

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

New York Independent System Operator, Inc.) Docket No. ER11-2224-000

**REQUEST FOR EXPEDITED CLARIFICATION AND FOR EXPEDITED ACTION OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

Pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 (2010), the New York Independent System Operator, Inc. (“NYISO”) hereby seeks expedited clarification of one aspect of the Commission’s January 28, 2011 order on proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) to update the Installed Capacity¹ (“ICAP”) Demand Curves for Capability Years 2011/2012, 2012/2013, and 2013/2014 (“January Order”).² The NYISO is seeking confirmation that it should apply the 1.7 percent escalation factor that the January Order found to be just and reasonable, to the currently effective ICAP Demand Curves, in order to establish the ICAP Demand Curves that will be effective for the Capability Period beginning May 1, 2011.³

The NYISO also respectfully requests that the Commission take any action necessary, including shortening its usual notice and comment periods, to allow for the issuance of an order granting clarification no later than March 9, 2011. Expedited action would enable the NYISO to

¹ Terms with initial capitalization not defined herein shall have the meaning set forth in the Services Tariff.

² *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,058 (2011) (“January Order”). The NYISO intends to file a separate request for clarification and/or rehearing of the January Order for issues which do not require expedited Commission action.

³ The NYISO will be making a compliance filing on March 29, 2011, in accordance with the Commission’s Order to modify the proposed ICAP Demand Curves (which will be filed without prejudice to the NYISO’s request for clarification and/or rehearing). In compliance with PP 1 and 168 of the January Order, the NYISO will, in that compliance filing, indicate the effective date by which “it anticipates implementing the new demand curves.”

calculate and post ICAP Demand Curve values for its Market Participants, and translate the ICAP values into Unforced Capacity (“UCAP”) for NYCA and Transmission District minimum UCAP requirements, and assign each Load Serving Entity its UCAP obligation in accordance with Services Tariff §5.12.11 and ICAP Manual § 2.5 and §§ 3.3 – 3.4, in advance of the start of the Summer 2011 Capability Period. Expedited action would thus avoid harmful uncertainty and facilitate participation in the NYISO-administered ICAP auctions.

I. REQUEST FOR EXPEDITED CLARIFICATION

The January Order conditionally accepted the NYISO’s proposed ICAP Demand Curves subject to the submission of a compliance filing within sixty days and suspended them to be effective the earlier of June 28, 2011 or on an alternative date that may be set by the Commission in the future. The NYISO will be making a compliance filing on March 29, 2011 in accordance with the Commission’s January Order to modify its previously proposed ICAP Demand Curves (which will be filed without prejudice to the NYISO’s request for clarification and/or rehearing). In the January Order, the Commission stated that “revisions to the Services Tariff [will] be effective the earlier of June 28, 2011, or a date set by subsequent Commission order....”⁴ The Commission directed that the “NYISO should indicate in its compliance filing the date it anticipates implementing the new demand curves.”⁵ Accordingly, the NYISO plans to indicate in its compliance filing an effective date for Services Tariff revisions that incorporate the proposed revised ICAP Demand Curves submitted with the filing. Until that time, however, the

⁴ January Order at P 1.

⁵ *Id.* at P 168.

January Order requires that “the currently effective demand curves ... remain in effect until superseded.”⁶

The NYISO requests clarification regarding the escalation factor to be applied to the Capability Year 2010-2011 ICAP Demand Curves. The January Order did not direct the NYISO to escalate the “currently effective” ICAP Demand Curves to reflect inflation. Given that the ICAP Demand Curves are established for an initial year and are escalated by a Commission-approved escalation factor for the latter years, the NYISO understands the Commission’s January Order to intend that the “currently effective” ICAP Demand Curves be escalated for use during the Summer 2011 Capability Period.

The NYISO requests clarification that it is to use the 1.7 percent escalation factor that was accepted without any conditions in the January Order, to escalate the currently effective ICAP Demand Curves starting on May 1, 2011. The January Order accepted the NYISO’s view that “the particular industry-specific and general inflation factors” underlying a 1.7 percent escalation factor were reasonable.⁷ The currently effective May 2010 – April 2011 Capability Year ICAP Demand Curves were derived based on the 2008/2009 ICAP Demand Curves and using an escalation factor of 7.8 percent. The NYISO respectfully submits that the most reasonable course is to apply the Commission accepted 1.7 percent escalation factor that the Commission has found to be prospectively just and reasonable to escalate the 2010-2011 Capability Year Curves to establish the ICAP Demand Curves that will be effective for the Summer 2011 Capability Period, unless and until the Commission determines an effective date for new ICAP Demand Curves.

⁶ *Id.*

⁷ *Id.* at P 150.

II. REQUEST FOR EXPEDITED ACTION

The NYISO respectfully requests that the Commission shorten the notice and comment period and take any other action necessary for it to expeditiously grant clarification no later than March 9, 2011. Expedited action would allow the NYISO to calculate and post ICAP Demand Curve values far enough in advance of its obligation to compute Summer Capability Period UCAP values and for ICAP auction deadlines. Expedited action would also allow the values to be available to NYISO's Market Participants sufficiently advance of those auctions. For example, the Capability Period Auction opens on March 28, 2011 and the date by which credit requirements for the Capability Period Auction must be established is March 21, 2011. The May Monthly Auction opens on April 8, 2011. Therefore, expedited Commission action is warranted to avoid unnecessary confusion and controversy regarding the applicable ICAP Demand Curves beginning on May 1, 2011 and to provide the greatest possible certainty during the time when Market Participants will be making decisions regarding the 2011 Summer Capability Period Auctions.⁸

III. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission grant its requested clarification on the issues specified above.

Respectfully submitted,

/s/ Ted J. Murphy

Ted J. Murphy

Counsel for the

New York Independent System Operator, Inc.

February 9, 2011

⁸ The NYISO will also submit an initial compliance filing amending Section 5.14.1.2 of the Services Tariff with proposed values for ICAP Demand Curves for the 2011 Summer Capability Period, by February 22, 2011.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 9th day of February, 2011.

/s/Ted J. Murphy

Hunton & Williams LLP
1900 K Street, NW
Washington, DC 20426
(202) 955-1500