

May 21, 2014

By Electronic Delivery

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Compliance Filing of New York Independent System Operator, Inc.;
Docket Nos. EL13-74-000, ER14- -000**

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) hereby submits a compliance filing to fulfill the directives of Ordering Paragraph (B) of the Federal Energy Regulatory Commission’s (“Commission’s”) November 22, 2013, *Order Granting Complaint, In Part* (“November 22 Order”) in the above-captioned proceeding.¹ In response to the November 22 Order, the NYISO respectfully submits revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) and its Open Access Transmission Tariff (“OATT”) to permit the participation of demand response facilitated by behind-the-meter generation in the NYISO’s Day-Ahead Demand Response Program (“DADRP”).

The NYISO’s proposed revisions to the eligibility, measurement and verification, and reporting requirements for the DADRP will allow for the participation of demand response facilitated by behind-the-meter generation in the program. The NYISO presented its proposed revisions to its stakeholders on April 16, May 6, and May 19, 2014.² The NYISO has made changes to its proposed DADRP requirements to address stakeholder input provided at these meetings. However, the NYISO was not able to come to full agreement with certain stakeholders regarding a few requirements addressed in this filing. As described below, the NYISO believes that its proposed revisions are necessary to provide for the participation of Demand Side Resources in the DADRP in a manner that maintains system reliability and ensures that the resources are compensated only for the Load reduction that they actually provide.³ Nevertheless, the NYISO remains open to working with its stakeholders both through this proceeding and in the stakeholder process to identify enhancements to the DADRP requirements

¹ *Demand Response Supporters v. New York Independent System Operator, Inc.*, Order Granting Complaint, In Part, 145 FERC ¶ 61,162 (November 22, 2013) (“November 22 Order”).

² The NYISO’s stakeholder presentations regarding this compliance filing at its Market Issues Working Group on April 16, 2014, May 6, 2014, and May 19, 2014 are available at: http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_miwg.

³ Capitalized terms not otherwise defined herein shall have the meaning specified in Article 2 of the Services Tariff or Article 1 of the OATT.

that address their concerns, while still ensuring the NYISO's ability to verify actual Demand Reduction and to maintain system reliability.

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 blacklined version of the proposed revisions to the NYISO's Services Tariff ("Attachment II");
4. A clean version of the proposed revisions to the NYISO's OATT ("Attachment III"); and
5. A blacklined version of the proposed revisions to the NYISO's OATT ("Attachment IV").

II. COMMUNICATIONS

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⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2011) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, VA.

III. BACKGROUND

The DADRP is an economic demand response program pursuant to which a NYISO customer – the Demand Reduction Provider – may offer into the NYISO’s Day-Ahead Market for Energy a quantity of reduced electricity demand – a Demand Reduction – that is facilitated by a Demand Side Resource curtailing its Load.⁵ If its offer is selected, the Demand Reduction Provider is paid the Demand Reduction Incentive Payment and must curtail Load by the scheduled amount in real-time. The Demand Reduction Incentive Payment is equal to the product of: (a) the Locational Based Marginal Price (“LBMP”) at which the Day-Ahead Market settles for the relevant hour and location, and (b) the lesser of the verified actual Demand Reduction or the scheduled hourly Demand Reduction.⁶ Since 2003, Demand Reduction Providers have not been permitted to offer Demand Reduction in the NYISO’s Day-Ahead Market for Energy that is provided by a Demand Side Resource that operates a Local Generator⁷ to facilitate Load reduction, rather than by curtailing its Load.⁸

