

February 24, 2014

By Electronic Delivery

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

**Re: *New York Independent System Operator, Inc., Compliance Filing to State
Currently Effective ICAP Demand Curves, Docket No. ER14-500-___***

In compliance with the Commission’s January 28, 2014 *Order Accepting Tariff Filing Subject to Condition and Denying Waiver*¹ on the November 29, 2013 proposed tariff revisions filed by the New York Independent System Operator, Inc. (“NYISO”) to implement revised Installed Capacity (ICAP)² Demand Curves for the 2014/2015, 2015/2016, and 2016/2017 Capability Years, the NYISO respectfully submits this compliance filing. The proposed compliance modifications to Section 5.14.1.2 of the Market Administration and Control Area Services Tariff (“Services Tariff”) establish that the ICAP Demand Curves for the new Locality encompassing Load Zones G, H, I, and J (“G-J Locality”) will be in full effect for the start of the 2014/2015 Capability Year beginning May 1, 2014 with no phase-in period. Ordering Clause A of the January Order established an effective date for the ICAP Demand Curves conditioned on the filing of the tariff revisions set forth in this compliance filing. Accordingly, the NYISO requests that the Commission accept this compliance filing with an effective date of January 28, 2014.

I. BACKGROUND

As part of the triennial Demand Curve reset process, the NYISO submitted a filing on November 29, 2013 to revise all the ICAP Demand Curves for the Capability Years 2014/2015, 2015/2016, and 2016/2017 (“ICAP Demand Curve Filing”).³ In its filing the NYISO submitted

¹ *Order Accepting Tariff Filing Subject to Condition and Denying Waiver*, 146 FERC ¶ 61,043 (2014) (“January Order”).

² Capitalized terms that are not otherwise defined herein shall have the meaning set forth in the NYISO’s Services Tariff.

³ The submission was dated November 27, 2014, but was accepted for filing by the Commission on November 29, 2013.

revised tariff language for Section 5.14.1.2 of the Services Tariff that contained the 36 points⁴ to establish the ICAP Demand Curves for the 2014/2015, 2015/2016, and 2016/2017 Capability Years for the NYCA, New York City, Long Island, and the new G-J Locality. These points were established using the Net Cost of New Entry for the proxy plant technology recommended by the NYISO in its ICAP Demand Curve Filing; however, as part of the ICAP Demand Curve Filing, the NYISO proposed modifications to four of these values in order to phase-in the ICAP Demand Curves for the new G-J Locality over the first two Capability Years and the associated cost impacts. As proposed in the ICAP Demand Curve Filing, the full ICAP Demand Curve for the G-J Locality would take effect at the beginning of the 2016/2017 Capability Year, and therefore the points provided in the proposed tariff language submitted in the ICAP Demand Curve Filing for this Capability Year were fully consistent with the proxy plant technology recommended for the G-J Locality after applying the appropriate escalation factors.

In the January Order the Commission accepted the proposed parameters used in the reset to capture the Net Cost of New Entry associated with the recommended proxy plant technologies in all four capacity regions. The Commission also accepted all the tariff changes that incorporate the points to establish the Demand Curves in all four regions except for the two modified reference points and the two modified maximum values associated with the proposed two year phase-in of the new ICAP Demand Curve for the newly established G-J Locality. The January Order directed the NYISO to file revisions to Section 5.14.1.2 to reflect the full ICAP Demand Curves for the G-J Locality for the 2014/2015 and 2015/2016 Capability Years.⁵ The NYISO is therefore making this compliance filing to submit proposed tariff language that fully implements the ICAP Demand Curve for the G-J Locality for the three Capability Years without any phase-in adjustment.

⁴ Three points were provided for each of the four regions and for each of the three Capability Years evaluated in this ICAP Demand Curve reset. The three defined points describe the ICAP Demand Curve that is a line segment with a negative slope that will result in higher values for capacity percentages less than 100% of the NYCA Minimum Installed Capacity Requirement or the Locational Installed Capacity Requirement (“reference point”) with the maximum value for each ICAP Demand Curve established at 1.5 times the estimated localized levelized cost per kW-month to develop a new peaking unit in each Locality or in Rest of State, as applicable. These points include the zero crossing point for the ICAP Demand Curve, the reference point when the supply equals the requirement, and the maximum value.

⁵ The Commission renewed this compliance directive in Docket No. ER14-39-001. In this separate proceeding the Commission accepted by Letter Order dated February 18, 2014 (“February Letter Order”), clarifying tariff revisions to Section 5.14.2 that were proposed by the NYISO in a January 10, 2014 compliance filing. In the February Letter Order the Commission renewed its compliance requirement for the NYISO to submit this compliance filing revising Section 5.14.1.2 in accordance with the Commission’s January Order. While the tariff revisions to Section 5.14.1.2 of the Services Tariff that are being proposed in this filing are required to take effect on January 28, 2014, this revised tariff language is provided on the accepted NYISO Services Tariff Section 5.14 Installed Capacity Supplier Shortfalls and Deficiency Payments, 14.0.0, which contains the revisions accepted in Docket No. ER14-39-001 with an effective date of March 15, 2014.

II. LIST OF DOCUMENTS SUBMITTED

The NYISO respectfully submits the following documents:

1. This filing letter;
2. A blacklined version of the modifications to Section 5.14.1.2 of the Services Tariff (“Attachment I”); and
3. A clean version of the modifications to Section 5.14.1.2 of the Services Tariff (“Attachment II”).

III. DESCRIPTION OF PROPOSED COMPLIANCE TARIFF REVISIONS

The NYISO respectfully requests that the Commission accept the tariff revisions in compliance with the January Order to be effective January 28, 2014. This filing revises the table in Section 5.14.1.2 establishing the full ICAP Demand Curve parameters for the new G-J Locality for 2014/15 and 2015/2016 in accordance with the January Order. This filing will result in the ICAP Demand Curves for the G-J Locality, as developed and recommended by the NYISO through its stakeholder process and approved by the Commission, being in full effect for the three Capability Years 2014/2015, 2015/2016, and 2016/2017.

IV. COMMUNICATIONS

Communications regarding this proceeding should be addressed to:

Robert E. Fernandez, General Counsel
Raymond Stalter, Director of Regulatory Affairs
* David Allen, Senior Attorney
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-7656
Fax: (518) 356-8825
rfernandez@nyiso.com
rstalter@nyiso.com
dallen@nyiso.com

* Ted J Murphy
Hunton & Williams LLP
1900 K Street, N.W.
Washington, D.C. 20006
Tel: (202) 955-1588
Fax: (202) 778-2201
tmurphy@hunton.com

*Noelle J. Coates⁶
Hunton & Williams LLP
1100 Brickell Ave.
Miami, FL 33131
Tel: (305) 536-2734
Fax: (305) 810-1635
ncoates@hunton.com

⁶ The NYISO respectfully requests waiver of the Commission’s regulations (18 C.F.R. § 385.203(b)(3) (2013)) to the extent necessary to permit service on counsel for the NYISO in both Miami and Washington, DC.

V. CONCLUSION

Wherefore, for the foregoing reasons, the NYISO respectfully requests that the Commission take action as requested herein.

Respectfully submitted,

/s/ David Allen

David Allen

Senior Attorney

New York Independent System Operator, Inc.

cc: Michael Bardee
Gregory Berson
Anna Cochrane
Jignasa Gadani
Morris Margolis
Michael McLaughlin
David Morenoff
Daniel Nowak

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document 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 Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 24th day of February, 2014.

/s/ Joy A. Zimmerlin

Joy A. Zimmerlin
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144
(518) 356-6207