

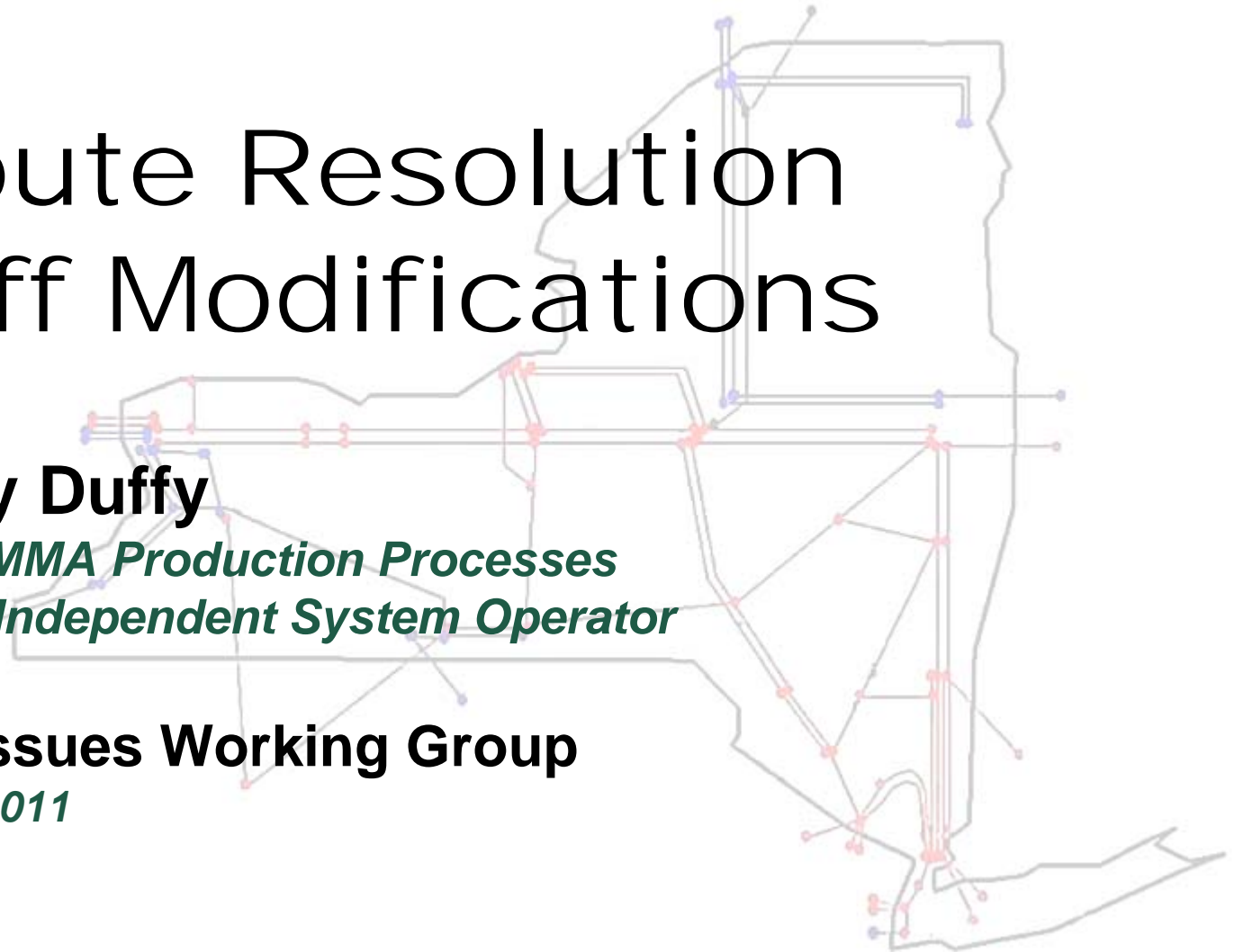
Dispute Resolution Tariff Modifications

Timothy Duffy

*Manager, MMA Production Processes
New York Independent System Operator*

Market Issues Working Group

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Overall Objectives

- ◆ Identify potential improvements and clarifications to the dispute resolution provisions in the NYISO tariffs and agreements.
- ◆ Ensure consistent treatment in Open Access Transmission Tariff, Market Services Tariff and ISO Agreement
- ◆ Retain overall substance of current tariff provisions and NYISO practices with limited changes
- ◆ Parties (including the NYISO) are not required to use this dispute resolution process. They retain their rights to file a complaint or seek any other remedy from the Commission under the relevant provisions of the Federal Power Act.

Relevant Document Sections Reviewed

- ◆ Market Services Tariff
 - *Section 5; Section 7.4.3; Section 11*
 - *Rate Schedule 6*
 - *Attachments H, M-1, and O*
 - *Section 2.0, relevant definitions*
- ◆ OATT
 - *Section 7.2A.3; Section 12, Sections 21 and 22*
 - *Attachments F, M, S, X, Y, Z and CC*
 - *Section 1.0, relevant definitions*
- ◆ ISO Agreement provisions:
 - *Article 10*
 - *Sections 12.04 and 16.04*
 - *Article 1.0, relevant definitions*

General Dispute Provisions: Scope

- ◆ Scope of Dispute Resolutions Narrowed
 - *Disputes involving service under the Tariffs, ISO Procedures, or Agreements would be eligible for dispute resolution*
 - *Disputes over “proposed changes or modifications of rules, rates, Service Agreements or ISO Tariffs,” would need to be resolved at FERC and would no longer be eligible for NYISO’s dispute resolution activities.*
- ◆ Identified List of Exclusions to the Use of These Procedures Expanded
 - *Disputes involving parties’ exclusive rights under the Federal Power Act, or as otherwise provided by law*
 - *Disputes involving applications for changes in rates, terms or conditions of service, or other changes to the ISO Tariffs, ISO Procedures, or agreements to which the ISO is a party*
 - *Disputes for which other Tariff dispute resolution provisions apply*