On March 15, 2011, the Commission issued Order No. 745 to address compensation for demand response resources participating in Energy markets administered by Independent System Operators (“ISOs”) and Regional Transmission Organizations (“RTOs”).⁹ On August 19, 2011, the NYISO submitted revisions to its DADRP requirements to comply with Order No. 745.¹⁰ The Commission accepted the NYISO’s compliance filing in part on May 16, 2013, and directed the NYISO to submit a further compliance filing to make certain tariff revisions and provide additional support for certain portions of its initial compliance filing (“May Compliance Order”).¹¹ In response to certain protests requesting that demand response facilitated by behind-the-meter generation be allowed to participate in the DADRP, the May Compliance Order found that Order No. 745 neither required, nor prohibited, such participation, and stated that “[i]f

⁵ A Demand Reduction Provider may offer the Demand Reduction of an individual Demand Side Resource registered as a DADRP resource or a group of Demand Side Resources collectively registered as a single DADRP resource.

⁶ NYISO Services Tariff § 4.2.6.

⁷ A “Local Generator” is defined in Section 2.12 of the NYISO Services Tariff as: “A resource operated by or on behalf of a Load that is either: (i) not synchronized to a local distribution system; or (ii) synchronized to a local distribution system solely in order to support a Load that is equal to or in excess of the resource’s Capacity. Local Generators supply Energy only to the Load they are being operated to serve and do not supply Energy to the distribution system.”

⁸ *New York Independent System Operator, Inc.*, 103 FERC ¶ 61,374 (2003) at P 3. Before 2003, non-diesel behind-the-meter generation was eligible to participate in the DADRP. *New York Independent System Operator, Inc.*, 95 FERC ¶ 61,223 (2001).

⁹ *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, 134 FERC ¶ 61,187 (March 15, 2011); *reh’g denied*, Order No. 745-A, 137 FERC ¶ 61,215 (Dec. 15, 2011); *reh’g denied*, Order No. 745-B, 138 FERC ¶ 61,148 (2012).

¹⁰ *New York Independent System Operator, Inc.*, Demand Response Compensation in Organized Wholesale Energy Markets, Docket No. ER11-4338-000 (August 19, 2011) (“August 2011 Compliance Filing”).

¹¹ *New York Independent System Operator, Inc.*, 143 FERC ¶ 61,134 (May 16, 2013) (“May Compliance Order”).

NYISO or its stakeholders determine that changes are warranted with respect to NYISO's existing practices in this area, such changes should be presented to the Commission in a separate proceeding.”¹² In response, Demand Response Supporters¹³ filed a complaint on June 17, 2013, requesting that the Commission order the NYISO to modify its tariffs so that demand response facilitated by behind-the-meter generation is eligible to participate in the DADRP.¹⁴

On August 14, 2013, the NYISO submitted its further Order No. 745 compliance filing in response to the directives of the May Compliance Order (“August 2013 Compliance Filing”).¹⁵ This further compliance filing is currently pending before the Commission. On November 22, 2013, the Commission issued an order in response to Demand Response Supporters’ complaint regarding the participation of demand response facilitated by behind-the-meter generation, directing the NYISO to develop and file tariff revisions within 180 days of the issuance of the order to integrate such resources in the DADRP.¹⁶ The November 22 Order stated that “[t]hese tariff provisions should address appropriate eligibility, measurement, verification, and control requirements to ensure that demand response facilitated by behind-the-meter generation is provided in a manner that maintains system reliability and ensures that the resources are compensated only for the demand response service that they actually provide.”¹⁷

IV. COMPLIANCE TARIFF REVISIONS

The NYISO proposes the revisions to the DADRP described in this Part IV to incorporate demand response facilitated by behind-the-meter generation into the program and to ensure the consistent application of the DADRP requirements to all participating resources. The proposed revisions amend the existing DADRP requirements to permit a Demand Side Resource to provide Demand Reduction by either curtailing its Load or by operating a Local Generator to facilitate Load reduction. Specifically, the NYISO proposes revisions to the eligibility, measurement and verification, and data reporting requirements of the DADRP.

A. Eligibility of Demand Side Resources that Operate a Local Generator to Facilitate Load Reduction in DADRP

The NYISO proposes to revise its tariffs to permit a Demand Reduction Provider to offer Demand Reduction from a Demand Side Resource that either curtails its Load or operates a

¹² *Id.* at P 101.

