

HUNTON & WILLIAMS LLP
1900 K STREET, NW, SUITE 1200
WASHINGTON, DC 20006-1109

LEBOEUF, LAMB, GREENE & MACRAE LLP
125 WEST 55TH STREET
NEW YORK, NY 10019-5389

July 30, 2007

By Hand Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: *New York Independent System Operator, Inc., New York Transmission Owners,*
Docket No. ER06-311-004, Compliance Filing**

Dear Ms. Bose:

In compliance with Ordering Paragraph (C) of the Commission's June 29, 2007 order in the above-captioned proceeding,¹ the New York Independent System Operator, Inc. ("NYISO") and the New York Transmission Owners ("NYTOs")² (collectively, "the Joint Filing Parties") hereby submit this compliance filing. As is explained in further detail in Parts III and IV, below, the Joint Filing Parties makes several revisions to Attachment Z of the NYISO's Open Access Transmission Tariff ("OATT"), which contains the NYISO's Small Generator Interconnection Procedures ("SGIP") and *pro forma* Small Generator Interconnection Agreement ("SGIA") in accordance with the June 29 Order.

I. Documents Submitted

The following materials are included in this filing:

1. This filing letter;
2. Clean tariff sheets reflecting the changes directed by the June 29 Order ("Attachment I"); and
3. Redlined tariff sheets reflecting the same ("Attachment II").

¹ *New York Independent System Operator, Inc., New York Transmission Owners*, 119 FERC ¶ 61,333 (2007) ("June 29 Order").

² The NYTOs that jointly submitted the March 22 Filing with the NYISO were: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, LIPA, and the New York Power Authority.

II. Reservation of Rights

The Joint Filing Parties agree that this filing does not in any way waive, diminish or expand the rights of the NTYOs including, without limitation, their rights under the Federal Power Act (“FPA”) and the 1999 Agreement Between the New York Independent System Operator and Transmission Owners to recover all of their reasonably incurred costs and to protect their interests in their transmission facilities and other assets.

LIPA and NYPA are members of the New York Transmission Owners' group for most purposes. However, LIPA's and NYPA's participation in this Compliance Filing is limited to signify only their support of the positions taken herein as members of the New York Transmission Owners' group and members of the NYISO but shall in no way be considered a waiver of their non-jurisdictional status pursuant to Section 201(f) of the FPA with respect to any obligation to file a tariff with the Commission.

III. Background

On December 8, 2005 and October 27, 2006, the Joint Filing Parties filed proposed tariff revisions to comply with the Commission's Order Nos. 2006, 2006-A, and 2006-B,³ which established the *pro forma* SGIP and SGIA. The Joint Filing Parties proposed a number of modifications from the *pro forma* SGIP and SGIA to reflect important regional issues. In particular, the Joint Filing Parties' compliance filing contained numerous changes to reflect the three-party approach in New York. The joint compliance filing also reflected other regional differences, including reference to the cost allocation procedures contained in Attachment S of the NYISO's OATT, and other regional variations.

The Commission issued an order on February 20, 2007 that accepted in part and rejected in part the Joint Filing Parties' filing.⁴ The Commission observed that the Joint Filing Parties had sufficiently demonstrated that most of the proposed changes were independent entity variations, and those changes were accepted.⁵ The February 20 Order also concluded that the Joint Filing Parties did not sufficiently demonstrate that several of their proposed changes met the independent entity standard, and directed the Joint Filing Parties to either restore the original *pro forma* language or make other changes. Finally, the February 20 Order rejected the Joint Filing Parties' request to make the effective date of their proposed tariff revisions the same date that the Commission acted on the compliance filing. Instead, the Commission directed the Joint

³ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180 (“Order No. 2006”), *order on reh'g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *clarified*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006), *appeal pending sub nom. Consolidated Edison Co. of New York, Inc., et al. v. FERC*, (U.S.C.A., D.C. Circuit, Docket Nos. 06-1018, *et al.*).

