

March 14, 2014

By Electronic Delivery

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

Re: *New York Independent System Operator, Inc.*, Docket No. ER14____-000;
Proposed Tariff Amendments to Clarify Price Correction Tariff Provisions

Dear Secretary Bose:

In accordance with Section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations, the New York Independent System Operator, Inc. ("NYISO") respectfully submits proposed amendments to its Market Administration and Control Area Services Tariff ("Services Tariff") and Open Access Transmission Tariff ("OATT") to clarify the description of the NYISO's price correction processes. These revisions do not introduce substantive changes to the price correction process; rather, they clarify the language used to describe the process to improve internal consistency. These proposed tariff amendments have been approved unanimously, with abstentions, by the NYISO's Management Committee.

I. Documents Submitted

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

¹ 16 U.S.C. §824d (2010).

II. Background

Attachment E, Section 20 of the NYISO's Services Tariff, and Attachment Q, Section 23 to the OATT guide the NYISO's process for reserving and correcting Energy and Ancillary Services prices used in NYISO settlements.² The NYISO reserves and corrects Energy and Ancillary Services prices in the Day-Ahead Market ("DAM") and the Real-Time Market ("RTM"). Because RTM settlements use prices produced by either the Real-Time Commitment ("RTC") or the Real-Time dispatch ("RTD") software programs, as described in Attachment B to the NYISO Services Tariff,³ the NYISO historically has reserved and / or corrected all RTC and RTD prices, whenever an error presented itself, whether those prices were used in calculating the RTM price used in settlements or not.

Five minor clarifications are being proposed for Attachment E to the NYISO Services Tariff and Attachment Q to the NYISO OATT.

III. Proposed Tariff Revisions and Justification

To improve understanding of the prices for which the processes and procedures of Attachments E and Q apply, the order of two sentences in the introductory paragraphs of these Attachments in the Services tariff and the OATT (Sections 20 and 23, respectively) is being reversed so that the section (as appearing in the Services Tariff) would read:

Section 20 Attachment E - Procedures for Reserving and Correcting Erroneous Energy and Ancillary Services Prices

These provisions shall control the reservation and correction of Energy and Ancillary Services prices that are posted on OASIS and used in ISO settlements.
The ISO shall review market clearing prices calculated for Energy and Ancillary Services and shall correct any price it determines not to have been calculated in accordance with the ISO tariffs as established in this Attachment E. ~~These provisions shall control the reservation and correction of Energy and Ancillary Services prices that are posted on OASIS and used in ISO settlements.~~

The NYISO is proposing to revise Services Tariff Section 20.1 and OATT Section 23.1 to use appropriate, comprehensive and internally consistent language to introduce three qualifications for correctly calculated prices that Attachments E and Q describe. That is, correctly calculated prices are those that are calculated in accordance with the NYISO tariffs,

² Capitalized terms not otherwise defined herein shall have the meaning specified in Section 1 of the OATT and Section 2 of the Services Tariff.

³ The RTC and RTD software packages are used to calculate real-time prices pursuant to the price setting details provided in Sections 17.1 and 17.1.2 of Attachment B to the Services Tariff.

based on the appropriate price-setting resource and timely posted. The NYISO is revising the sentence in these Sections to read:

To be ~~determined in accordance with the ISO tariffs~~ deemed a price that does not require correction, an Energy and Ancillary Service clearing price must be: (i) calculated correctly according to the relevant provision(s) of the ISO tariffs and (ii) based on the appropriate price-setting resource (*i.e.*, the marginal resource, except as otherwise provided by the ISO tariffs) and (iii) posted to the OASIS before the reservation deadline.

The NYISO is also proposing to revise Services Tariff Section 20.1.1 and OATT Section 23.1.1 to indicate that a price not timely posted becomes a calculation error only if the price that was not timely posted was a correctly calculated price. Whether timely posted or not, a price computed in a manner inconsistent with the ISO tariffs would be a calculation error under the existing language of these sections. The proposed revision is to add the underlined words:

In addition, a calculation error occurs when no price is calculated or a correctly calculated price is not timely posted to OASIS.

The NYISO is also proposing to revise Services Tariff Section 20.3 and OATT Section 23.3 to describe timely notification of potential errors *in real-time prices* rather than in terms of errors *in the two price setting software programs, RTC and RTD*. The amended sentence in both Sections would now read:

The ISO shall provide notice reserving a potentially erroneous ~~Real-Time Commitment~~ ~~Real-Time Dispatch~~ real-time price not later than 17:00 of the calendar day following the operating day for which the price was calculated.⁴

This revision will eliminate confusion as to which prices are reserved and corrected. Should the reservation and correction of a real-time price be required because of an error in a price produced by RTC or RTD that was used as, or in, a real-time price, the real-time price will be reserved and corrected. However, the NYISO will cease its practice of reserving and correcting all RTC prices as a matter of course regardless of whether they are used as, or in, the real-time price. Notwithstanding this adjustment in the NYISO's practice, NYISO customers will continue to have access in the Decision Support System to the LBMPs created by the RTC and RTD software.

Finally, the NYISO is proposing to amend Services Tariff Section 20.4 and OATT Section 23.4 to more accurately describe the information the NYISO provides to customers in

⁴ While the term real-time price is not a defined term, these are prices derived for and used in the Real-Time Market.

the event that it corrects a price. It provides not only the affected LBMP zone but also the affected Ancillary Service.

IV. Effective Date

The NYISO proposes that these tariff amendments become effective sixty days after filing, or May 13, 2014.

V. Requisite Stakeholder Approval

These amendments were approved by the NYISO Management Committee on December 18, 2013 unanimously with abstentions and by the NYISO's Board of Directors on January 14, 2014.

VI. Communications and Correspondence

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

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VII. Service

The NYISO will send 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 New Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

VIII. 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 May 13, 2014.

Respectfully submitted,

/s/Mollie Lampi

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