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File Number:
55430.000003

April 18, 2000

By Hand

Mr. David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**New York Independent System Operator, Inc.
Market Mitigation Measures Compliance Filing
Docket Nos. ER97-1523-020, ER97-1523-021, ER97-4234-017,
ER97-4234-018, OA97-470-019, and OA97-470-020**

Dear Mr. Boergers:

In accordance with ordering paragraph (B) of the Commission's Order on Rehearing and on Compliance Filing (Order) in the above dockets,¹ the New York Independent System Operator, Inc. (NYISO) herewith submits a revised Addendum A ("Attachment A") to its Market Monitoring Plan, with modifications to conform to the Order, as discussed below. Addendum A sets forth the Market Mitigation measures of the Market Monitoring Plan. A copy of revised Addendum A with the added text double-underlined is also attached ("Attachment B").

In addition, the NYISO is seeking clarification, or, in the alternative, limited rehearing of one of the Order's holdings in a separate motion that is being filed concurrently with this compliance filing.

Compliance Filing

The Order directed that the Market Mitigation Measures be revised in two respects:

1. The Order requires that "the ISO file a further revised mitigation plan to clarify that mitigation for market power is prospective only. We do not intend for mitigation to entail any retroactive recalculation of market-clearing prices." Order at 7. New subsections 4.2.2(c) and 4.3(c) have been added to the Market Mitigation Measures. The added language makes clear that

¹ *New York Independent System Operator, Inc., et. al.*, 90 FERC ¶ 61,317 (2000).

the imposition of mitigation measures will not entail the retroactive redetermination of market clearing prices.

2. The Order states that: “If the NYISO still wishes to use the particular threshold levels that it proposed here as triggers for possible mitigation, the NYISO may do so but must first publicly disclose them.” Order at 8. The threshold levels proposed by the NYISO are set forth in the attached revised Market Mitigation Measures. In submitting these revisions, the NYISO notes that in the Order, the Commission states that “we agree with the ISO that the disclosure of threshold levels that would trigger possible mitigation may influence some generators’ decisions on how high to bid or how much capacity to make available” Order at 7. Thus, the Order goes on to state that: “Alternatively, if the NYISO decides that, in light of our rejection of confidentiality and our direction that thresholds that trigger possible mitigation should be made public, different thresholds would be appropriate, the NYISO may file a new Federal Power Act section 205, 16 U.S.C. § 824d (1994), filing with new, public thresholds.” Order at 8. Accordingly, the NYISO intends to monitor the conduct of participants in the New York electric markets subsequent to disclosure of the mitigation thresholds, in order to determine if different thresholds may be appropriate in light of the disclosure requirement.

Respectfully submitted,

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cc: Service Lists in ER97-1523-020, 021;
ER97-04234-017, 018;
OA97-470-019, 020

Attachment A