⁴ *New York Independent System Operator, Inc., New York Transmission Owners*, 118 FERC ¶ 61,130 (2007) (“February 20 Order”).

⁵ *See* February 20 Order at P 15.

Filing Parties to establish three separate effective dates, reflecting the respective effective dates for Order No. 2006, Order No. 2006-A, and Order No. 2006-B, as appropriate.

The Joint Filing Parties submitted their filing to comply with the February 20 Order on March 22, 2007 (“March 22 Compliance Filing”). The Joint Filing Parties made the directed revisions to the SGIP and SGIA contained in Attachment Z to the NYISO OATT. At the same time, the NYISO and certain of the NYTOs submitted a request for rehearing and clarification (“Request for Rehearing”) on limited aspects of the February 20 Order.⁶ In particular, the Request for Rehearing asked the Commission to: (1) reconsider requiring the SGIP and SGIA to have three separate effective dates, and establish February 20, 2007 as the effective date for the Joint Filing Parties; (2) permit the Joint Filing Parties to revise Section 4.2.5 of the SGIP and Section 5.10 of the SGIA to reflect the three-party nature of the interconnection process in connection with allocating the costs of dispute resolution; (3) allow the Joint Filing Parties to delete Section 5.4 of the SGIA (“Rights Under Other Agreements”) in light of the NYISO’s existing cost allocation procedures for generator interconnections under Attachment S of the NYISO’s OATT; and (4) clarify that the Commission’s rejection of proposed revisions to Section 3.4.7⁷ of the SGIP only pertained to the participation of Affected Systems.⁸

The June 29 Order accepted the March 22 Compliance Filing, but directed the Joint Filing Parties to submit an additional compliance filing to reflect the Commission’s decision to grant several of the requests raised in the Request for Rehearing. In particular, the June 29 Order agreed that there should only be one effective date -- of February 20, 2007 -- for the SGIP and SGIA. Second, the June 29 Order agreed that Section 4.2.5 of the SGIP and Section 10.5 of the SGIA should be revised to reflect the three-way allocation of dispute resolution costs. Third, the June 29 Order agreed that Section 5.4 of the SGIA should be deleted. Finally, the June 29 Order clarified that the February 20 Order’s rejection of proposed revisions to Section 3.4.7 of the SGIP only pertained to the participation of Affected Systems.

IV. Description of Proposed Compliance Revisions

In compliance with the June 29 Order, the Joint Filing Parties are here resubmitting the NYISO’s SGIP and SGIA in their entirety because it is necessary to reflect the February 20, 2007 effective date on all of the tariff sheets in Attachment Z. As explained in Part III, above, the new effective date replaces the three different effective dates that are currently on those sheets.

⁶ For purposes of the Request for Rehearing, the New York Transmission Owners were: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, d/b/a National Grid, Orange and Rockland Utilities, Inc. and Rochester Gas and Electric Corporation and LIPA.

⁷ Section 3.4.7 was renumbered as Section 3.4.9 as a result of the Joint Filing Parties’ filing in compliance with the February 20 Order.

⁸ The Request for Rehearing also sought another change that was ultimately rejected by the June 29 Order.

Further, the Joint Filing Parties have made the following changes to reflect the Commission's determinations in the June 29 Order:

- Revised Section 4.2.5 of the SGIP and Section 10.5 of the SGIA to provide for a three-way payment of dispute resolution costs in accordance with Paragraph 28 of the June 29 Order.
- Deleted Section 5.4 of the SGIA ("Rights Under Other Agreements") in accordance with Paragraph 25 of the June 29 Order.
- Revised Section 3.4.9 (formerly Section 3.4.7) of the SGIP in accordance with Paragraph 32 of the June 29 Order.

