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January 28, 2005

BY HAND

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

**Compliance Filing of the
New York Independent System Operator, Inc.
in Docket No. ER04-1138-001**

Dear Ms. Salas:

On October 1, 2004, the Commission, via letter order (“October 1 Order”),¹ accepted the New York Independent System Operator, Inc.’s (“NYISO”) proposed revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) and Open Access Transmission Tariff (“OATT”) in the above-captioned proceeding. Under the October 1 Order, the tariff revisions are to become effective on the later of sixty (60) days after filing or the effective date of the NYISO’s Real-Time Scheduling (“RTS”) software improvements and related tariff changes. Because the NYISO intends for the RTS market enhancements to be implemented on February 1, 2005, this filing reflects a February 1, 2005 effective date for the relevant tariff provisions in this proceeding.

¹ *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER04-1138-000 (Oct. 1, 2004).



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I. List of Documents Submitted

1. This filing letter;
2. a clean version of the NYISO's compliance revisions to its Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") ("Attachment I");
3. a redlined version of the same ("Attachment II"); and
4. a form of *Federal Register* Notice ("Attachment III").

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel and Secretary
Mollie Lampi, Assistant General Counsel
Elaine Robinson, Director of Regulatory Affairs
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III. Service

The NYISO has electronically served this filing upon the official representative of each of its customers, on each participant in its stakeholder committees, and on the New York State Public Service Commission. The NYISO has also served a copy of the filing on the electric utility regulatory agencies in New Jersey and Pennsylvania. A copy of this filing will also be posted on the NYISO's website.

IV. Description of Proposed Tariff Changes

In its August 18, 2004 filing in this proceeding, the NYISO proposed revisions to (1) Section 4.18 of the Services Tariff, (2) Subsection 3.6 in Section III, Attachment B of the Services Tariff; (3) Subsection 6.0 in Section III, Attachment J of the OATT; (4) Section 4.1 of Rate Schedule 3 of the Services Tariff; and (5) Section 4.10 of the Services Tariff.² These changes were proposed to update the special balancing rules for certain generators, eliminate penalty exemptions for certain generators, and extend bid-cost protections for certain generators. In the August 18 filing, the NYISO requested an effective date that was the later of either sixty (60) days from the date of filing or the effective date of RTS. The October 1 Order accepted these changes, and required the NYISO to “inform the Commission of the actual effective date of the tariff revisions within 15 days of when such a date becomes known.”

On January 14, 2005, the NYISO provided notice in Docket No. ER04-230 to the Commission and market participants that it intends for the RTS software to commence operations and the RTS-related tariff provisions to become effective on February 1, 2005. In addition, the NYISO is concurrently submitting a filing in that docket that indicates the February 1, 2005 effective date of the RTS-related tariff sheets.

Therefore, consistent with the October 1 Order, the NYISO hereby notifies the Commission that the effective date of the tariff revisions is February 1, 2005, and submits clean and redlined versions of the tariff sheets described above. These tariff sheets have been modified solely to reflect the February 1, 2005 effective date.

V. Federal Register Notice

A form of *Federal Register* Notice is attached as Attachment III hereto. In addition, the *Federal Register* Notice has been provided in Microsoft Word format on the attached diskette.

² Section 4.10 includes Sheet No. 106.01. This sheet has been submitted as part of the concurrently-filed compliance filing in Docket No. ER04-230, and is therefore not included in this filing. As explained in the Docket No. ER04-230 filing, the NYISO is proposing an additional correction to Sheet 106.01 in that proceeding.



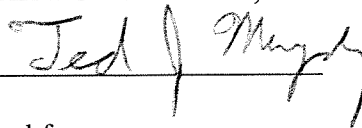
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VI. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc., respectfully requests that the Commission accept this compliance filing.

Respectfully submitted,

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

By 

Counsel for
New York Independent System Operator, Inc.

Attachments

cc: Daniel L. Larcamp
Anna Cochrane
Michael A. Bardee
Connie N. Caldwell

ATTACHMENT I
CLEAN TARIFF SHEETS

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource
Generators within the NYCA, plus up to an additional 50 MW of such
Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed the Transfer Capability of that Interface.

- steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 365 MW of such units; and
- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply to a Generator for those hours it has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

In subsections A, B, C, D, E and F of this Section 4.4.5, references to “scheduled” Energy injections and withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions. In subsections A, C, D and F of this Section 4.4.5, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions.

Generators that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Section 6.0 of Rate Schedule 3 of this ISO Services Tariff.

Issued by: William J. Museler, President
Issued on: January 28, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, *et al.* issued February 11, 2004, 106 FERC ¶ 61,611 (2004).

- (iv) Capacity Limited Resources and Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid- in upper operating limits but are less than their Real-Time Scheduled Energy Injections.

For Generators and Resources described in subsections (i), (ii), and (iii) above, this exemption shall not apply in an hour if the Generator or Resource has bid in that hour as ISO-Committed Flexible or Self-Committed Flexible.

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- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed the Transfer Capability of that Interface.

IV. SALE OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")

1.0 Overview of the Sales of TCCs

TCCs will be made available through both (i) the Centralized TCC Auction ("Auction") and Reconfiguration Auction, which will be conducted by the ISO; and (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et seq.

Before each Auction, the ISO shall ensure that all of the following correspond to a simultaneously feasible security constrained Power Flow: (i) existing TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction, (ii) Grandfathered

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ATTACHMENT II
REDLINED TARIFF SHEETS

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource
Generators within the NYCA, plus up to an additional 50 MW of such
Generators.

This procedure shall not apply for those hours the Generator supplying that
Transaction has bid in a manner that indicates it is available to provide Regulation Service or
Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface
between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed
the Transfer Capability of that Interface.

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Issued on: ~~August 18~~January 28, 2004

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- (iv) Capacity Limited Resources and Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid- in upper operating limits but are less than their Real-Time Scheduled Energy Injections.

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ATTACHMENT III

NOTICE

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

New York Independent System Operator, Inc.) Docket No. ER04-1138-___

NOTICE OF FILING

Take notice that on January 28, 2005, the New York Independent System Operator, Inc. (“NYISO”) tendered for filing revisions to the ISO Market Administration and Control Area Services Tariff (the “Services Tariff”) and its Open Access Transmission Tariff (“OATT”) to establish the effective date for certain provisions.

The NYISO has electronically served a copy of this filing on the official representative of each of its customers, on each participant in its stakeholder committees, on the New York Public Service Commission, and on the electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing has been posted on the NYISO’s website at www.nyiso.com and the NYISO will make a paper copy available to any interested party that requests one.

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 CFR §§ 385.211 and 385.214). Protests will be considered by the Commission to determine 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. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designed on the official service list. This filing is available for review at the Commission or may be viewed on the Commission’s website at www.ferc.gov, using the FERRIS link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, call (202) 502-8222 or TTY, (202) 208-1659. Protests and interventions may be filed electronically via the Internet in lieu of paper. See, 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission’s website under the “e-filing” link. The Commission strongly encourages electronic filings.

Comment Date:

Magalie R. Salas
Secretary