

January 08, 2010

By Hand Delivery

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: Compliance Filing of the New York Independent System Operator, Inc.,
Docket No. ER10-65-000**

Dear Secretary Bose:

In compliance with the Commission's December 11, 2009 Order ("December 11 Order"), the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The December 11 Order conditionally accepted a filing made by the NYISO on October 15, 2009 ("October 15 Filing"), but directed the NYISO to submit revised tariff sheets, placing the protocols of the Administrative Practices Manual into its Services Tariff and to make one modification to its protocols.

I. Documents Submitted

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

II. Background

The NYISO's October 15 Filing responded to a February 2009 Commission order in Docket ER09-405-000 directing the NYISO to, *inter alia*, "develop[] procedures for stakeholder involvement in the analysis of errors and the development of corrective action."¹

¹ *N. Y. Indep. Sys. Operator, Inc.*, 126 F.E.R.C. ¶61,100 at P. 19, 21 [2009]

The NYISO's October 15 Filing presented procedures for stakeholder involvement in the analysis of errors and the development of corrective action ("notification protocols") which had been developed with its stakeholders, and proposed placing these notification protocols in a new NYISO Administrative Practices Manual ("Manual"). The NYISO and its stakeholders also proposed a one-sentence tariff amendment referencing the availability of these new procedures on the NYISO's website.

The Commission's December 11 Order found that the NYISO's proposed notification protocols were reasonable, provided that they were added to the NYISO Tariff. The Commission also required that the NYISO change its notification protocols to require that the NYISO immediately inform both its Market Monitoring Unit and the Commission's Office of Enforcement upon discovery of a potential Market Problem.²

III. Tariff Description and Justification

The NYISO proposes to locate the notification protocols in a new subsection 3.5.1 of its Services Tariff entitled "Market Problems Reporting Procedure" and to insert a requirement that the NYISO immediately notify its Market Monitoring Unit and the Commission's Office of Enforcement upon discovery of a potential Market Problem. The NYISO proposes to merge the first two paragraphs of the newly inserted language in order to make this revision.

The previous language in the Manual read:

Upon discovery of a potential Market Problem, the NYISO will notify its Independent Market Advisor of the issue.

Upon the determination in consultation with the Independent Market Advisor that there is sufficient credible information to believe that a Market Problem has occurred, the NYISO will report the Market Problem to appropriate Commission staff.

The new proposed language in the Services Tariff reads:

Upon ISO discovery of a potential Market Problem, the ISO will immediately report the Market Problem to the Market Monitoring Unit and to the Commission's Office of Enforcement.

The balance of the protocols in this new subsection is the same as the language submitted in the October 15 Filing.³ The balance of the proposed revisions ensure that

²Unless otherwise indicated, terms that are capitalized are used as defined in the NYISO's Services Tariff.

³ The NYISO has replaced colloquial references with more appropriate references. These include changes

Market Participants are promptly notified when there is an error affecting the NYISO's markets, and that Market Participants, the Commission and the NYISO's Market Monitoring Unit are provided with impact and corrective action information in a timely fashion.

The NYISO also proposes to move existing language under a new subsection, 3.5.2, titled, "Provision of Data by Market Participants" in order to separate this existing language from the new provisions.

Finally the NYISO proposes to add a definition of the term "Market Problem" to Article 2 of its Services Tariff, to clearly identify those issues to which the proposed notification protocols apply and particularly to distinguish them from "Market Violations."⁴ The definition reads as follows:

2.103a Market Problem

An issue which requires notification to Market Participants, the Commission and the Market Monitoring Unit pursuant to Section 3.5.1 of this Services Tariff. It includes market design flaws, software implementation and modeling anomalies or errors, market data anomalies or errors, and economic inefficiencies that have a material effect on the ISO-administered markets or transmission service. The term does not include erroneous Energy or Ancillary Services prices (which are managed through procedures outlined in Attachment E to the Services Tariff) or erroneous customer settlements.

IV. Effective Date

The NYISO requests an effective date for these tariff amendments of December 13, 2009, as conditionally accepted in the December 11 Order.

