

September 15, 2000

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FILE NO: 55430.000008

By Hand

The Honorable David P. Boergers, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

New York Independent System Operator, Inc.  
Withdrawal of July 20, 2000 Filing and Submission of New Filing  
Revisions to TCC Auction Process, Docket No. ER00-3215

Dear Mr. Boergers:

Pursuant to Section 205 of the Federal Power Act and 18 C.F.R. § 35.13(a)(2)(iii), the New York Independent System Operator, Inc. (“NYISO”), by counsel, on July 20, 2000, filed a revision to its procedures governing auctions of Transmission Congestion Contracts (“TCCs”), which are set forth in Attachment M to the NYISO Open Access Transmission Tariff (“OATT”) and Attachment B of the NYISO Control Area and Services Tariff (“Services Tariff”).

The tariff revisions included in the filing of July 20, 2000 did not fully effectuate the NYISO’s stated goal, which was to eliminate the need for an outside auctioneer to conduct TCC auctions. The proposal received support of market participants through a vote of the Management Committee, as well as the support of the independent Board of Directors. The NYISO hereby withdraws the July 20, 2000 filing, and submits this filing in order to revise properly its TCC auction procedures.

List of Documents Submitted

The NYISO submits the following documents:

1. this filing letter;

2. a revised Attachment M to the OATT and a revised Attachment B to the Services Tariff (Attachment I);
3. redlined version comparisons of the revised Attachment M to the current Attachment M and the revised Attachment B to the current Attachment B (Attachment II);
4. a list of the names and addresses of persons to whom a copy of the rate schedule change has been mailed (Attachment III); and
5. a form of *Federal Register* Notice (Attachment IV).

#### Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert Fernandez General Counsel John P. Buechler Director of Regulatory Affairs New York Independent System Operator, Inc. 3890 Carman Road Schenectady, NY 12303	Arnold H. Quint Edwin G. Kichline Hunton & Williams 1900 K Street, N.W., Suite 1200 Washington, DC 20006
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#### Names and Addresses of Persons to Whom a Copy of the Rate Schedule Change Has Been Mailed

See Attachment III.

#### Brief Description of the Rate Schedule Change

For the reasons described below, the NYISO proposes to modify its procedures governing TCC auctions.

#### Statement of the Reasons for the Rate Schedule Change

The NYISO's OATT and Services Tariff currently require the NYISO to hire an outside auctioneer to conduct TCC auctions.<sup>1</sup> In compliance with this requirement, the NYISO hired a

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<sup>1</sup> See OATT Attachment M, Section 2.0 ("The ISO shall hire an auctioneer to conduct the Auctions (with the exception of the Transitional Auction of which the ISO may elect to hire an auctioneer. The auctioneer will run a security constrained Power Flow to determine the simultaneous feasibility of the TCCs to be auctioned.") (Original Sheet No. 284) and Services

third-party auctioneer which administered the NYISO's "Transitional TCC Auction," in September 1999, and its "Initial TCC Auction," in April 2000. Subsequently, the NYISO used the same auctioneer in its monthly TCC reconfiguration auctions for June and July 2000.

Based on this experience, the NYISO has concluded that its staff is capable of administering future TCC auctions as well as an outside auctioneer, and believes that there is no reason to continue to use an outside auctioneer. By administering the auctions itself, the NYISO will save money and will no longer need to pass auctioneer costs on to its customers through Rate Schedule 1 of the OATT. As is noted below, an overwhelming majority of NYISO market participants agree that the NYISO should not be required to continue to use an outside auctioneer, and support the NYISO's assumption of this function.

Accordingly, the NYISO proposes to amend Attachment M of its OATT and Attachment B of its Services Tariff to allow it to administer TCC auctions itself. The NYISO does not believe that moving away from the use of an outside auctioneer should raise competitive or efficiency concerns of any kind. As an additional safeguard, the NYISO proposes to continue to use an independent auditor to monitor the TCC auction process.

#### Requisite Approvals

The changes to the NYISO's procedures for auctioning Transmission Congestion Contracts described above have been approved by an approximately 96% vote<sup>2</sup> of NYISO market participants at the NYISO Management Committee's July 6, 2000 meeting, and by the NYISO's independent Board of Directors.

#### Proposed Effective Date

The NYISO requests waiver of the usual 60-day notice period and proposes to make this filing effective on August 20, 2000. The NYISO does not believe that any market participant will be harmed if its request for an early effective date is granted. The intent in changing the procedures was to have them in place prior to the auction that commenced on August 21, 2000.

#### No Costs Relating to Discriminatory Employment Practices

The NYISO has no expenses or costs that have been alleged or judged to be illegal, duplicate, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

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Tariff Section 9.2 ("The ISO shall hire an auctioneer to conduct the commercial aspects of the Auction (except that the ISO shall not be required to hire an auctioneer for the Transitional Auction).") (First Revised Sheet No. 191).

<sup>2</sup> A 58% vote is required for approval.

Federal Register Notice

A form of *Federal Register* Notice is provided as Attachment IV hereto. A diskette of the Notice is also provided in WordPerfect format.

Respectfully submitted,

By \_\_\_\_\_  
Counsel

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September 15, 2000

cc: Signatories to Service Agreements under NYISO OATT  
Signatories to Service Agreements under NYISO Services Tariff  
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## **Attachment I**



## **Attachment II**

## **Attachment III**



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## **Attachment IV**

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.            )            Docket No. ER00-\_\_\_\_\_

NOTICE OF FILING

Take notice that on September 15, 2000, the New York Independent System Operator, Inc. ("NYISO") filed a Revision to Procedures Governing Auctions of Transmission Congestion Contracts and proposed tariff changes related thereto. The NYISO has requested an effective date of August 20, 2000 for the proposed tariff changes, and has requested waiver of the Commission's notice requirements.

A copy of this filing was served upon all parties who have executed Service Agreements under the ISO OATT, the parties in Docket No. ER00-3215, and the regulatory commissions in New York, New Jersey, and Pennsylvania.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385-214). All such motions or protests should be filed on or before \_\_\_\_\_. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this application are on file with the Commission and are available for public inspection.

David P. Boergers  
Secretary

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated as a signatory of the New York Independent System Operator, Inc. Open Access Transmission Tariff in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 2010 (1999).

Dated at Washington, D.C. this 15th day of September, 2000.

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