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FILE NO: 55430.000042

May 14, 2002

**By Hand Delivery**

The Honorable Magalie R. Salas,  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Compliance Filing of New York Independent System Operator, Inc.  
Regarding Hybrid Fixed Block Pricing Rule  
Docket Nos. ER00-3591-000-009; ER00-1969-010;  
ER00-3038-005, and EL00-70-006

Dear Ms. Salas:

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits revisions in its Open-Access Transmission Tariff (“OATT”) and its Market Administration and Control Area Services Tariff (“Services Tariff”) in compliance with the Commission’s April 29, 2002<sup>1</sup> Order (“the April 29 Order”) in the above-captioned dockets.

The Commission ordered the NYISO in the April 29 Order to revise its OATT and Services Tariff to reflect the Commission’s fixed block pricing rule for the day-ahead market adopted in its July 16, 2001 Order and reiterated in its April 29 Order. This filing provides revised tariff sheets that reflect this modification.<sup>2</sup>

Contemporaneously herewith, the NYISO is filing a Request for Clarification and Motion to Defer the Effective Date. Such Request and Motion address significant difficulties in adhering to the April 29 Order’s May 1, 2001 effective date in regard to both retroactive and immediately prospective implementation aspects. Also, as further explained in such Request for Clarification and Motion, the NYISO anticipates (a) filing a Request for Rehearing to initiate further deliberation on the potential for serious adverse market impacts from implementing the pricing methodology required by the Commission in its April 29 Order and (b) consulting immediately with its Market Participants in anticipation of a Section 205 filing seeking expedited FERC approval of a revision in the Commission-ordered methodology for setting day-ahead LBMP. Accordingly, the Request/Motion proposes a minimum deferral period of 3 weeks to implement the Commission’s April 29 Order *and* a somewhat longer period which would permit the NYISO to consult with the Market Participants and make the above-mentioned Section 205 filing and give the Commission an opportunity to review same.

## **I. List of Documents Submitted**

The NYISO submits the following documents:

1. This filing letter.
2. Clean compliance OATT sheets and clean compliance Services Tariff sheets (“Attachment I”);
3. Redlined compliance OATT sheets and redlined compliance Services Tariff sheets (“Attachment II”); and,
4. A form of *Federal Register Notice* (Attachment III”).

## **II. Copies of Correspondence**

Robert Fernandez, General Counsel and Secretary  
Mollie Lampi, Senior Attorney  
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## **III. Proposed Effective Date**

The NYISO proposes an effective date of June 15, 2002 in lieu of May 1, 2001 in order to avoid retroactive application and allow the ISO to make technical adjustments to its software to reflect the modifications implemented herein. See the NYISO’s simultaneously filed Request for Clarification and Motion to Defer Effective Date for further explanation, and the request for a longer period of deferral, as mentioned above.

## **IV Service List**

The NYISO has mailed a copy of this filing to all parties that are included on the Commission’s official service list in the above-captioned proceedings.

## **V. Description of Compliance Filing**

The NYISO is submitting a revised Attachment “B” to the Services Tariff and a revised Attachment “J” to the OATT to clarify, in compliance with the Commission’s directive in the

April 29 Order, that the tariffs clearly provide that a fixed block unit may not set the day-ahead LBMP when the operation of such unit forced a more economical unit to be backed down.

The tariff sheets note an effective date of June 15, 2002 due to the literal impossibility of adapting the computer software that selects the applicable units and determines the LBMP on a more immediate basis. This request for deferral is discussed in the accompanying Request for Clarification and Motion to Defer.

#### **VI. 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.

**VI. Federal Register Notice**

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

Respectfully submitted,

Counsel for  
New York Independent System Operator, Inc.

Arnold H. Quint  
Kenneth A. Barry  
Hunton & Williams  
1900 K Street, NW, Suite 1200  
Washington, DC 20006

cc: Daniel L. Larcamp, Director Office of Markets, Tariffs and Rates, Room 8A-01,  
Tel. (202) 208-2088  
Alice M. Fernandez, Director Office of Markets, Tariffs and Rates -- East Division,  
Room 71-31, Tel. (202) 208-0089  
Andrea C. Wolfman, Lead Counsel for Market Oversight and Enforcement,  
Room 9E-01, Tel. (202) 208-2097  
Michael A. Bardee, Lead Counsel for Markets, Tariffs and Rates, Room 101-09,  
Tel. (202) 208-2068  
Stanley P. Wolf, Office of the General Counsel, Room 101-03,  
Tel. (202) 208-0891

## **Attachment I**

## **Attachment II**

## **Attachment III**

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

	)	<b>Docket Nos. ER00-3591-___,</b>
<b>New York Independent System Operator, Inc.</b>	)	<b>ER00-1969-___, ER00-3038-___</b>
	)	<b>and EL00-70-___</b>

**NOTICE OF FILING**

Take notice that on May 14, 2002, the New York Independent System Operator, Inc. (“NYISO”) made a compliance filing to effectuate revisions to its Open Access Transmission Tariff and Market Administration and Control Area Services Tariff that would ensure that a fixed block generating unit that forces a more economical unit to be backed down will not set an hourly price in the day-ahead market. The NYISO also requests avoidance of retroactive application of the revisions and a deferral of their effective date in a separate motion.

The NYISO has mailed a copy of this compliance filing to all parties on the service list in the above-captioned proceedings and upon all persons that have executed Service Agreements under the NYISO’s Market Administration and Control Area Services Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in 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, N.E., Washington, D.C. 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 compliance filing are on file with the Commission and are available for public inspection in the Commission’s Public Reference Room. This filing may also be viewed on the Internet at <http://www.ferc.fed.us/online/rims.htm>

Magalie R. Salas  
Secretary

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document all parties on the service list in Docket Nos. ER00-3591, ER00-1969, ER00-3038 and EL00-70 and upon each person that has executed Service Agreements under the Market Administration and Control Area Services Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2001).

Dated at Washington, D.C., this 14th day of May, 2002.

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Kenneth A. Barry  
Hunton & Williams  
1900 K Street, N.W.  
Washington, D.C. 20006-1109  
(202) 955-1500

To avoid any confusion on the date of issuance: the Commission's "Order Accepting Compliance Filing Subject to Conditions and Denying Motion for Clarification," 99 FERC ¶ 61,126 was dated April 29, 2001 by mistake; the year should have been 2002.

<sup>1</sup> It has been necessary, however, to insert an effective date that is achievable as a practical matter, as more fully explained in the above-mentioned Request for Clarification.