

136 FERC ¶ 61,156
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 1, 2011

In Reply Refer To:
New York Independent System
Operator, Inc.
Docket No. ER11-4141-000

New York Independent System Operator, Inc.
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Messrs. Schell and Stalter:

1. On July 29, 2011, the New York Independent System Operator (NYISO) submitted notification of its inability to timely complete price corrections for Ancillary Service prices and requested limited waiver of certain provisions in NYISO's Market Administration and Control Area Services Tariff (Services Tariff) to permit NYISO to correct such prices outside of the three-day window provided in the Services Tariff. In this order, the Commission grants the requested waiver, as further discussed below.
2. NYISO states that, on July 22, 2011, in order to preserve system reliability in a least-cost manner during peak summer conditions, it timely notified and activated its Emergency Demand Response Program (EDRP) and Special Case Resource (SCR) demand-side resources for Hour Beginning (HB) 12-17 on that day. NYISO states that it was required to apply the special scarcity pricing rules set forth in section 15.3.5.2 (Rate Schedule 3), section 15.4.6.2 (Rate Schedule 4), and section 17.1.2 (Attachment B) of the Services Tariff when it determined real-time prices for the affected hours. NYISO further states that following EDRP and SCR activation, during routine scarcity pricing validation, it identified a number of pricing intervals during which energy and ancillary service prices were not consistent with the expected scarcity pricing results. NYISO adds that it conducted a manual, time-intensive interval-by-interval analysis of eighty-three distinct pricing intervals and found that a software issue associated with data compilation used in the scarcity pricing procedure incorrectly applied the amount of EDRP/SCR relief provided across the impacted intervals. NYISO states that, as a result, the resulting scarcity prices for operating reserves and regulation service were not consistent with the

requirements of Rate Schedules 3 and 4. NYISO asserts that it was not aware of the subject errors until it began its price validation process; however, once it discovered the errors, it moved to remedy the problems in an expeditious manner, including promptly notifying market participants and Commission staff.

3. NYISO states that section 20.3 of Attachment E of its Services Tariff provides that it shall correct an erroneous price not later than three days after the price reservation deadline and “erroneous prices not reserved and corrected within these timeframes shall not be corrected by the ISO except as directed by the Commission or a court of competent jurisdiction.” NYISO states that it timely reserved the affected intervals and corrected and validated all affected energy pricing intervals within the required three day timeframe; however, it was unable to make the required price corrections for ancillary services within the allotted time period.

4. NYISO asserts that it intends to post corrected prices for ancillary services by the end of the day on Monday, August 1, 2011, while retaining the ability to roll the prices back to the prices that were posted on Tuesday, July 26, 2011, should the Commission instruct it to do so.

5. NYISO requests that the Commission waive the three-day price correction deadline set forth in section 20.3 of Attachment E of its Services Tariff in order to complete the ancillary service price corrections for HB 13-17 for the July 22, 2011 Real-Time Market. NYISO states that this is the first time it has failed to meet the three-day deadline specified in section 20.3 and that it has already corrected the software issues that affected the scarcity prices calculated for energy, and it is prepared to correct the software issues that affected the scarcity prices for ancillary services as soon as it is permitted to do so. NYISO states that representatives of both supply- and load-side interests support NYISO seeking a Commission waiver under these circumstances. NYISO asserts that here, consistent with Commission precedent in granting a tariff waiver, the underlying error was made in good faith, the waiver is of limited scope, a concrete problem needs to be remedied, and granting the waiver will prevent harm to market participants.¹

6. Notice of NYISO’s filing was issued on July 29, 2011, with protests and interventions due on or before August 3, 2011. GenOn Parties and Constellation Energy

¹ NYISO August 2, 2011 Filing (citing *California Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,226, at P 8 (2006); *New York Indep. Sys. Operator, Inc.*, 112 FERC ¶ 61,347, at P 7 (2005); *Great Lakes Gas Transmission Limited Partnership*, 102 FERC ¶ 61,331, at P 16 (2003); *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330, at P 5 (2003); *Northern Border Pipeline Co.*, 76 FERC ¶ 61,141, at 61,780 (1996); *Wisvest-Connecticut LLC v. ISO-New England, Inc.*, 101 FERC ¶ 61,372, at P 24 (2002)).

Commodities Group, Inc. and Constellation NewEnergy, Inc. filed timely motions to intervene. No protests were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. For the reasons set forth above by NYISO, we grant the requested waiver. This waiver allows NYISO to correct good faith errors in the calculation of real-time regulation and operating reserve prices for a five-hour period of a single market-day. It ensures that market clearing prices for regulation and operating reserves are calculated consistent with the scarcity pricing rules set forth in NYISO's Tariffs, and it will prevent harm to market participants.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.