Disputes Excluded from the Article 11 Process Because Specific Tariff Dispute Resolution Provisions Apply

- ◆ *Disputes regarding the Standard Large Facility Interconnection Procedures or Agreements – currently governed by Attachment X to the ISO OATT*
- *Disputes regarding the Small Generator Interconnection Procedures or Agreements, -- currently governed by Attachment Z to the ISO OATT*
- *Disputes regarding the Local Transmission Planning Procedures, currently governed by Section 4.3 of Attachment Y to the ISO OATT*
- *Disputes over cost estimates provided in interconnection agreements, to be resolved under the interconnection agreement as is currently provided in Attachment S*
- *Disputes regarding a Customer's settlements, not resolved in the ordinary settlement review, challenge, and correction process -- currently governed by Section 7.4 of this ISO Services Tariff or Sections 2.7.4.2 or 2.7.4.3 of the ISO OATT*
- *Disputes regarding certain ICAP-related issues that Section 5 of the ISO Services Tariff expressly indicates are to be governed by Section 5.16 of the ISO Services Tariff*
- *Disputes regarding Centralized TCC Auction or Reconfiguration Auction awards, currently governed by Attachment M, Section 19.9.6 of the ISO OATT*

General Dispute Provisions: Summary

- ◆ Initiation
 - *Parties initiate dispute through written notice to ISO*
 - *Parties then have 30 days in which to resolve the dispute through informal discussions*
 - *Parties then may opt to pursue non-binding mediation or arbitration (binding or non-binding). Decision must be mutual.*
- ◆ Non-Binding Mediation
 - *Mediator selected by mutual agreement*
 - *To be resolved within 90 days*
 - *Mediator costs shared equally among parties*
- ◆ Arbitration
 - *Arbitrator selected by mutual agreement*
 - *Binding/Non-binding: at the agreement of the parties*
 - *To be resolved within 90 days*
 - *Losing party pays costs of Arbitrator*
 - *Provision for consolidating arbitration cases*

General Dispute Provisions: Revisions

- ◆ Elimination of Dispute Resolution Administrator (DRA)
 - *DRA functions (e.g., identification of resolution mechanism - mediation or arbitration, maintenance of qualified arbitrator list) put in hands of disputing parties instead*
 - *Parties to the dispute are the appropriate source for the choice as to approach (mediation or arbitration, binding or non-binding). Decision must be mutual and in writing.*
 - *Parties to exchange lists of mediators/arbitrators or seek assistance of Commission's Dispute Resolution Service*
- ◆ Arbitration Decision
 - *Not automatically binding if dispute < \$500,000*
 - *Binding only if both parties agree in writing*

Attachment H and O Revisions

- ◆ Attachment H (“Market Mitigation Measures”) is amended to indicate that Parties with disputes related to sanctions imposed under Section 23.4.3 and Parties believing a mitigation measure has been improperly applied or withheld may utilize the Services tariff Dispute Resolution Process.
- ◆ Attachment O (“Market Monitoring Plan”) has been amended to indicate that the NYISO may invoke the Services tariff Dispute Resolution Processes or initiate judicial or regulatory proceedings to resolve disputes over data requests.

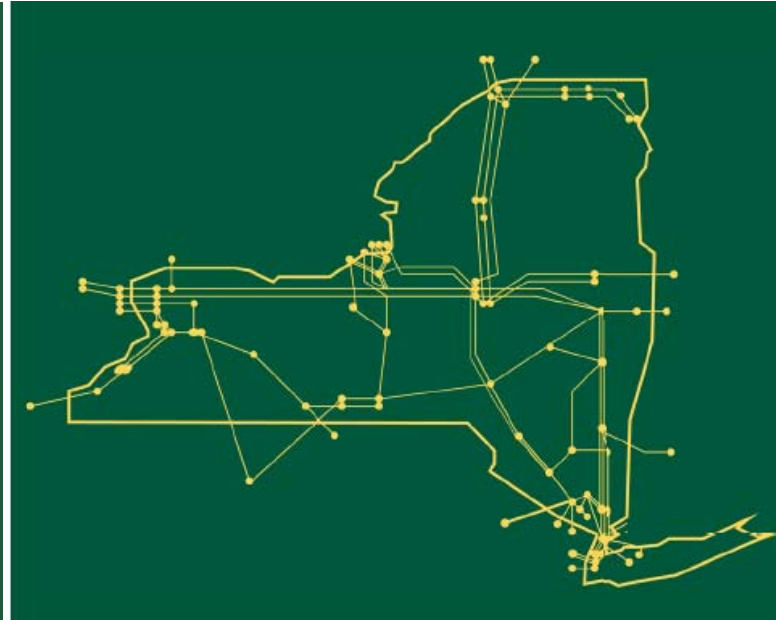
ISO Agreement and the OATT

- ◆ Article 11 of the MST will house the substance of the Dispute Resolution procedures
- ◆ To ensure consistency between its tariffs and agreements and to avoid any errors that may arise from having similar, but not identical, provisions in its tariffs and agreements, the general dispute resolution provisions in the OATT should be replaced with a cross-reference to Article 11 of the Services Tariff.
- ◆ The ISO Agreement to be revised to mirror the new Article 11 provisions.

Schedule

- ◆ 3/14/2011: Initial Discussion at MIWG
- ◆ 4/2011: Follow-Up Discussion at MIWG
- ◆ 5/2011: BIC and MC Votes
- ◆ 6/2011: BOD Approval (tentative)
- ◆ 7/2011: FERC Filing (tentative)

The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and conducts comprehensive planning for the state's bulk electricity system.



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