

April 18, 2013

**By Electronic Delivery**

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

**Re: Corrections to *Buyer-Side Mitigation Narrative and Numerical Examples* Referenced in Docket Nos. EL11-42, ER12-2414, and EL12-98**

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits this letter to officially inform the Commission, and the parties in the above captioned proceedings, of certain corrections that were recently made to the “Buyer-Side Mitigation Narrative and Numerical Example” that are posted on the NYISO’s website (“*BSM Narrative and Numerical Example*”).<sup>1</sup> The NYISO is submitting this letter solely for informational purposes. It is not requesting that the Commission take any action, and does not believe that any is necessary, in response to this letter. The NYISO does not believe that there is any reason for the Commission to issue a formal Notice concerning this letter because it is not seeking any relief, is not seeking to revise any prior NYISO filing, and the corrections described herein do not impact the disputed issues before the Commission in the above-captioned proceedings.<sup>2</sup> The NYISO is serving a copy of this letter on all parties in the three dockets and posting a copy on its website.

Paragraph 50 of the Commission’s June 22, 2012 order in Docket No. EL11-42<sup>3</sup> (“June Order”) directed the NYISO to:

provide examples on its website to clarify, in general, how the mitigation exemption test and offer floor calculations are implemented. The examples

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<sup>1</sup> The current (clean) version of the *BSM Narrative and Numerical Example* is posted at <[http://www.nyiso.com/public/webdocs/markets\\_operations/market\\_data/icap/In-City\\_Mitigation\\_Documents/In-City\\_Mitigation\\_Documents/BSM\\_Narrative\\_and\\_Numerical\\_Example\\_March\\_29\\_2013.pdf](http://www.nyiso.com/public/webdocs/markets_operations/market_data/icap/In-City_Mitigation_Documents/In-City_Mitigation_Documents/BSM_Narrative_and_Numerical_Example_March_29_2013.pdf)>.

<sup>2</sup> The compliance filing in ER12-2414, and the complaint in Docket No. EL12-98 are pending before the Commission. The Commission issued an order on the complaint in Docket No. EL11-42 in 2012 but requests for clarification and rehearing are pending.

<sup>3</sup> *Astoria Generating Co., L.P., et al.*, 139 FERC ¶ 61,244 (2012).

should use hypothetical data coupled with detailed narratives explaining how NYISO performs each of the required mitigation tests as well as how it determines and applies the offer floors for non-exempt projects.

On August 7, 2012, the NYISO posted the *BSM Narrative and Numerical Example*. The NYISO recently identified errors in the *BSM Narrative and Numerical Example*. It therefore posted on its website a corrected (clean) version, and a redlined version showing changes to the August 7, 2012 version.

The NYISO previously submitted an informational filing in Docket No. EL11-42 when the *BSM Narrative and Numerical Example* was first posted. The NYISO is therefore filing this letter in Docket No. EL11-42 as an update and to continue to provide transparency. In addition, the NYISO is filing this letter in Docket No. ER12-2414 which proposed compliance tariff revisions in response to the June Order and mentioned that the NYISO would be posting the *BSM Narrative and Numerical Example*.

One of the corrections in the most recent version of the *BSM Narrative and Numerical Example* pertains to the NYISO's method of calculating "Default Net CONE." The NYISO determined that it was not using the correct level of excess when calculating that value. Among other things, Default Net CONE is used in the determination of the Offer Floor to be applied to entities determined to be subject to buyer-side mitigation.

The Complainant in Docket No. EL12-98 made multiple references to the calculation of its Offer Floor in its filings. It appears that no party in that proceeding directly referenced the *BSM Narrative and Numerical Example* but there was one reference to the June Order's directive that it be posted. Accordingly, for the sake of completeness and transparency, the NYISO is filing this letter in Docket No. EL12-98 solely to inform parties that it has posted a corrected *BSM Narrative and Numerical Example*.

The NYISO is not submitting this letter in Docket No. EL11-50. The *BSM Narrative and Numerical Example* only pertains to the buyer-side mitigation rules for the New York City capacity market in effect starting on November 27, 2010. They do not implicate the "Pre-Amendment Rules" that were at issue in Docket No. EL11-50.

Respectfully submitted,

/s/ Gloria Kavanah  
Gloria Kavanah  
New York Independent System Operator, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Commission Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2012).

Dated at Washington, D.C. this 18<sup>th</sup> day of April, 2013.

/s/ Catherine Karimi

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