDER APPROVAL

The NYISO discussed the development of these proposed tariff revisions at a number of stakeholder meetings. The proposed tariff revisions were discussed with stakeholders at the August 29, 2011 and September 26, 2011 Market Issues Working Group meetings, the October 12, 2011 Business Issues Committee meeting and the October 26, 2011 Management Committee meeting. The NYISO's Management Committee unanimously approved, with one abstention, the tariff revisions proposed in this filing.

VII. SERVICE LIST

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 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

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the proposed tariff changes identified in the Attachments hereto, with an effective date of February 22, 2012.

Respectfully submitted,

/s/ James H. Sweeney

James H. Sweeney

New York Independent System Operator, Inc.