¹³ Demand Response Supporters consist of: EnerNOC, Inc.; Viridity, Inc.; Wal-mart Stores, Inc.; Converge, Inc.; and EnergyConnect, a Johnson Controls Company.

¹⁴ *Demand Response Supporters v. New York Independent System Operator, Inc.*, Joint Complaint of Demand Response Supporters, Docket No. EL13-74-000 (June 17, 2013).

¹⁵ *New York Independent System Operator, Inc.’s Compliance Filing in Docket No. ER11-4338-000*, Docket No. ER11-4338-000 (August 14, 2013) (“August 2013 Compliance Filing”).

¹⁶ November 22 Order at Ordering Paragraph (B).

¹⁷ November 22 Order at P 37.

Local Generator to reduce Load from the New York State Transmission System and/or the distribution system at the direction of the NYISO. That is, a Demand Reduction Provider will be permitted to offer in the NYISO's Day-Ahead Market for Energy the amount of a Demand Side Resource's reduced consumption of electricity from the New York State Transmission System and/or the distribution system at the direction of the NYISO – as measured from a validly established baseline of its Load – that will result from the increased generation of that Demand Side Resource's Local Generator.

To implement this change, the NYISO proposes to revise the definition of "Demand Side Resource" in Section 2.4 of the Services Tariff as follows to explicitly include those resources that are capable of curtailing their Load or operating a Local Generator to facilitate Load reduction and that satisfy the applicable qualification criteria set forth in the NYISO's tariffs and the ISO Procedures:

Demand Side Resource: A Resource located in the NYCA that: (i) is capable of controlling demand by either curtailing its Load or by operating a Local Generator to reduce Load from the NYS Transmission System and/or the distribution system at the direction of the ISO in a responsive, measurable and verifiable manner within time limits, and ~~that~~ (ii) is qualified to participate in competitive Energy, Capacity, Operating Reserves or Regulation Service markets, or in the Emergency Demand Response Program, pursuant to this ISO Services Tariff and the ISO Procedures.

In addition, the NYISO proposes to revise the definition of "Demand Side Resource" set forth in Section 1.4 of the OATT to specify that the term is defined in the Services Tariff, so that there is a consistent definition of the term between the NYISO's tariffs.

The NYISO also proposes to revise the definition of "Demand Reduction Incentive Payment" in Section 2.4 of the Services Tariff. The revised definition removes the existing restriction on a Demand Reduction Provider receiving an incentive payment for Demand Reductions supplied by a Local Generator:

Demand Reduction Incentive Payment: A payment to Demand Reduction Providers that are scheduled to make Day-Ahead Demand Reductions ~~that are not supplied by a Local Generator~~. The payment shall be equal to the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the Day-Ahead scheduled hourly Demand Reduction in MW.

B. Application of Measurement and Verification Requirements to All Demand Side Resources Participating in the DADRP

The NYISO measures a Demand Side Resource's Load reduction, as scheduled in the NYISO's Day-Ahead Market for Energy, by reference to an estimated baseline of Load for that Demand Side Resource. The NYISO currently uses the Customer Baseline Load ("CBL") methodology to calculate the estimated baseline Load of a Demand Side Resource participating

in the DADRP.¹⁸ In response to Order No. 745, the NYISO has developed, and filed with the Commission as Section 24.2 of Attachment R of the NYISO OATT, a new baseline methodology: the Economic Customer Baseline Load (“ECBL”) methodology.¹⁹ The proposed ECBL methodology is currently pending before the Commission in the August 2013 Compliance Filing docket.

Until the Commission acts on the proposed ECBL, the NYISO intends to continue to use its existing CBL methodology for all Demand Side Resources participating in the DADRP, including Demand Side Resources that operate Local Generators to reduce Load. If the Commission accepts the ECBL, the NYISO will apply the new ECBL methodology to all Demand Side Resources participating in the DADRP, including Demand Side Resources that operate Local Generators to reduce Load.