V. Communications

Communications and correspondence regarding this filing should be directed to the following:

For the NYISO:

Robert E. Fernandez, General Counsel and Secretary
*Karen Georgenson Gach, Esq.
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-8875
Fax: (518) 356-7678
rfernandez@nyiso.com
kgach@nyiso.com

Ted J. Murphy, Esq.
*Michael E. Haddad, Esq.
Hunton & Williams LLP
1900 K Street, N.W.
Washington, D.C. 20006
Tel: (202) 955-1500
Fax: (202) 778-2201
tmurphy@hunton.com
mhaddad@hunton.com

*J. Kennerly Davis, Esq.⁹
Hunton & Williams LLP
951 East Byrd Street
Richmond, VA 23219
Tel: (804) 788-8200
Fax: (804) 788-8218
kdavis@hunton.com

⁹ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2006) to permit service on counsel for the NYISO in both Washington, DC and Richmond, Virginia.

For the New York Transmission Owners:

Paul L. Gioia, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
One Commerce Plaza
Suite 2020
99 Washington Avenue
Albany, NY 12210-2820
pgioia@llgm.com

*Elias G. Farrah, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, N.W.
Washington, DC 20009-5728
(202) 986-8000
efarrah@llgm.com

Central Hudson Gas & Electric Corporation

Donald K. Dankner, Esq.
Raymond B. Wuslich, Esq.
Winston & Strawn
1700 K Street, N.W.
Washington, DC 20006

John W. Watzka
Section Engineer - Transmission Planning &
Design
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601

Consolidated Edison Company of New York, Inc.

Neil H. Butterklee, Esq.
Consolidated Edison Co. of New York,
Inc.
Room 1815-s
4 Irving Place
New York, NY 10003

Stuart Nachmias
Director, Energy Markets Policy Group
Consolidated Edison Company of New York,
Inc.
Room 1138-s
New York, NY 10003

LIPA

David P. Yaffe, Esq.
Van Ness Feldman, P.C.
1050 Thomas Jefferson Street, N.W.
7th Floor
Washington, DC 20007

Stan Klimberg, Esq.
Roni Epstein, Esq.
Long Island Power Authority
333 Earle Ovington Boulevard
Suite 403
Uniondale, NY 11553

New York Power Authority

Thomas J. Kelly, Esq.
New York Power Authority
123 Main Street
White Plains, NY 10601-3170

Edgar K. Byham, Esq.
New York Power Authority
123 Main Street
White Plains, NY 10601-3170

New York State Electric & Gas Corporation

Catherine P. McCarthy, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, NW
Washington, DC 20009-5728

John Zdimal
New York State Electric & Gas Corporation
Corporate Drive
Kirkwood Industrial Park
P.O. Box 5224
Binghamton, NY 13902-5224

Niagara Mohawk Power Corporation, d/b/a National Grid

Roxane E. Maywalt, Esq.
Daniel Galaburda, Esq.
National Grid USA Service Company,
Inc.
25 Research Drive
Westborough, MA 01582

Susan Hodgson
Manager, Transmission Commercial Services
Niagara Mohawk Corporation d/b/a National
Grid
300 Erie Boulevard West
Syracuse, NY 13202

Orange and Rockland Utilities, Inc.

John D. McMahon, President
Orange and Rockland Utilities, Inc.
One Blue Hill Plaza
Pearl River, NY 10965

Neil H. Butterklee, Esq.
Consolidated Edison Co. of New York, Inc.
Room 1815-s
4 Irving Place
New York, NY 10003

Rochester Gas and Electric Corporation

Catherine P. McCarthy, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, NW
Washington, DC 20009-5728

Marjorie L. Perlman
Rochester Gas and Electric Corporation
89 East Avenue
Rochester, NY 14649-0001

VI. Service

The Joint Filing Parties will serve the official service list compiled by the Secretary in this proceeding. In addition, the NYISO will electronically send a link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one. To the extent necessary, the Joint Filing Parties request waiver of the requirements of Section 35.2(d) of the Commission's Regulations (18 C.F.R. § 35.2(d) (2006)) to permit it to provide service in this manner.


