

Via Electronic Filing

June 5, 2007

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

Re: *New York Independent System Operator, Inc.*, Notice of Implementation of Second Proxy Generator Bus at the New York/Hydro Quebec Interface and Clarification of Factual Record; Docket No. ER07-669-000

Dear Secretary Bose:

On March 28, 2007 the New York Independent System Operator, Inc. (“NYISO”) filed proposed revisions to its Open Access Transmission Tariff and Market Administration and Control Area Services Tariff in which it requested that the Commission accept tariff revisions to permit it to implement a second Proxy Generator Bus at its Chateaugay Interface¹ with the Hydro Quebec Control Area. On May 16, 2007 the Commission issued a Letter Order accepting the proposed tariff revisions for filing.

The NYISO has determined that a brief (three week) implementation delay is appropriate due to the need for additional NYISO testing and to coordinate the implementation of the new dual Proxy Generator Bus arrangement with the effective period for Transmission Congestion Contracts (“TCCs”) awarded in the NYISO’s July TCC Reconfiguration Auction. The NYISO hereby informs the Commission of its intent to enable bidding using the dual Proxy Generator Bus arrangement at the Chateaugay Interface after the Day-Ahead Market posts (at approximately noon) on June 29, 2007. Should the NYISO determine that it will not be able to implement the dual Proxy Generator Bus bidding configuration at the Chateaugay Interface on the date set forth herein, it will promptly notify the Commission, Hydro Quebec Energy Services and its Market Participants.

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the NYISO’s OATT and Services Tariff.

In addition, the NYISO considers it necessary to respond to a claim by Hydro Quebec Energy Services U.S. (“HQUS”) that is restated in the May 16, 2007 Letter Order in the above-captioned docket. The Letter Order restates HQUS’s claim that the NYISO “has informally agreed to implement dynamic ramping should static ramping present a problem.” The NYISO does not agree that it has entered into any type of commitment to implement a dynamic ramp solution. As stated in footnote 10 (on page 6) of its March 28, 2007 filing letter, once the NYISO has gained operational experience with the two-bus arrangement, it intends to review its initial ramp capacity allocation and methodology. As a result of that review, the NYISO may reallocate the ramp capacity between the two Proxy Generator Buses and/or recommend the implementation of dynamic ramping. However, the implementation of a dynamic ramp solution would require a software project that would need to be prioritized against competing claims for the NYISO’s limited resources in the NYISO’s stakeholder governance process.

Please contact the undersigned with any questions regarding this letter or the NYISO’s implementation plan.

Respectfully submitted,

/s/ Alex M. Schnell

Alex M. Schnell

New York Independent System Operator, Inc.

518-356-8707

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service lists compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, New York this 5th day of June, 2007.

/s/ Alex M. Schnell

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