For purposes of calculating the CBL or ECBL and ensuring that the baseline accurately represents the Demand Reduction being performed by the Demand Side Resource, the NYISO relies on meter data provided on behalf of the Demand Side Resource. The NYISO proposes to specify in Section 24.4 of Attachment R of the NYISO OATT²⁰ the metering requirements for Demand Side Resources participating in the DADRP, including the metering required for a Demand Side Resource with Local Generators.

Under Section 6.1 of the NYISO’s Day-Ahead Demand Response Program Manual (“DADRP Manual”), the NYISO currently requires that all Demand Side Resources participating in the DADRP must have hourly integrated meter devices that measure the resource’s net Load. The NYISO proposes to incorporate this meter requirement into Section 24.4 of Attachment R. Pursuant to this requirement, all Demand Side Resources that seek to enroll and participate in the DADRP must have New York Public Service Commission (“NYPSC”) approved revenue-grade, hourly-interval meters that measure the net Load of that resource. This net Load meter data will be used by the NYISO for purposes of calculating the CBL or ECBL. The NYISO will also use the net Load meter data for settlement purposes.

In addition, to ensure that Demand Side Resources with a Local Generator are compensated only for the Demand Reduction they actually provide, the NYISO proposes to require in Section 24.4 of Attachment R that a Demand Side Resource that seeks to enroll and participate in the DADRP and that has a Local Generator must have an hourly-interval meter that measures the total output of the Local Generator within a 2% accuracy threshold.²¹ The NYISO

¹⁸ NYISO Day-Ahead Demand Response Program Manual § 5.

¹⁹ See August 2011 Compliance Filing at p 11; August 2013 Compliance Filing at pp 19-23.

²⁰ As described in Part IV.C below, the NYISO is proposing revisions in this filing to tariff revisions in Attachment R of its OATT that are currently pending before the Commission in the NYISO’s Order No. 745 proceeding in Docket No. ER11-4338.

²¹ The NYISO initially proposed that the meters used to measure the output of the Local Generator must also be NYPSC approved revenue-grade, hourly-interval meters. At the May 19, 2014, Market Issues Working Group meeting, some stakeholders expressed concern about the potential cost of installing NYPSC approved revenue-grade, hourly-interval meters to measure the output of the Local Generator. In response to this input, the

will use this Local Generator meter data solely for monitoring purposes. This metering will be required for all Demand Side Resources that are enrolled to participate in the DADRP and have a Local Generator, regardless of whether the resource plans at the time of enrollment to operate its Local Generator to provide Demand Reduction in the DADRP.

Certain stakeholders have questioned the need for this metering in instances in which the Demand Side Resource does not plan to operate its Local Generator to provide Demand Reduction in the DADRP. The NYISO, however, requires the meter data of a Local Generator's output to monitor the accuracy of the CBL or ECBL of the Demand Side Resource and to confirm that actual Demand Reduction is occurring and is not the product of a resource improperly influencing the calculation of its baseline through the use of a Local Generator.²² Consistent with the Commission's directives in the November 22 Order, this metering is necessary to ensure that "resources are compensated only for the demand response service that they actually provide."²³

A change in a Local Generator's output may not be seen as a change in the net Load of the Demand Side Resource and may not be accurately captured by the resource's net Load meter. The change in a Local Generator's output would not be visible to the NYISO if this change in net Load is the result of a change in the base load generation of the Local Generator or a change in the actual Load associated with the resource. A change in base load generation in conjunction with an upcoming economic schedule could result in overstatement of the in-day adjustment to the CBL, which would result in the NYISO compensating the resource for more Load reduction than it actually reduced during the scheduled period. The same could occur as a result of a change in Load, which, if timed correctly, could also affect the in-day adjustment. The NYISO needs meter information regarding the output of these Local Generators to verify that their operation is in accordance with the registration of the Demand Side Resource in the DADRP. If the Local Generator meter data supplied on behalf of the Demand Side Resource demonstrates behavior that is inconsistent with the baseline, the NYISO may proceed to audit the resource or take additional action to ensure that the resource is only being compensated for the Demand Reduction it is actually performing.²⁴

