

February 12, 2010

By Hand Delivery

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

**Re: *New York Independent System Operator, Inc.*, Clarification to Tariff
Revisions for the Development of Statewide Day-Ahead Reliability
Unit Requests, Docket No. ER10-231-000**

Dear Secretary Bose:

In compliance with Section 205 of the Federal Power Act, Part 35 of the Commission's regulations,¹ and the Commission's January 7, 2010 Order ("January 7 Order")² in this proceeding, the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed revisions to its Market Administration and Control Area Services Tariff ("Services Tariff"). The January 7 Order accepted a filing made by the NYISO on November 6, 2009 ("November 6 Filing"), but directed the NYISO to submit tariff revisions to clarify the rules for posting of Day-Ahead Reliability Unit ("DARU") commitments to the NYISO website.

The NYISO's November 6 Filing revisions to its Services Tariff allow the NYISO to make DARU commitment determinations for statewide reliability purposes prior to the close of the Day-Ahead Market ("DAM"). Citing the unanimous support from NYISO stakeholders in its January 7 Order, the Commission approved the expansion of DARU authority to the NYISO for statewide reliability. The Commission, however, found that part of the proposed revisions to Section 4.2.4.1 of the Services Tariff, which addresses the timing DARU commitments are posted on the NYISO website, to be confusing and ordered the NYISO to file tariff revisions within thirty (30) days to clarify the process for posting DARU commitments to the NYISO website.³

The NYISO respectfully requests that the Commission accept this filing clarifying the process for posting DARU requests and commitments on the NYISO website.

¹ 18 C.F.R. § 35 *et seq.* (2009).

² *New York Independent System Operator, Inc.*, 130 FERC ¶ 61,017 (2010).

³ Due to the recent closure of FERC Headquarters, the NYISO submits this filing on February 12, 2010, in accordance with the timeframe established in the January 7 Order and 18 C.F.R. 385.2007 of the Commission's regulations.

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

As the NYISO's DARU process was originally implemented, DARU requests made by Transmission Owners were posted on the NYISO website following the close of the DAM. Section 4.2.4.1 of the Services Tariff originally provided:

All requests by Transmission Owners to commit Generators pursuant to this Section 4.2.4.1 shall be posted upon receipt on the ISO website following the close of the Day Ahead Market.

The NYISO implemented the above language, consistent with its procedures, by posting DARU commitments at the close of the DAM. The NYISO's initial method of implementing the DARU rules occasionally resulted in circumstances where a DARU-committed Generator was not available to run due to circumstances that the Transmission Owner was not aware of at the time it submitted its DARU request. For Generators located in the New York City Constrained Area, whose DARU Bids are subject to automated mitigation, this circumstance can be addressed by providing advance, advisory notice of DARU requests. The NYISO, with the support of its stakeholders, proposed Tariff language in its November 6 Filing that was intended to permit the NYISO to provide advisory notice of a possible DARU commitment to New York City generators, but not to Generators located outside the New York City Constrained Area.

While the revised tariff language was confusing, as stated by the Commission in its January Order, the intent was to permit the NYISO to provide advance notice to appropriate Generators.⁴ The advance notice will allow a Generator that is subject to a DARU request to take the necessary steps to run as requested or to communicate — before the DAM is closed — any issues the Generator may have in fulfilling the DARU commitment. Because this notification will occur before the DAM closes the Transmission Owner may be able to modify the original DARU requests, submit a new DARU request for a different unit, or some combination thereof, when it is alerted that a unit is unavailable to run as requested or has other operating restrictions that limit that

⁴ Advance notice of DARU requests will be provided by immediate posting of the Transmission Owner request to the NYISO website and an advisory email sent to the Generator only when the Generator is located in New York City, a Constrained Area as defined by Attachment H to the Services Tariff, which contains mitigation rules to prevent the exercise of market power.

unit's ability to satisfy the original DARU request. At the close of the DAM all outstanding requests by Transmission Owners and decisions by the ISO made pursuant to Section 4.2.4.1 become binding DARU commitments⁵ and will be posted to the NYISO website.

On January 13, 2010, the NYISO implemented the new software that enables it to commit Generators to address statewide reliability issues using the DARU process. In addition, as requested by NYISO stakeholders, the software permits the NYISO to provide advisory notice to Generators and simultaneously to the market. The NYISO has developed a detailed set of revised procedures that require the NYISO to immediately post the DARU request for New York City Generators to the NYISO website and provide an email notice of the request to the affected Generator at the time the request is received. This advance notice is advisory and non-binding. It is only provided to Generators located in New York City because these units are subject to automated reliability mitigation rules. Advance DARU notification for units in the rest of the State is not provided, but will be addressed in the rest-of-state reliability mitigation discussions.

