

March 23, 2015

ELECTRONICALLY SUBMITTED

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

Re: New York Independent System Operator, Inc.'s Ninth Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability; Docket No. ER10-2220-000.

Dear Secretary Bose:

In accordance with paragraph 54 and ordering paragraph “(C)” of the Federal Energy Regulatory Commission’s (“Commission’s”) October 12, 2010, Order On Proposed Mitigation Measures in Docket No. ER10-2220-000 (“Order”),¹ the New York Independent System Operator, Inc. (“NYISO”), hereby submits this *Ninth Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability* (“March 2015 Informational Report”). The NYISO submitted its *Eighth Informational Report on Efforts to Develop Rules Addressing Compensation to Generators that Are Determined to be Needed for Reliability* on September 23, 2014, (“September 2014 Informational Report”). **In footnote 44 of its Order the Commission stated that it does not intend to issue public notices, accept comments, or issue orders on this Informational Report.**

Paragraph 54 of the Order stated, in part, as follows:

Because fixed cost recovery issues do not go to whether NYISO’s mitigation proposal is in itself just and reasonable, this proceeding is not the appropriate forum in which to raise such issues. Further, commenters do not present factual evidence that demonstrates that market participants generally will be unable to

¹*New York Independent System Operator, Inc.*, 133 FERC ¶ 61,030. Since issuance of this Order in October 2010, the Commission has accepted tariff revisions to establish a New Capacity Zone comprised of Load Zones G, H, I and J, and a corresponding revision to the definition of “Rest of State.” See *New York Independent System Operator, Inc.*, 144 FERC ¶ 61,126, (Docket No. ER13-1380-000, accepting Services Tariff Sections 2.7, 2.18). Effective January 27, 2014, Rest of State is defined as Load Zones A through F.

recover their costs due to application of the proposed mitigation provisions. We note, however, that the NYISO Board of Directors, in its July 29, 2010 decision on the appeal of the NYISO Management Committee's adoption of the instant mitigation proposal, directed NYISO management to work with stakeholders to examine the generation owners' claims that existing cost recovery mechanisms are inadequate and to review the process that evaluates permanent solutions to reliability problems. Accordingly, we believe the better course is to await the outcome of the stakeholder process as directed by the NYISO Board of Directors. In this regard, we direct NYISO to file status reports every 180 days beginning 180 days from the date of this order for informational purposes only.⁴⁴

⁴⁴ The Commission does not intend to issue public notices, accept comments, or issue orders on such informational filings.

In compliance with the cited sections of the Order, the NYISO submits this Informational Report.

I. Informational Report

A. Summary of the September 2014 Informational Report

In relation to "review[ing] the process that evaluates permanent solutions to reliability problems,"² the NYISO continued exploring with stakeholders potential modifications to its Capacity market that could result in more advanced notice of a generating unit's intent to mothball or retire. More advanced notice could provide additional time to identify reliability needs and implement permanent solutions. Two presentations were made at the NYISO's ICAP Working Group ("ICAPWG") meeting on August 28, 2014 that discussed the notice period. The first presentation, given by NYISO staff, analyzed the concept of an annual capacity market. The second presentation, given by the Analysis Group regarding the evaluation of potential capacity market enhancements it is performing at the request of the NYISO, included the element of advancing the retirement notification from generating units.

B. March 2015 Informational Report

On February 19, 2015, the Commission issued an order finding that "the NYISO [Market Administration and Control Area Services] Tariff lacks provisions governing the rates, terms and conditions for RMR [(reliability must run)] service" ("February 2015 Order").³ The February 2015 Order requires the NYISO to submit

² Order at 54.

³ *New York Independent System Operator, Inc.*, 150 FERC ¶ 61,116 (2015) at P 2.

proposed tariff revisions governing the retention of and compensation to generating units required for reliability, including procedures for designating such resources, the rates, terms and conditions for RMR service, provisions for the allocation of costs of RMR service, and a pro forma service agreement for RMR service.⁴

The NYISO is developing proposed tariff revisions in accordance with the February 2015 Order.

C. Next Steps

The NYISO intends to separately submit a request to the Commission to terminate its obligation to file semiannual informational reports in this docket. The NYISO will also submit a compliance filing, including proposed tariff revisions, in Docket No. EL15-37.

II. Service

The NYISO will send an electronic link to this Informational Report to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, to all parties listed on the Commission's official service list in this Docket 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.

III. Conclusion

The NYISO respectfully submits this Informational Report in compliance with the Commission's Order.

Respectfully submitted,

/s/ James H. Sweeney

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⁴ *Id.* at P 4.

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 23rd day of March, 2015.

/s/ Joy A. Zimmerlin

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