NYISO has modified its proposed revisions to only require hourly-interval meters that can measure the output of the Local Generator within a 2% accuracy threshold, which should be sufficient to enable the NYISO to perform its monitoring obligations.

²² The Commission has assessed penalties to demand response providers in other regions for manipulating the baselines by using behind-the-meter generators to inflate these baselines and getting paid for phantom load reductions. See, e.g., *Rumford Paper Company*, Order Approving Stipulation and Consent Agreement, 142 FERC ¶ 61,218 (2013); *Rumford Paper Company*, Order to Show Cause and Notice of Proposed Penalty, 140 FERC ¶ 61,030 (2012).

²³ November 22 Order at P 37.

²⁴ To enable the NYISO to perform this monitoring, the NYISO will include in the DADRP Manual a separate baseline that will determine the incremental output of the Local Generator. The incremental output of the Local Generator will be the difference between the Local Generator's metered output and the monitoring baseline of that Local Generator. The NYISO will calculate this separate baseline for monitoring purposes in the same manner as it currently calculates the baseline of separately metered Local Generators in its Emergency Demand Response

C. Updated DADRP Data Reporting Requirements

The NYISO requires that Demand Reduction Providers report certain data regarding the enrollment and performance of Demand Side Resources in the DADRP to assist in the administration of the program. In response to Order No. 745, the NYISO proposed a new Section 24.3 of Attachment R of its OATT to provide it with the explicit authority to verify Demand Reduction and to require Demand Reduction Providers to report both their metered Load data and the data they use in making their baseline calculations.²⁵ As directed by the Commission in the May Compliance Order, the NYISO further proposed in the August 2013 Compliance Filing a new Section 24.4 of Attachment R of the OATT that lists the specific data that a Demand Reduction Provider must report to the NYISO.²⁶ Specifically, Section 24.4 establishes data reporting requirements for: (i) the enrollment of Demand Side Resources participating in the DADRP, (ii) the verification of Demand Reductions scheduled in the NYISO's Energy market, and (iii) additional data required upon the NYISO's request to verify participation in the DADRP and the NYISO's Energy market. These data reporting requirements are currently pending before the Commission in the August 2013 Compliance Filing docket.

The data reporting requirements set forth in Sections 24.3 and 24.4, as amended by the proposed revisions described below, are necessary to ensure that the NYISO can verify that all Demand Side Resources, including Demand Side Resources that operate a Local Generator to reduce Load, satisfy enrollment requirements and provide Demand Reduction that is consistent with their scheduling and for which they are paid.²⁷ The NYISO's proposed revisions in this filing are built upon the data reporting requirements proposed in the August 2013 Compliance Filing. If the Commission were to issue an order in this proceeding prior to issuing an order on the August 2013 Compliance Filing, uncertainty would exist as to whether, and to what extent, the data reporting requirements in Attachment R, as amended in this filing, are effective. In that scenario, the NYISO may not receive the enrollment and meter data required to administer the participation of Local Generators in the DADRP. Therefore, to the extent that the Commission has not yet accepted the previously proposed new Sections 24.3 and 24.4 at the time that it acts on this filing, the NYISO requests that the Commission authorize it in this proceeding to begin to apply the data reporting requirements set forth in Sections 24.3 and 24.4, as amended in this filing, for purposes of administering the participation of demand response facilitated by behind-the-meter generation.

Program as set forth in Section 5.2.4 of the NYISO Emergency Demand Response Program Manual.

