

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION  
97 FERC ¶ 61,095

Before Commissioners: Pat Wood, III, Chairman;  
William L. Massey, Linda Breathitt,  
and Nora Mead Brownell.

New York Independent System Operator, Inc.                      Docket No. ER01-3001-000

ORDER GRANTING EXTENSION OF ENERGY BID CAP AND TEMPORARY  
EXTRAORDINARY PROCEDURES SUBJECT TO MODIFICATIONS

(Issued October 25, 2001)

In this order, we grant, subject to modifications, New York Independent System Operator, Inc.'s (NYISO) request for extension of the Temporary Extraordinary Procedures (TEP) and the bid cap of \$1,000 per MWh in its energy markets. We grant these extensions until the Northeastern RTO is operational and operating pursuant to market rules as established in the final rule issued in the Commission's RTO market design and market structure rulemaking. We also direct NYISO to file semiannual reports on the progress of its demand-side management programs, as well as on the addition of new generation, as discussed in this order.

In addition, because we believe that the scope of the TEP must be narrowed, we direct NYISO to file, within 30 days of the date of issuance of this order, revised tariff sheets incorporating: (1) more circumscribed procedures for invoking NYISO's price correction authority under the TEP; (2) more circumscribed procedures for invoking NYISO's authority under the TEP to correct market flaws due to software problems; and (3) any outstanding Emergency Corrective Action (ECA) that NYISO desires to retain. NYISO is also directed to file, within 30 days of the date of issuance of this order, revised tariff sheets to reflect the new expiration date. We also grant waiver of the 60-day prior notice requirement to permit a November 1, 2001 effective date, as requested.

We believe that our decision in this order will promote price certainty and market participants' confidence in the NYISO-administered markets, which will increase supply, improve reliability, and in the long run, lower energy prices.

I. Background

A. Bid Cap

The Commission first approved imposition of a temporary bid cap of \$1,000 per MWh on NYISO's energy markets by order issued on July 26, 2000.<sup>1</sup> The Commission granted two extensions of the \$1,000 per MWh bid cap authority.<sup>2</sup> In the order granting the second extension of the bid cap until October 30, 2001,<sup>3</sup> the Commission found it appropriate to extend the bid cap on NYISO's energy markets due to the continuing possibility of tight supplies during the Summer 2001 capability period. The Commission was also concerned that not enough load would participate in the demand response programs that NYISO was in the process of implementing this past summer,<sup>4</sup> to make a significant difference on days when supplies were tight. We also noted that none of the demand response programs allowed load to respond to real-time prices. Furthermore, we stated that extension of the bid cap also would ensure consistency between the bid cap in New York State and the existing \$1,000 per MWh bid caps in the PJM Interconnection, Inc. (PJM)<sup>5</sup> and ISO New England, Inc. (ISO-NE)<sup>6</sup> markets. NYISO now requests a third extension of the energy bid cap.

## B. TEP

Originally, the TEP were implemented to address market design flaws and transitional abnormalities encountered during the first 90 days of NYISO's operations. Under the TEP, a market design flaw is defined as a market structure, design, or implementation flaw that would result in market outcomes that would not be produced in a competitive market. Indications of the possible existence of market design flaws are: (1) the dispatch of higher-priced resources when lower-priced resources are

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<sup>1</sup> New York Independent System Operator, Inc., 92 FERC ¶ 61,073 (2000), reh'g pending.

<sup>2</sup> New York Independent System Operator, 93 FERC ¶ 61,189 (2000), reh'g denied, 95 FERC ¶ 61, 374 (2001); and New York Independent System Operator, 95 FERC ¶ 61,186 (2001).

<sup>3</sup> New York Independent System Operator, 95 FERC ¶ 61,186 (2001).

<sup>4</sup> These demand response programs allow customers to be paid market prices for reducing or interrupting load or to bid their load into the market with price caps. See New York Independent System Operator, Inc.'s Report on Implementation of Virtual Bidding and Zonal Price-Capped Load Bidding, Docket No. EL00-90-000 (February 2, 2001); New York Independent System Operator, Inc., 95 FERC ¶ 61,136 (2001); New York Independent System Operator, Inc., 95 FERC ¶ 61,223 (2001).

