

October __, 2009

By Hand 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. RM07-19-001,
Compliance with Order 719-A***

Dear Secretary Bose:

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits this letter in compliance with the Commission’s Order 719-A.

Background

In Order 719-A, the Commission directed RTOs and ISOs such as the NYISO “to amend their market rules as necessary to accept bids from ARCs that aggregate the demand response of: (1) the customers of utilities that distributed more than 4 million MWh in the previous fiscal year, and (2) the customers of utilities that distributed 4 million MWh or less in the previous fiscal year, where the relevant electric retail regulatory authority permits such customers’ demand response to be bid into organized markets by an ARC.”¹ The Commission required ISOs and RTOs to make compliance filings reflecting any necessary rule changes by October 27, 2009.

In a separate but related proceeding before the Commission, the NYISO is currently engaged with stakeholders and other parties in determining how to expand its existing demand response programs to permit the participation of aggregators of small demand resources—ARCs—in its ancillary services markets. Aggregators are already represented in several of the NYISO’s markets, but certain communications and performance-measurement issues must be addressed to allow their integration into the Operating Reserves and Regulation Service markets. A compliance filing is due in that proceeding on October 28, 2009.² As the NYISO will demonstrate in that filing, the NYISO and its market participants are working to identify the tariff and administrative rule changes that may be necessary to accomplish that goal.

¹ Cite Order 719-A, P60. An ARC, as defined in the Order, is “an aggregator of retail customers.”

² Order 719, 73 Fed. Reg. 64,100 (Oct. 28, 2008), FERC Stats. & Regs. 31, 281 (2008), 125 FERC ¶ 61, 071 (2008).

Since the rule set that would permit ARCs' participation in the ancillary services markets is not yet in place, the NYISO respectfully requests that the Commission defer compliance with its Order 719-A directive to accept bids from ARCs. The NYISO proposes to work with the New York Public Service Commission ("PSC") and market participants as the issues outlined in the October 28 filing are resolved. If the NYISO determines in the course of that discussion that tariff changes are necessary to ensure ARCs' ability to bid in the ancillary service markets, the NYISO will include tariff modifications implementing Order 719-A in that future filing. If the NYISO and its market participants determine that ARC participation can be accomplished without tariff changes, the NYISO will submit Order 719-A language in time to permit the earliest possible effective date of the expanded ancillary services program.

Communications and Correspondence

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

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Service

The NYISO will electronically send a 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 electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one. To the extent necessary, the NYISO requests waiver of the requirements of Section 35.2(d) of the Commission's Regulations (18 C.F.R. § 35.2(d) (2007)) to permit it to provide service in this manner.

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Conclusion

Wherefore, for the foregoing reasons, the NYISO respectfully requests that the Commission accept this letter as its demonstration of compliance with Order 719-A.

Respectfully submitted,

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