²⁵ August 2011 Compliance Filing at pp 11-12.

²⁶ May Compliance Order at P 70. The NYISO's data reporting requirements were drawn from its and other ISO/RTOs' data reporting requirements, was reviewed with stakeholders, and was revised to reflect stakeholder input. August 2013 Compliance Filing at p 24.

²⁷ Consistent with the NYISO's long-standing practice, the NYISO's proposed revisions to Attachment R of the OATT in this filing are submitted on top of a clean version of the tariff sheets for Attachment R submitted with the August 2013 Compliance Filing.

In addition to adopting the proposed revisions from the August 2013 Compliance Filing that are described above, the NYISO proposes in this filing to amend the existing data reporting requirements in Attachment R to:

- Clarify throughout Section 24.4 that the Demand Reduction Provider must provide the data required in this section for all Demand Side Resources, including those that are registered as an individual DADRP resource and those that are registered with others as part of a single, aggregated DADRP resource.
- Specify in the enrollment reporting requirements in Section 24.4.1 that the Demand Reduction Provider must provide technical details regarding a Local Generator located at a Demand Side Resource's site, including its system, primary fuel type, the year it was built, the year of any retrofit, its nameplate capacity, and its horsepower (if applicable).
- Require in the enrollment and verification reporting requirements in Sections 24.4.1 and 24.4.2 that the Demand Reduction Provider, or the entity submitting the relevant meter data, provide all of the data concerning metering installation and meter data for both a Demand Side Resource's net Load meter and its Local Generator meter, as applicable.
- Clarify in Section 24.4.3 of Attachment R that the Demand Reduction Provider is required to provide the NYISO upon its request any additional information that may be required under any data reporting requirements set forth in the market monitoring requirements contained not only in Attachment O, but also in Attachment H, of the Services Tariff.

In addition, the NYISO proposes to revise the meter data reporting requirements in Section 24.4.2 of Attachment R to:

- Clarify in Section 24.4.2(a) that the NYISO is requiring the "totalized" net hourly Load reduction data for the DADRP resource, which data the NYISO uses for settlement purposes. The NYISO also clarifies that by "totalized Load data for the 'DADRP resource'" it means the totalized Load data across all Demand Side Resources that are registered, either individually or collectively with other Demand Side Resources, as the DADRP resource.²⁸
- Clarify in Section 24.4.2(b) that the NYISO will require the hourly-interval meter Load data for "each of the individual Demand Side Resources that are registered as part of a single DADRP resource" for all hours of the day on the days of scheduled reduction "of the DADRP resource."

²⁸ The "totalized" net hourly load reduction of the DADRP resource will be calculated as: (i) the CBL of the DADRP resource based on the totalized hourly-interval meter load, minus (ii) the totalized hourly-interval metered load for that DADRP resource during the scheduled hour.

The NYISO also proposes to replace the meter data requirements from Section 24.4.2(c) and (d) with a new Section 24.4.2(c) to provide that the NYISO will require the hourly-interval metered Load data for each of the individual Demand Side Resources that are registered as part of a single DADRP resource for all hours of each of the thirty days preceding the day the DADRP resource is scheduled.

Certain stakeholders have questioned the need to submit this meter data for the preceding thirty-day period. The NYISO, however, requires this data to ensure the accuracy of the baseline and to confirm that actual Demand Reduction occurred. The NYISO requires meter data from ten preceding, eligible days for the calculation of the CBL. To capture these ten eligible days, the NYISO may need to go back as far as thirty days, as weekend days are excluded, along with days in which there is low usage. For the NYISO to even determine which days must be excluded due to low usage, the NYISO must first review the Demand Side Resource's peak hourly load over the past thirty days to calculate the seed value that is used to determine which days are to be excluded per the low usage exclusion criteria. In addition, because a DADRP resource may be scheduled for multiple, non-contiguous hours during the course of a day, the NYISO is requiring all twenty-four hours of each day to ensure it can verify the in-day adjustment calculation of the CBL.