The additional tariff revisions described below are intended to more accurately and clearly describe the steps the NYISO will take when posting DARU requests and commitments to its website.

III. Description of Proposed Tariff Revisions

In response to the Commission's January 7 Order the NYISO submits proposed revisions to Section 4.2.4.1 of the Services Tariff in order to clarify the process employed by the NYISO to post DARU requests to the NYISO website.

Section 4.2.4.1: The NYISO proposes to modify the language of this section to make clear that it will post all final DARU commitments at the close of the DAM regardless of whether it is made by the NYISO to address statewide reliability concerns or a Transmission Owner to address local reliability issues. In addition the NYISO will post on its website and e-mail an advisory notice of a DARU request made by a Transmission Owner to address local reliability where the needed Generator is located in a Constrained Area, as defined in Attachment H to the Service Tariff.

⁵ DARU commitments at the close of the DAM ensure against an economic decommitment in the SCUC of a unit which is needed for reliability. If, however, the SCUC optimization commits a unit economically for the time period it is needed to run for reliability purposes, the commitment of the unit will no longer be considered a DARU commitment for cost accounting purposes.

IV. Effective Date

The attached tariff sheets reflect a clarification to the tariff language accepted by the Commission in its January 7 Order; the NYISO, therefore, requests an effective date for these tariff amendments of January 13, 2010, which is the effective date for the tariff sheets filed in this proceeding and the date the necessary software changes were implemented into the NYISO's scheduling system.

V. Communications and Correspondence

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

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* Persons designated for receipt of service.

VI. 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 and to the New York Public Service Commission. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one.

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 January 13, 2010.

Respectfully Submitted,

/s/ David Allen

David Allen

Attorney

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Attachment I

All Generator commitments made in the Day-Ahead Market pursuant to this Section 4.2.4.1 shall be posted on the ISO website following the close of the Day-Ahead Market, in accordance with ISO procedures. In addition, the ISO shall post on its website a non-binding, advisory notification of a request, or any modifications thereto, made pursuant to this Section 4.2.4.1 in the Day-Ahead Market by a Transmission Owner to commit a Generator that is located within a Constrained Area, as defined in Attachment H of this Services Tariff. The advisory notification shall be provided upon receipt of the request and in accordance with ISO procedures.

After the Day-Ahead schedule is published, the ISO shall evaluate any events, including, but not limited to, the loss of significant Generators or transmission facilities that may cause the Day-Ahead schedules to be inadequate to meet the Load or reliability requirements for the Dispatch Day.

In order to meet Load or reliability requirements in response to such changed conditions the ISO may: (i) commit additional Resources, beyond those committed Day-Ahead, using a SRE and considering (a) Bids submitted to the ISO that were not previously accepted but were designated by the bidder as continuing to be available; or (b) new Bids from all Suppliers, including neighboring systems; or (ii) take the following actions: (a) after providing notice, require all Resources to run above their UOL_{NS}, up to the level of their UOL_{ES} (pursuant to ISO

Procedures) and/or raise the UOL_{NS} of Capacity Limited Resources and Energy Limited Resources to their UOL_E levels, or (b) cancel or reschedule transmission facility maintenance outages when possible. Actions taken by the ISO in performing supplemental commitments will not change any financial commitments that resulted from the Day-Ahead Market

4.2.5 Reliability Forecast for the Six Days Following the Dispatch Day

In the SCUC program, system operation shall be optimized based on Bids over the Dispatch Day. However, to preserve system reliability, the ISO must ensure that there will be

Attachment II

All ~~requests~~ Generator commitments made in the Day-Ahead Market pursuant to this Section 4.2.4.1 by Transmission Owners or decisions by the ISO to commit Generators, pursuant to this Section 4.2.4.1, shall be posted on the ISO website, ~~upon receipt of the request or~~ following the close of the Day-Ahead Market, ~~pursuant to~~ in accordance with ISO procedures. In addition, the ISO shall post on its website a non-binding, advisory notification of a request, or any modifications thereto, made pursuant to this Section 4.2.4.1 in the Day-Ahead Market by a Transmission Owner to commit a Generator that is located within a Constrained Area, as defined in Attachment H of this Services Tariff. The advisory notification shall be provided upon receipt of the request and in accordance with ISO procedures.

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