VII. Conclusion

The Joint Filing Parties respectfully request that the Commission accept this filing as in compliance with the February 20 Order.

Respectfully Submitted,

**NEW YORK TRANSMISSION
OWNERS**

By:




Elias G. Farrah, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, N.W.
Washington, DC 20009-5728
(202) 986-8000
efarrah@llgm.com

Paul L. Gioia, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
One Commerce Plaza
Suite 2020
99 Washington Avenue
Albany, NY 12210-2820
pgioia@llgm.com

**NEW YORK INDEPENDENT SYSTEM
OPERATOR, INC.**

By:



Robert E. Fernandez, General Counsel
and Secretary
Karen Georgenson Gach, Esq.
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-8875
Fax: (518) 356-7678

Ted J. Murphy, Esq.
Michael E. Haddad, Esq.
Hunton & Williams, LLP
1900 K Street, N.W.
Washington, D.C. 20006
Tel: (202) 955-1500

J. Kennerly Davis, Esq.
Hunton & Williams, LLP
951 East Byrd Street
Richmond, Virginia 23219
Tel: (804) 788-8200

Central Hudson Gas & Electric Corporation

Donald K. Dankner, Esq.
Raymond B. Wuslich, Esq.
Winston & Strawn
1700 K Street, N.W.
Washington, DC 20006

John W. Watzka
Section Engineer - Transmission Planning &
Design
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601

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Consolidated Edison Company of New York, Inc.

Neil H. Butterklee, Esq.
Consolidated Edison Co. of New York,
Inc.
Room 1815-s
4 Irving Place
New York, NY 10003

Stuart Nachmias
Director, Energy Markets Policy Group
Consolidated Edison Company of New York,
Inc.
Room 1138-s
New York, NY 10003

LIPA

David P. Yaffe, Esq.
Van Ness Feldman, P.C.
1050 Thomas Jefferson Street, N.W.
7th Floor
Washington, DC 20007

Stan Klimberg, Esq.
Roni Epstein, Esq.
Long Island Power Authority
333 Earle Ovington Boulevard
Suite 403
Uniondale, NY 11553

New York Power Authority

Thomas J. Kelly, Esq.
New York Power Authority
123 Main Street
White Plains, NY 10601-3170

Edgar K. Byham, Esq.
New York Power Authority
123 Main Street
White Plains, NY 10601-3170

New York State Electric & Gas Corporation

Catherine P. McCarthy, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, NW
Washington, DC 20009-5728

John Zdimal
New York State Electric & Gas Corporation
Corporate Drive
Kirkwood Industrial Park
P.O. Box 5224
Binghamton, NY 13902-5224

Niagara Mohawk Power Corporation, d/b/a National Grid

Roxane E. Maywalt, Esq.
Daniel Galaburda, Esq.
National Grid USA Service Company,
Inc.
25 Research Drive
Westborough, MA 01582

Susan Hodgson
Manager, Transmission Commercial Services
Niagara Mohawk Corporation d/b/a National
Grid
300 Erie Boulevard West
Syracuse, NY 13202

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Orange and Rockland Utilities, Inc.
One Blue Hill Plaza
Pearl River, NY 10965

Neil H. Butterklee, Esq.
Consolidated Edison Co. of New York, Inc.
Room 1815-s
4 Irving Place
New York, NY 10003

Rochester Gas and Electric Corporation

Catherine P. McCarthy, Esq.
LeBoeuf, Lamb, Greene & MacRae LLP
1875 Connecticut Avenue, NW
Washington, DC 20009-5728

Marjorie L. Perlman
Rochester Gas and Electric Corporation
89 East Avenue
Rochester, NY 14649-0001

cc: Shelton M. Cannon
Larry Gasteiger
Connie Caldwell
Michael A. Bardee
Kathleen E. Nieman
Dean Wight
Lance Hinrichs