V. Communications and Correspondence

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

Robert E. Fernandez, General Counsel
Elaine Robinson, Director of Regulatory Affairs
*Mollie Lampi, Assistant General Counsel
* Kristin Bluvias, Attorney
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in the definition of the term "Market Problem" to delete unnecessary references to internal NYISO working groups.

⁴ See NYISO Market Services Tariff, Attachment O, § 2.9 (defining Market Violation).

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* Persons designated for receipt of service.

VI. Service

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will email 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 electric utility regulatory agency of New Jersey. The NYISO will also make a paper copy available to any interested party that requests one.⁵

VII. 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 December 13, 2009.

Respectfully Submitted,

/s/ Kristin A. Bluvas
Kristin A. Bluvas
Attorney
New York System Operator, Inc.

cc: Michael A. Bardee
Gregory Berson
Connie Caldwell
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Jeffrey Honeycutt
Michael McLaughlin
Kathleen E. Nieman
Daniel Nowak
Rachel Spiker

⁵ 18 C.F.R. § 35.2(e) (2009)

Attachment I

2.102d Market Monitoring Unit

“Market Monitoring Unit” shall have the same meaning in this ISO Services Tariff as it has in the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

2.103 Market Participant

An entity, excluding the ISO, that produces, transmits, sells, and/or purchase for resale Unforced Capacity, Energy or Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.

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Issued by: Stephen G. Whitley, President
Issued on: January 8, 2010

Effective: December 13, 2009

Filed to comply with an order of the Federal Energy Regulatory Commission, Docket Nos.: ER10-65-000 and ER09-405-001, issued December 11, 2009, 129 FERC ¶ 61, 217 (2009).

3.5 ISO Procedures

The ISO shall develop, and modify as appropriate, procedures for the efficient and non-discriminatory operation of the ISO Administered Markets and for the safe and reliable operation of the NYCA in accordance with the terms and conditions of the Tariff. All such procedures must be consistent with Good Utility Practice.

3.5.1 Market Problems Reporting Procedure

Upon ISO discovery of a potential Market Problem, the ISO will immediately report the Market Problem to the Market Monitoring Unit and to the Commission's Office of Enforcement.

The ISO will then report the Market Problem to Market Participants, subject to applicable confidentiality restrictions, unless it is determined in consultation with Commission staff that disclosure could lead to gaming or other harmful outcomes. The report will also be provided to Market Participants in an e-mail notice with this subject line: "Notice of a Market Problem."

The ISO will accomplish all three of the above steps as soon as possible, but in no event longer than five calendar days after discovery of the potential Market Problem.

In the event of a determination that disclosure of a Market Problem could lead to gaming or other harmful outcomes, ISO, unless otherwise directed by Commission staff, will provide notice to the Market Participants of the identification of a potential Market Problem and the conduct of a confidential investigation. Thereafter, the ISO shall consult with Market Participants as soon as practicable after resolution of the underlying issue pursuant to direction from the Commission.

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In the event of an exigent circumstances filing of tariff amendments pursuant to Article 19 of the ISO Agreement, this consultation would include seeking concurrence on the Section 205 filing from the Management Committee.

If no exigent circumstances filing is made, the ISO will provide an opportunity for Market Participants to comment prior to a request to FERC for a tariff waiver or other remedy. In the ISO's reports to Market Participants, subject to applicable confidentiality restrictions, the NYISO will provide the following information:

- Description of the Market Problem and tariff implications as appropriate;
- Description of the time frame involved;
- Description of underlying cause of the Market Problem;
- Description of economic impacts; and
- Description of steps planned or taken to address the Market Problem including a proposed timetable for the developing necessary tariff revisions, if applicable, as developed in consultation with Market Participants. The ISO will also report when it determines a Market Problem investigation has concluded.

Except where a longer period of analysis is required, the ISO will provide an explanation to all Market Participants of its proposed steps to address the Market Problem as soon as reasonably possible, but in no event later than 30 calendar days of its initial notice to Market Participants and the ISO shall make staff available to discuss proposed remedy at the appropriate working group or committee with advance notice to all Market Participants. Where a longer period of analysis is required, the ISO will provide updates to Market Participants at least quarterly.

