

caps. The NYISO Board cited its belief that delays in New York State's regulatory process for licensing and siting new generating projects are preventing supply from increasing in step with continued demand growth.

Two recent developments have led the NYISO Board to submit this Notice of Withdrawal. First, the NYISO Board has accepted a bid cap extension proposal that was approved by the NYISO's Management Committee. The NYISO will therefore submit a separate filing under FPA Section 205³ to extend the duration of the NYISO's \$1,000 MWh bid caps, which would otherwise expire on April 30, 2001.⁴ Second, the NYISO Staff is automating a step within the NYISO's Commission-approved Market Mitigation Measures⁵ which will obviate the need for the "superior market protective device" referenced in the NYISO Board's October Filing.

Rather than implementing new market mitigation rules, the NYISO has, instead, elected to automate certain market mitigation measures that were previously approved by the Commission and are currently in effect pursuant to the NYISO's Market Monitoring Plan. This is the so-called "circuit breaker" described by the NYISO at the Commission's January 22 and 23, 2001 technical conference regarding the NYISO-administered markets.⁶ Automating the existing mitigation measures will enable the NYISO to identify and mitigate suspect bidding

³ 16 U.S.C. ¶ 824d (1998).

⁴ The proposal was adopted at the NYISO Management Committee's March 1, 2001 meeting. In its proposal to the NYISO Board, the Management Committee requested that the Board either revise its October Filing to conform to the Committee's proposal or withdraw the October Filing altogether.

⁵ *Central Hudson Gas & Electric Corp., et al*, 89 FERC ¶ 61,196 (1999).

⁶ The Commission convened this technical conference in its November 8, 2000 order in Docket Nos. ER00-3591-000. *et al. New York Independent System Operator, Inc.*, 93 FERC

(continued . . .)

conduct during the course of its Day-Ahead unit commitment process for the next day's energy market. Automation will therefore effectively eliminate implementation delays in mitigating attempts to exercise market power that would significantly drive prices up in the NYISO's Day-Ahead energy markets. Any such price increases would not reflect true scarcity of supply.

The advantages of this approach to the New York energy markets and its Market Participants are numerous. Utilizing the NYISO's existing Market Mitigation Measures will simply be a more efficient application of its existing tariff authority. The automated mitigation step will enable the NYISO to prospectively mitigate conduct in advance of the next day's Day-Ahead Market, thus, eliminating the one-day lag in mitigating market power that is unavoidable under the current non-automated procedure. Utilizing the NYISO's existing market mitigation measures will avoid the uncertainties that may arise from imposing new and untried standards or systems on the market. Finally, identifying and mitigating suspect bids prior to the determination of the Day-Ahead market prices will enhance the certainty of the hourly energy prices ("LBMPs") that are finally posted. The automated analysis will not be employed, however, unless LBMPs developed with suspect energy bids exceed \$150 MW. This will avoid the necessity of performing the additional computer runs for automated mitigation, which could delay price postings, on days when it is unlikely that prices will be significantly affected by market power. Such prices will, however, still be subject to non-automated, next day review.

¶ 61,142 (2000).

WHEREFORE, for the foregoing reasons the New York Independent System Operator, Inc., respectfully requests that the Commission grants it permission to withdraw its October 11, 2001 filing in this proceeding.

Respectfully submitted,

NEW YORK INDEPENDENT
SYSTEM OPERATOR, INC.

By _____
Counsel

Robert E. Fernandez, General Counsel and Secretary
Gerald R. Deaver*, Senior Attorney
New York Independent System Operator, Inc.
3890 Carman Road
Schenectady, NY 12303

Ted J. Murphy
Hunton & Williams
1900 K Street, N.W.
Washington, DC 20006-1109
Of Counsel

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*Admitted in State of Washington

cc: Mr. Joshua Z. Rokach, Advisor to Chairman Hebert, Suite 11-E,
Tel. (202) 208-0748
Mr. Michael D. Alexander, Advisor to Commissioner Breathitt, Suite 11C,
Tel. (202) 208-0377
Mr. Wilbur C. Earley, Advisor to Commissioner Massey, Suite 11-D,
Tel. (202) 208-0100

Ms. Alice M. Fernandez, Director Office of Markets, Tariffs and Rates—East Division,
Room 82-15, Tel. (202) 208-0089
Ms. Andrea Wolfman, Office of the General Counsel, Room 101-29,
Tel. (202) 208-2097
Mr. Stanley Wolf, Office of the General Counsel, Room 102-37,
Tel. (202) 208-0891

Mr. Michael Bardee, Office of the General Counsel, Room 101-09
Tel. (202) 202-2068

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding 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 9th day of March, 2001.

Ted J. Murphy
Hunton & Williams
1900 K Street, N.W.
Washington, D.C. 20006-1109
(202) 955-1588

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.) Docket No. ER01-181-000

NOTICE OF FILING

Take notice that on March 9, 2001, the New York Independent System Operator, Inc. (“NYISO”) submitted a Notice of Withdrawal of its October 11, 2000 filing in Docket No. ER01-181-000. The NYISO requests a waiver of the Commission’s notice requirements so that the withdrawal may become effective immediately.

The NYISO has served a copy of this filing upon each person designated on the official service list compiled by the Secretary in Docket No. ER01-181-000.

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

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