<sup>5</sup> See PJM Open Access Transmission Tariff, Attachment K, Section 1.10.1a(d)(viii); PJM Operating Agreement, Schedule 1, PJM Interchange Energy Market, Section 1.10.1a (d)(viii).

<sup>6</sup> ISO New England Inc., 95 FERC ¶ 61,184 (2001), reh'g denied, 96 FERC ¶ 61,019 (2001).

available; (2) situations in which NYISO's procedures would inadvertently create a shortage of supply in actual operations when sufficient supply would have otherwise been available; or (3) prices that are significantly inconsistent with actual system operations. A transitional abnormality is defined as a situation in which systemic equipment malfunctions, such as telecommunications failures or widespread and massive transmission or equipment outages, prevent the dispatch of the system as intended by the market rules. Market design flaws and transitional abnormalities do not include situations in which market outcomes are a product of relative scarcity or surplus. The TEP stipulate that NYISO will not intervene in the markets when the market outcomes are the result of competitive conditions.

Under the TEP, NYISO is authorized to take an ECA to correct a market design flaw or to address a transitional abnormality. There are two measures that can be imposed. First, NYISO can notify market participants that a shortage of one or more energy or other products may develop and can request that market participants submit bids that provide greater operating flexibility for such products. Second, NYISO can recalculate, with reasonable certainty, when possible, Locational-Based Market Prices (LBMPs)<sup>7</sup> or other clearing prices as they should have been but for the transitional abnormality or market design flaw, and then substitute the recalculated LBMPs or other clearing prices for the prices reflecting the transitional abnormality or market design flaw. NYISO must notify market participants of its intent to invoke an ECA by posting a notice on the Open Access Same-Time Information System and its website as soon as reasonably possible. If NYISO is unable to post a notice before the effective hour of the proposed ECA, it may do so later up to until 5:00 p.m. on the calendar day following the day on which LBMPs or other clearing prices were adjusted as a result of the ECA. Additionally, NYISO is required to post a description of the proposed ECA within 5 calendar days after posting the ECA activation notice. NYISO also uses the TEP to implement ECAs establishing new market rules in order to temporarily address market design flaws.

NYISO was first granted the TEP authority on September 15, 1999 for a period of 90 days from the commencement of NYISO's operations. The Commission has granted four extensions of NYISO's TEP authority.<sup>8</sup> In the order granting the last TEP extension until October 30, 2001, the Commission concluded that the need for flexibility provided by the TEP remained even at that stage of

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<sup>7</sup> A LBMP is determined in accordance with a pricing methodology under which the price of energy at each location in the New York transmission system is equivalent to the cost to supply the next increment of load at that location.

<sup>8</sup> New York Independent System Operator, Inc., 90 FERC ¶ 61,320 (2000); New York Independent System Operator, Inc., 92 FERC ¶ 61,051 (2000); New York Independent System Operator, Inc., 93 FERC ¶ 61,187 (2000); New York Independent System Operator, Inc., 95 FERC ¶ 61,185 (2001).

NYISO's operations because NYISO had encountered problems, as it continued to improve its software and implement new market mechanisms.<sup>9</sup> NYISO now requests a fifth extension of the TEP.

## II. This Filing

On September 4, 2001, NYISO filed with the Commission a revised Attachment F to its Market Administration and Control Area Services Tariff (Services Tariff) to extend the \$1,000 per MWh energy bid cap, which would otherwise expire on October 31, 2001. In the same filing, NYISO submitted revisions to Attachment Q to its Open Access Transmission Tariff to extend its TEP authority. NYISO proposes to extend both measures through the end of the 2001-2002 Winter capability period, *i.e.*, until April 30, 2002.

