

Attachment IV

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**New York Independent System Operator, Inc.) Docket Nos. ER04-449-____
ER12-360-____**

**AFFIDAVIT OF
RANDALL WYATT**

JUNE 29, 2012

I. Qualifications

1. My name is Randall Wyatt, and I am the Manager of Capacity Market Products for the New York Independent System Operator, Inc. (“NYISO”). In this position, I am responsible for the design and implementation of, and enhancements to, the Installed Capacity¹ (“ICAP”) product in the NYISO market, including market mitigation measures, and for working with stakeholders on such matters.
2. Prior to my current position, I was employed by American Power Conversion, Inc. as the Product Manager for multiple product offerings including power generation, fuel cells, and flywheels. I was employed for 25 years by the General Electric Company, with various roles in Power and Industrial Systems including as an Application Engineer, Project Engineer, Applications and Sales Manager for Power Systems Protection, and Area Sales Manager for Power Systems Engineering.
3. I received a Bachelor of Science degree in Electrical Engineering from Worcester Polytechnic Institute in Worcester, Massachusetts; and a Master of Science degree in Electric Power Engineering from Rensselaer Polytechnic Institute in Troy, New York.

II. Purpose of this Affidavit

4. The purpose of this affidavit is to further explain the justifications for, and the benefits of, the NYISO’s proposed New Capacity Zone (“NCZ”) ICAP market mitigation tariff revisions. Specifically this affidavit explains that: (1) the proposed exemption for Special Case Resources (“SCRs”) that were enrolled in the Capability Year that includes the NYISO’s March 31 Filing proposing the NCZ in which the resource is located, is consistent with rationale underlying the exemption rule for generators and UDR projects that is articulated in the Affidavit of Dr. David B. Patton, (2) the ICAP Market Mitigation Measures for NCZs are appropriately modeled after the existing, Commission-approved,

¹ Terms with initial capitalization not defined herein shall have the meaning set forth in the NYISO’s Market Administration and Control Area Services Tariff (“Services Tariff”), and if not defined therein, then as defined in the NYISO’s November 7, 2011 compliance filing (“November 2011 Filing”) in this proceeding.

ICAP Market Mitigation Measures that are currently applicable to Load Zone J (*i.e.*, New York City); and (3) it is appropriate to provide an Indicative BSM Determination based on the ICAP Demand Curve filed by the NYISO for the Mitigated Capacity Zone to projects in Class Years that are not yet complete.

III. The Proposed Grandfathering Test for Special Case Resources Is Consistent with the Rationale for Generators and UDR Projects as Set Forth in Dr. Patton's Affidavit

5. SCRs are facilities that offer capacity in the form of their ability to curtail their system load during specific periods when called upon. Because the primary business of SCRs is not the provision of capacity, the "Commenced Construction"² criteria are not applicable. The amount of capacity SCRs are willing or have the ability to curtail can change from month to month, and significantly from one Capability Period to the next. For these reasons it is appropriate to exempt SCRs that have been enrolled in the market prior to the NYISO's filing of a proposed NCZ that includes the location of the SCR. Consistent with the rationale in the Dr. Patton's Affidavit it is reasonable to conclude that the SCR did not enroll to artificially depress capacity prices in the NCZ. Therefore, it is appropriate to exempt previously enrolled SCRs from buyer-side mitigation. Unlike a Generator or UDR project, SCRs can more readily enter and exit the ICAP market. Therefore, it is appropriate to limit the grandfathering exemption rule to only those SCRs that were enrolled in the same Capability Year that the March 31 Filing that includes the location of the SCR in the proposed NCZ. These considerations are captured in the following new clause that the NYISO has proposed to add to Attachment H:

² See proposed revisions to Services Tariff Section 2.12 at definition of Commenced Construction.

“A Special Case Resource shall be exempt from the Offer Floor if [] 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 a Demand Curve Reset Filing Year in which the ISO proposes a New Capacity Zone that includes the location of the Special Case Resource.”³

6. SCRs can also be exempt under the terms of the Commission’s May 20, 2010 Order.⁴ Such Offer Floor exemption is available if “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.”⁵

IV. There Are Many Benefits to Basing NCZ ICAP Market Mitigation Measures on the Framework of the Commission-Approved Mitigation Rules Currently Applicable to Load Zone J

7. There are a number of reasons to use the ICAP market mitigation measure framework established for New York City as the framework for the NCZ rules.
8. The existing ICAP mitigation measures for New York City were the product of years of stakeholder discussions and reflect the guidance offered by the Commission in multiple orders. The Commission, and the NYISO’s independent Market Monitoring Unit have concluded that they appropriately address both supplier-side and buyer-side market power mitigation. The supplier-side mitigation rules are designed to apply to those entities that have the ability to exercise market power. The buyer-side mitigation measures are designed to strike the balance between mitigating uneconomic entry and allowing new economic generation to be built without erecting inefficient barriers to entry. These principles should be part of the ICAP mitigation measures for New Capacity Zones. Using the same mitigation rule framework would establish a consistent set of rules across all Mitigated Capacity Zones and consistency provides important benefits.