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3.5.2 Provision of Data By Market Participants

Whenever requested by the ISO, each LSE shall provide the ISO with a forecast of the Loads for which it is responsible for the particular time period designated by the ISO. Customers shall inform the ISO, in accordance with the ISO Procedures, of the Availability of Generators within the NYCA subject to a Customer's control by Energy contract, ownership or otherwise. Additionally, the Transmission Owners will provide megawatt, megavar, voltage readings, transmission system data (facility ratings and impedance data), and maintenance schedules for all Transmission Facilities Under ISO Operational Control, and any person or entity that owns transmission facilities associated with an award of Incremental TCCs under Section 2C of Attachment M to the ISO OATT and Section 2C of Part IV of Attachment B to the ISO Services Tariff, shall be responsible for providing the same data and schedules to the ISO. For Transmission Facilities Requiring ISO Notification, the Transmission Owners shall inform the ISO of all changes in the status of the designated transmission facilities. Transmission Owners and persons or entities that own transmission facilities associated with an award of Incremental TCCs shall provide such data and schedules pursuant to applicable provisions of the ISO Procedures. Suppliers will provide data on Generator status and output including maintenance schedules, Generator scheduled return dates (inclusive of return to service from maintenance, forced outages or partial unit outages that resulted in a significant reduction in a generating unit's ability to produce Energy in any hour), and Generator machine data, in accordance with the ISO Procedures. These data shall also include Generator

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Attachment II

2.102d Market Monitoring Unit

“Market Monitoring Unit” shall have the same meaning in this ISO Services Tariff as it has in the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

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3.5 ISO Procedures

The ISO shall develop, and modify as appropriate, procedures for the efficient and non-discriminatory operation of the ISO Administered Markets and for the safe and reliable operation of the NYCA in accordance with the terms and conditions of the Tariff. All such procedures must be consistent with Good Utility Practice. ~~The ISO shall report to Staff of the Federal Energy Regulatory Commission and to Market Participants on problems that may arise with regard to its operation of NYISO markets pursuant to procedures posted to its website.~~

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Upon ISO discovery of a potential Market Problem, the ISO will immediately report the Market Problem to the Market Monitoring Unit and to the Commission's Office of Enforcement.

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In the event of a determination that disclosure of a Market Problem could lead to gaming or other harmful outcomes, ISO, unless otherwise directed by Commission staff, will provide notice to the Market Participants of the identification of a potential Market Problem and the conduct of a confidential investigation. Thereafter, the ISO shall consult with Market Participants as soon as practicable after resolution of the underlying issue pursuant to direction from the Commission.

In the event of an exigent circumstances filing of tariff amendments pursuant to Article 19 of the ISO Agreement, this consultation would include seeking concurrence on the Section 205 filing from the Management Committee.

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Customers shall inform the ISO, in accordance with the ISO Procedures, of the Availability of Generators within the NYCA subject to a Customer's control by Energy contract, ownership or otherwise. Additionally, the Transmission Owners will provide megawatt, megavar, voltage readings, transmission system data (facility ratings and impedance data), and maintenance schedules for all Transmission Facilities Under ISO Operational Control, and any person or entity that owns transmission facilities associated with an award of Incremental TCCs under Section 2C of Attachment M to the ISO OATT and Section 2C of Part IV of Attachment B to the ISO Services Tariff, shall be responsible for providing the same data and schedules to the ISO.

For Transmission Facilities Requiring ISO Notification, the Transmission Owners shall inform the ISO of all changes in the status of the designated transmission facilities. Transmission Owners and persons or entities that own transmission facilities associated with an award of Incremental TCCs shall provide such data and schedules pursuant to applicable provisions of the ISO Procedures. Suppliers will provide data on Generator status and output including maintenance schedules, Generator scheduled return dates (inclusive of return to service from maintenance, forced outages or partial unit outages that resulted in a significant reduction in a generating unit's ability to produce Energy in any hour), and Generator machine data, in accordance with the ISO Procedures. These data shall also include Generator

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