NYISO identifies three primary reasons for the continued need for the bid cap. They are: (1) insufficient supplies to meet demand caused by persistent delays in New York State's "Article X" process for reviewing proposed new generation;<sup>10</sup> (2) insufficient experience with the newly implemented demand response mechanisms; and (3) the lack of adequate transmission capacity. NYISO also states that despite additional generation in New York, Summer 2001 has shown that supply and demand during peak periods are only very precariously balanced, with little margin for unpredictable system emergencies. NYISO further argues that suppliers will not be materially harmed by the continuation of the bid cap because it is set at the level that prevents only artificially high price spikes. NYISO believes that a six-month extension of the bid cap will allow NYISO to determine whether additions to supply keep pace with growth in demand and to evaluate the continued need for the bid cap.

NYISO argues that it still needs the flexibility that the TEP provides to address market design flaws that might emerge in connection with implementation of virtual bidding<sup>11</sup> or other major markets improvements. NYISO explains that the effects of even relatively small market flaws can be great, given New York's current supply and congestion situation. NYISO further states that it has never

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<sup>9</sup> New York Independent System Operator, Inc., 95 FERC ¶ 61,185 (2001).

<sup>10</sup> NYISO indicates that out of 85 new generation projects that have been proposed or announced in New York, representing nearly 33,000 MW of new generation, only 2 have completed the lengthy "Article X" Process. See NYISO's Request for Extension of Bid Caps and Temporary Extraordinary Procedures and Request for Waiver of Sixty Day Notice Period, Docket No. ER1-3001-000, at 4 (September 4, 2001).

<sup>11</sup> On September 4, 2001, in Docket No. ER01-3009-000, NYISO made a filing to implement bidding procedures that would allow market participants to bid non-physical (virtual) generation and load into the day-ahead market and settle those bids in the real time market.

abused its TEP authority. It states that extending the TEP through the end of the winter capability period will not result in extensive changes to posted prices because price corrections in real time become less and less frequent. NYISO argues that since it already has price correction authority under the filed rate doctrine, the TEP simply provides a well-defined procedural framework for the exercise of this authority when market flaws are detected.

Additionally, NYISO requests waiver of the 60-day prior notice requirement to permit a November 1, 2001 effective date. NYISO states that good cause exists for the waiver given the importance of the proposed extensions to the efficiency of the NYISO-administered markets.

### III. Notice and Interventions

Notice of NYISO's filing was published in the Federal Register, 66 Fed. Reg. 48,246 (2001), with protests, answers, and motions to intervene required to be filed on or before September 25, 2001. Timely motions to intervene were filed by entities listed in the Appendix to this order. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2001), the filing of a timely motion to intervene that has not been opposed makes the movant a party to the proceeding. Given the lack of undue prejudice and the parties' interests, we also find good cause to grant under Rule 214 Aquila Energy Marketing Corp., Edison Mission Energy, Inc., and Edison Mission Marketing and Trading, Inc.'s (Aquila) unopposed, untimely motion to intervene in this proceeding.

### IV. Arguments Raised

Electric Power Supply Association (EPSA), TXU Energy Trading Company (TXU), Keyspan-Ravenswood, Inc. (Ravenswood), PPL EnergyPlus, LLC (PPL), Dynegy Power Marketing, Inc. (Dynegy), and Aquila oppose NYISO's proposal to extend its TEP authority and the bid cap. EPSA, TXU, and PPL argue that the requested extension will delay the maturation of New York markets, distort market prices, and lessen the incentive for new entry. Aquila states that the extension of the TEP will undermine market participants' confidence in the market and erode price certainty, transparency, and liquidity. Dynegy argues that by extending the bid cap and the TEP, the Commission will be contributing to the "vicious" cycle of price controls deterring entry, which in turn affects supply, which causes insatiable demands for price controls. Instead, Dynegy suggests that consumers can be protected from price spikes if load serving entities ensure against price volatility by hedging forward price exposure.

Furthermore, EPSA and Ravenswood state that NYISO inappropriately uses its TEP authority to adjust prices and conditions in the market that are not to its liking, rather than to address market design flaws. Ravenswood requests that the Commission, should it decide to extend the TEP, impose reporting requirements on NYISO to ensure that its day-to-day implementation of the TEP is justified

and consistent with the Commission-approved authority. Aquila proposes to replace the TEP with the SAS70<sup>12</sup> audit report requirement, which is analogous to the one in PJM Interconnection, LLC.