³ See proposed Attachment H Section 23.4.5.7.5(a).

⁴ *New York Indep. Sys. Operator, Inc.*, 131 FERC ¶ 61, 170 (2010) (“May 2010 Order”).

⁵ See proposed Attachment H Section 23.4.5.7.5(b). The NYISO proposed to add that provision to Attachment H in compliance with the Commission’s May 2010 Order. See *New York Indep. Sys. Operator, Inc. Compliance Filing*, Docket ER10-2210-000, *et al.*, (filed August 24, 2010, as a re-submission of an August 10, 2010 filing in the same docket). That filing is currently pending before the Commission

9. First, Market Participants are already familiar with the existing New York City ICAP mitigation rules. Using that framework in NCZs would facilitate Market Participant understanding of the rules, allow them to anticipate how the ICAP mitigation rules will be applied, and thereby promote greater transparency in the implementation of the rules. Second, the NYISO itself is already familiar with the New York City mitigation rules. It will be easier for the NYISO to administer a uniform mitigation framework than to manage different rule sets in different Mitigated Capacity Zones. Having readily administrable ICAP mitigation rules would also facilitate the implementation of additional NCZs that may be established over time. Third, the Commission has already accepted the existing New York City mitigation rules as just, reasonable, and not unduly discriminatory. Basing the NCZ ICAP mitigation design on them should minimize the uncertainty involved in the creation of NCZs while reducing the scope of potential controversies and the likelihood of consequent implementation delays.
10. In addition to capturing the benefits of consistency, the NYISO's NCZ ICAP mitigation proposal also includes the flexibility necessary to accommodate potential differences among NCZs, for example, the minimum quantity of UCAP controlled. Accordingly, the proposed tariff revisions provide for each NCZ to have a Pivotal Supplier threshold. That threshold will be proposed by the NYISO its March 31 Filing in a Demand Curve Reset Year, proposing an NCZ. The revisions proposed in the Pivotal Supplier definition make clear that the threshold must be accepted by the Commission.⁶

V. It Is Appropriate to Provide an Indicative BSM Determination Based on the As-Filed ICAP Demand Curve for the Applicable Mitigated Capacity Zone

11. In the event that the Class Year process has been initiated, and the ICAP Demand Curve for an NCZ has been filed by the NYISO, but not yet accepted by the Commission, the NYISO proposes to utilize the ICAP Demand Curve that it will file by November 30⁷ to calculate

⁶ See Attachment H Section 23.2.1 at definition of Pivotal Supplier.

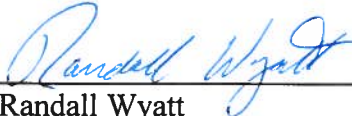
⁷ See November 2011 Filing proposing revisions to Services Tariff 5.14.1.2. In that filing the NYISO proposes to file an ICAP Demand Curve for any New Capacity Zone concurrent with its filing of the ICAP Demand Curves in the triennial reset process.

an Indicative BSM Determination. Project developers could use this information when they consider whether to accept the Project Cost Allocations in the decisional rounds of the Class Year process. Once the Commission accepts the ICAP Demand Curves for a newly established NCZ (whether before or after the Class Year is completed), the NYISO would utilize the accepted ICAP Demand Curves when examining NCZ Examined Projects. The proposed rule makes clear that the exemption or Offer Floor determination will not be based on the as-filed ICAP Demand Curve for the applicable Mitigated Capacity Zone. The as-filed ICAP Demand Curve will be used only for the Indicative BSM Determination. Further, for NCZ Examined Projects receiving CRIS that only have an Indicative BSM Determination at the time the Class Year is completed, the NYISO will issue the exemption or Offer Floor determination based on the Commission-accepted ICAP Demand Curve for the applicable Mitigated Capacity Zone.

12. In the absence of a Commission-accepted ICAP Demand Curve[s] for the NCZ, utilizing the as-filed Demand Curves in the calculation of the “Indicative BSM Determinations” provides information on the potential exemption or Offer Floor determination. The NYISO considered the alternative of using the ICAP Demand Curve that then-applied to the Load Zone in which the project was located in an Indicative BSM Determination. The NYISO concluded, however, that this would not be informative because the purpose of the creation of NCZs is to provide a clear price signal to locate new generation in the NCZ, and not a signal based on the ICAP Demand Curves applicable to a project absent the creation of the NCZ.
13. This concludes my affidavit.

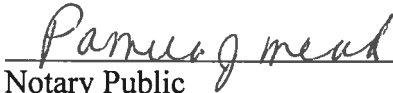
ATTESTATION

I am the witness identified in the foregoing affidavit. I have read the affidavit and am familiar with its contents. The facts set forth therein are true to the best of my knowledge, information, and belief.


Randall Wyatt

June 29, 2012

Subscribed and sworn to before me
this 29th day of June, 2012


Notary Public

My commission expires: 6/24/2014

