

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**New York Independent System Operator, Inc.; )  
Notice of Filing )**

**Docket No. ER08-1281-000**

**COMMENTS OF  
THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

**I. INTRODUCTION**

The Independent Electricity System Operator of Ontario (“IESO”)<sup>1</sup> respectfully submits these comments on the Commission’s Notice regarding the New York Independent System Operator Inc.’s, filing its Exigent Circumstances Filing to amend its tariffs to preclude the scheduling of certain external transactions.

**II. BACKGROUND**

On July 21, 2008, the New York Independent System Operator Inc. (“NYISO”) submitted a filing pursuant to section 205 of the Federal Power Act under exigent circumstances at the direction of the NYISO Board. The filing proposes to preclude the scheduling of external transactions over eight “Scheduling Paths”. Six of the eight scheduling paths involve the IESO. NYISO is proposing to preclude these paths for two primary reasons: (i) divergence between schedules and actual inter-control area flows; and (ii) differences in methodologies for pricing external transactions in the various control areas.

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<sup>1</sup> The IESO is a not-for-profit corporation without share capital having statutory responsibility for developing and administering the wholesale electricity markets and directing the operation and maintaining the reliability of the integrated power system within the province of Ontario. The IESO was established on April 1, 1999 as the Independent Electricity Market Operator under the Electricity Act, 1998 (Ontario) and was continued under its current name on January 1, 2005. The IESO is subject to oversight by the Ontario Energy Board, and specifically not by the Commission.

### III. COMMENTS

The IESO is supportive of the NYISO tariff changes and the reasons provided by the NYISO in its determination to preclude the eight scheduling paths. Additionally, the IESO would like to offer the following comments in response to the issues raised by the NYISO in Section VIII of its filing:

**A. The Commission should consider granting market monitors enhanced access to NERC tag information and permitting market monitors to share bidding and scheduling information related to external transactions:**

The IESO strongly supports the argument put forth by the NYISO. ISOs/RTOs share operational data in order to ensure the reliability and security of the interconnected grid, however, a parallel ability to do so on the market side between the market monitors of the various control areas has lagged behind. Due to the interconnected nature of the North East electricity markets, it is important that market monitors have the ability to exchange information freely in order to understand market behaviours, cross-border trading patterns, and potential impact of market participants involved in possible gaming of the market or in exercising market power. Sharing of information between market monitors not only ensures efficiency of the interconnected electricity markets but also that effective mitigation plans can be implemented on time to prevent market manipulation attempts.

We understand that there are concerns regarding the confidentiality of the information shared between market monitors. The IESO would like to stress that confidentiality of shared information is not only important but also critical to the due process of running an efficient and non-discriminatory market. Market monitors routinely access confidential information and there are procedures in place to ensure this confidentiality. To highlight this point, the IESO would like to bring to the attention of the Commission, a 2004 agreement between the IESO and

NYISO<sup>2</sup> on the issues related to cooperation between market monitors, exchange of market data, and ensuring confidentiality of exchanged information. Some of the underlying themes of this agreement on safeguards around data confidentiality include: (i) a party's market monitoring authority will use the same efforts and measures to protect the confidential information that it receives as it employs to protect its own confidential information; (ii) the information receiving party shall use the information only for the intended purpose and there will be no disclosure of such confidential information without consent from both parties; and (iii) destruction of confidential data after its intended use unless such destruction happens to be precluded by law. The IESO respectfully suggests that the Commission consider these principles as enshrined in this agreement in order to implement an exchange of information regime, including safeguards for protecting confidential information.

#### IV. CONCLUSION

For the reasons set forth above, we respectfully request that the Commission adopt the recommendations as proposed by NYISO and supported by the IESO above.

Respectfully submitted,

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<sup>2</sup> The agreement can be viewed at [http://www.ieso.ca/imoweb/pubs/macd/macd\\_InfoAgreement\\_IMO\\_NYISO.pdf](http://www.ieso.ca/imoweb/pubs/macd/macd_InfoAgreement_IMO_NYISO.pdf)