TXU, Ravenswood, and PPL argue the TEP and the bid cap are no longer temporary measures, but are viewed by NYISO as permanent fixtures that would permit NYISO to continuously intervene in the markets. Ravenswood further contends that should the Commission decide to approve the extension of the TEP and the bid cap, we must identify the market design flaws to be fixed before the TEP and the bid cap can be removed, and set a timetable for fixing these flaws. It also requests that the Commission allow market participants to bid in excess of \$1,000 per MWh upon showing that such bid is economically justified.

EPSA, TXU, Ravenswood, PPL, Dynegy, and Aquila also believe that NYISO has failed to justify its request for extension of the TEP authority and the bid cap. Ravenswood argues that NYISO has not shown that prices currently do not accurately reflect supply and demand conditions and that they reflect the exercise of market power. Aquila states that in addressing market power abuses, NYISO can rely on its various mitigation authorities, such as Automated Mitigation Procedure<sup>13</sup> and market mitigation penalties.<sup>14</sup> PPL contends that NYISO has failed to point out to any existing or anticipated market flaw to justify yet another extension of the TEP authority. Also, in PPL's opinion, the justification provided by NYISO (that the extension of the bid cap is needed to avoid high prices) is not a valid reason to perpetuate this measure. Dynegy states that the situation in New York this summer has improved and that there was nothing to justify NYISO's continued market interventions. Aquila also states that on record load days during the past summer, there was sufficient capacity to meet load hours. TXU argues that NYISO's previous request for an extension of the TEP was based on the same "ominous" claim of the continuing tightness of supply. EPSA, TXU, and Dynegy state that during the winter period New York is expected to experience lower loads and increased generating capacity, as generation output increases in colder weather. In its protest, Aquila lists a number of recent enhancements to NYISO's electric power and transmission systems. EPSA and Aquila further point out that NYISO's demand response programs have produced peak reduction. Moreover, Aquila, EPSA, and TXU argue that the implementation of virtual bidding will not require NYISO's TEP

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<sup>12</sup> SAS70 is an acronym for Statement on Auditing Standards No. 70. SAS70 is the authoritative guidance that allows service organizations to disclose their control activities and processes to their customers and their customers' auditors in a uniform reporting format. More information on SAS70 is available at [www.sas70.com](http://www.sas70.com).

<sup>13</sup> New York Independent System Operator, Inc., 95 FERC ¶ 61,471 (2001).

<sup>14</sup> The Commission explicitly rejected NYISO's proposal to introduce penalties as a market power mitigation tool. See New York Independent System Operator, Inc., 96 FERC ¶ 61,249 (2001).

authority because the proposed virtual bidding is not an entirely new market feature, but rather an expanded version of the current one.

Member Systems fully support NYISO's request for extension of its TEP authority and the \$1,000 per MWh energy bid cap. They agree with NYISO that the potential for the exercise of market power continues to exist in the NYISO-administered energy markets due to the continued lack of adequate load responsiveness to price and an inability to promptly add needed additional supplies in New York. Member Systems also argue that the extension of the TEP and the bid cap will provide NYISO with necessary tools to address market design flaws resulting from the persistent tight supply and the congested nature of the New York power bulk system, as well as the implementation of various new market enhancements.

## V. Discussion

### A. Bid Cap

In our orders approving the previous extension of the bid cap, we noted that if load cannot respond to dramatic increases in prices, then generators can submit very high bids that NYISO must accept when supplies are tight during peak periods, and price spikes can be magnified. We found that these situations can lead to unjust and unreasonable prices if NYISO is forced to accept such high bids and load is not able to reduce its purchases at these prices.<sup>15</sup>

This situation still exists today. There are tight supplies in New York control area, especially in New York City and Long Island. Moreover, while NYISO has implemented three demand response programs for Summer 2001,<sup>16</sup> there is insufficient experience or evidence under these programs to justify lifting the bid cap at this time, and none of these programs are intended for load to respond to

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<sup>15</sup> New York Independent System Operator, 93 FERC ¶ 61,189 (2000), reh'g denied, 95 FERC ¶ 61, 374(2001); and New York Independent System Operator, 95 FERC ¶ 61,186 (2001).

