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FILE NO. 55430.000044

May 1, 2002

HAND DELIVERY

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

New York Independent System Operator, Inc.'s
Request for Leave to Submit Compliance Filing Out of Time
and Compliance Filing on Credit Requirements for Virtual Transactions
Docket Nos. ER01-3009-005, ER01-3153-005, and EL00-90-005

Dear Ms. Salas:

In its March 14, 2002, order in the above-captioned dockets ("March 14 Order")¹, the Commission rejected the February 20, 2002, compliance filing of New York Independent System Operator, Inc. ("NYISO") and directed the NYISO to file a revised compliance filing, within 20 days, removing the alternative minimum collateral requirement from the NYISO's credit requirements applicable to bids of non-physical (i.e. "virtual") generation and load into the Day-Ahead Market² that are settled in the Real-Time Market ("Virtual Transactions").

On April 3, 2002, the NYISO filed tariff revisions³ (copy attached as Attachment I) in response to the Commission's March 14 Order. However, due to an oversight, the NYISO failed to submit a complete set of tariff revisions necessary to comply with the March 14 Order. Therefore, the NYISO, by counsel, hereby requests leave to submit additional revisions out of

¹ *New York Independent System Operator, Inc.*, 98 FERC 61,282 (2002).

² Capitalized terms not otherwise defined herein have the meaning ascribed to them in Article 2 of the Market Administration and Control Area Services Tariff ("Services Tariff").

³ *New York Independent System Operator, Inc.'s Compliance Filing in Docket Nos. ER01-3009-005, ER01-3153-005, and EL00-90-005* (April 3, 2002) ("April 3 Filing").

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time to its tariff to remove the alternative minimum credit requirement applicable to Virtual Transactions, as directed by the March 14 Order.

I. Documents Submitted

1. This filing letter;
2. A copy of the April 3 Filing (Attachment I);
3. A clean revised sheet of the Services Tariff (Attachment II);
4. A redlined revised sheet of the Services Tariff showing the changes that the NYISO proposes to make (Attachment III); and
5. A form of *Federal Register* Notice (Attachment IV).

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel and Secretary
Belinda Thornton, Director of Regulatory Affairs
3890 Carman Road
Schenectady, NY 12303
Tel: (518) 356-6153
Fax: (518) 356-4702

Arnold H. Quint
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951 East Byrd Street
Richmond, VA 23219
Tel: (804) 788-8731
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⁴ The NYISO respectfully requests a waiver of the Commission's regulations (18 C.F.R. § 385.203) to allow the inclusion of more than two persons for service and communications.

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III. Proposed Effective Date

The NYISO proposes to make this filing effective on May 1, 2002, as discussed in the *Motion of the New York Independent System Operator, Inc. to Defer the Effective Date of Proposed Tariff Revisions* filed contemporaneously with the April 3 Filing.

IV. Service List

The NYISO has mailed a copy of this filing to all parties on the official service lists maintained by the Commission in the above-captioned dockets.

V. Description of Proposed Tariff Changes

In compliance with the March 14 Order, the NYISO proposes to remove the limitation in its tariff that restricts adjustments of the amount of collateral required to support Virtual Transactions to upward adjustments only. As revised, the NYISO Services Tariff will provide for adjustments to the amount of collateral required to support Virtual Transactions whenever there is an increase *or decrease* of ten percent (10%) or more since the amount was last determined.

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.

VII. 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,

Ted J. Murphy
Counsel for
New York Independent System Operator, Inc.

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- cc: Mr. Daniel L. Larcamp, Director Office of Markets, Tariffs and Rates, Room 8A-01,
Tel. (202) 208-2088
- Ms. Alice M. Fernandez, Director Office of Markets, Tariffs and Rates—East Division,
Room 82-15, Tel. (202) 208-0089
- Ms. Andrea Wolfman, Lead Counsel, Market Oversight and Enforcement, Office of the
General Counsel, Room 9E-01, Tel. (202) 208-2097
- Mr. Stanley Wolf, Office of the General Counsel, Room 101-03,
Tel. (202) 208-0891
- Mr. Michael Bardee, Lead Counsel, Markets Tariffs and Rates, Office of the General
Counsel, Room 101-09, Tel. (202) 208-2068

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.)	Docket Nos. ER01-3009-005
)	and ER01-3153-005
)	
Morgan Stanley Capital Group, Inc.)	Docket No. EL00-90-005
v.)	
New York Independent System Operator, Inc.)	

NOTICE OF FILING

Take notice that on May 1, 2002, the New York Independent System Operator, Inc. (“NYISO”) filed revisions to its Market Administration and Control Area Services Tariff in order to change the collateral requirement applicable bids of non-physical (i.e. “virtual”) generation and load into the Day-Ahead Market that are settled in the Real-Time Market (“Virtual Transactions”), pursuant to the Commission’s order issued on March 14, 2002, in the above-captioned dockets. The NYISO has requested an effective date of May 1, 2002, for the filing.

The NYISO has served a copy of this filing upon parties on the official service lists maintained by the Commission for the above-captioned dockets.

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.

Magalie R. Salas
Secretary

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 the above-captioned proceedings in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 2010 (2000).

Dated at Washington, D.C. this 1st day of May, 2002.

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(202) 955-1588