The NYISO's request for the thirty-day period prior to the day in which the DADRP resource was scheduled is in lieu of the data that is normally provided by resources in the NYISO's Energy market that are in communication with the NYISO via telemetry. In the absence of telemetry data, any verification of the DADRP resource's participation in the NYISO's Energy market would be by means of meter data submitted by the Demand Reduction Provider. The current requirement to submit meter data to the NYISO for settlement purposes occurs at 55 days after the scheduled Load reduction occurs, which provides the Demand Reduction Provider with sufficient time to verify the meter data, calculate the CBL, and determine the actual Load reduction prior to submitting that Load reduction data to the NYISO for settlement. Demand Reduction Providers are already required to maintain the data to calculate the CBL that is used to determine their Energy payments, so the submission of a limited amount of such data to the NYISO should not be burdensome.

Finally, the NYISO proposes a small number of non-substantive modifications to correct omissions, grammatical, and typographical errors in Attachment R. Among such ministerial revisions, the NYISO clarifies in the preamble of Attachment R that the program described as the "Incentivized Day-Ahead Economic Load Curtailment Program" is also known within the NYISO's tariffs and procedures as the "Day-Ahead Demand Response Program" or the "DADRP."

D. Related Changes to NYISO Procedures

In connection with the NYISO's tariff revisions proposed in this filing, it will make related changes to its non-tariff procedures, including to its registration, enrollment, and

qualification procedures for Demand Side Resources participating in the program.²⁹ For the Commission's information, these changes will include updating the requirements for Demand Side Resources in the DADRP Manual to set forth the technical qualification requirements for those Local Generators that will be operated by the Demand Side Resource to facilitate Demand Reduction in the DADRP. Specifically, such resources will be required to possess a valid permit from the New York State Department of Environmental Conservation ("NYSDEC") that authorizes the Local Generator to operate during non-emergency conditions.³⁰ Local Generators will not qualify to facilitate Demand Reduction in the DADRP if that Local Generator is only permitted by the NYSDEC to operate during emergency conditions.³¹

V. EFFECTIVE DATE

The NYISO respectfully requests that its proposed revisions become effective sixty days after the Commission issues an order accepting them. This sixty-day period will provide the NYISO with sufficient time to implement the procedures associated with the participation in the DADRP of demand response facilitated by behind-the-meter generation.

VI. CONCLUSION

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this compliance filing.

Respectfully submitted,

/s/ Gregory J. Campbell

Gregory J. Campbell

Counsel for

New York Independent System Operator, Inc.

²⁹ The NYISO will update its registration packet for Demand Side Resources participating in the DADRP to require the provision of information regarding any of their Local Generators. In addition, the NYISO will create a new registration packet for Demand Reduction Providers as a mechanism to facilitate the NYISO's communication with the Demand Reduction Provider, to identify how the Demand Reduction Provider communicates with individual Demand Side Resources, and to identify how the Demand Reduction Provider will aggregate the Load of Demand Side Resources when reporting Load reductions. To ensure the consistent application of DADRP requirements, the NYISO will require that Demand Reduction Providers currently registered to participate in the DADRP also complete the updated registration and enrollment materials. The NYISO will work with such Demand Reduction Providers to ensure their completion of this material.

³⁰ The Demand Reduction Provider will be responsible for submitting such permits to the NYISO upon request. The NYISO procedures will reflect that continuing participation in the DADRP will be deemed as a continuing representation by the Demand Reduction Provider that each time the Local Generator is run to support a Demand Reduction for DADRP, it complies with all applicable permits, including any emissions, run-time limit, or other constraint on plant operations that may be imposed by other local, state or federal permits.

³¹ See 6 NYCRR § 201-3 ("Permit Exempt and Trivial Activities") (defining the limited circumstances in which the resources may operate).