<sup>16</sup> The Commission approved two demand response programs filed by NYISO. First, the Emergency Demand Response Program, was approved effective May 1, 2001 through October 31, 2002. See New York Independent System Operator, Inc., 95 FERC ¶ 61,136 (2001). Second, the Incentivized Day-Ahead Load Curtailment Program, was approved effective May 1, 2001 through October 2003. See New York Independent System Operator, Inc., 95 FERC ¶ 61,223 (2001). Additionally, the NYISO permits Price-Capped Load Bids, which permit load to establish a price above which it does not want to purchase electricity from NYISO. See New York Independent System Operator, Inc.'s Report on Implementation of Virtual Bidding and Zonal Price-Capped Load Bidding, Docket No. EL00-90-000 (February 2, 2001).

real-time prices.<sup>17</sup> Additionally, we cannot expect the supply situation to substantially change by Summer 2002, and it is likely that NYISO will be compelled to request yet another extension at that time.

We find that repeated short-term extensions of the bid cap are not beneficial to the markets and that a longer-term approach to market monitoring and mitigation should be pursued. Therefore, we will require that the bid cap remain in place as an interim measure until the Northeastern RTO is operational and operating pursuant to market rules as established in the final rule issued in the Commission's RTO market design and market structure rulemaking, at which time the Commission expects to have comprehensive market rules in place, including rules governing market monitoring, mitigation, and demand response mechanisms, to protect against potential abuse of market power. At that time, the Commission will assess the need for the continuance of the bid cap. We direct NYISO to file a report with us every six months, starting December 1, on its progress on demand response programs, on the status of mechanisms permitting customers' response to prices in real time, and on its progress in adding new generation.

Retention of the bid cap will also ensure consistency between the bid cap in New York State and the existing \$1,000 per MWh bid caps in the PJM<sup>18</sup> and the ISO-NE markets.<sup>19</sup> We note that the uniform \$1,000 per MWh bid cap throughout the Northeast ISO markets has not appeared to have a negative effect on new generation project development in the region.

For these reasons, the Commission grants an extension of the currently effective \$1,000 per MWh bid cap until the Northeastern RTO is operational and operating pursuant to market rules as established in the final rule issued in the Commission's RTO market design and market structure rulemaking, as discussed above. We accept for filing Attachment F to NYISO's Services Tariff implementing the proposal, subject to the modifications required herein. In order to ensure continuity of

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<sup>17</sup> The Commission recognizes that customers' ability to respond to price signals may be limited by the current availability and installation of demand response equipment.

<sup>18</sup> See PJM Open Access Transmission Tariff, Attachment K, Section 1.10.1a(d)(viii); PJM Operating Agreement, schedule 1, PJM Interchange Energy Market, Section 1.10.1a (d)(viii).

<sup>19</sup> On September 20, 2001, in Docket No. ER01-3086-000, ISO-NE filed an amendment to its tariff proposing that a \$1,000 per MWh bid cap apply to all of its markets for all hours of the day for a one-year period from November 1, 2001 through October 31, 2002. The Commission is acting on this filing concurrently.



the rules under which market participants operate, the Commission grants waiver of the 60-day prior notice requirement to permit the tariff sheets to take effect on November 1, 2001, as requested<sup>20</sup>

B. Extension of TEP

The TEP were originally designed to address market design flaws and transitional abnormalities encountered during the first 90 days of NYISO's operations. The Commission found it necessary to approve the TEP during the initial implementation phase of NYISO's operations due to the complexity of its structure and rules. We recognized that any evolving entity, particularly one involving sophisticated software and technology would have unintended design flaws.<sup>21</sup> We also granted a series of the TEP extensions in order to enable NYISO to get through its first summer capability period, and beyond, during times when NYISO and its market participants had identified several market flaws.

However, we now believe that it is time to narrow the scope of the TEP to ensure that NYISO's authority to make price changes and to implement market rules is not broader than the authority of the ISO-NE and PJM. This ruling is consistent with our goals of interregional consistency among neighboring ISOs. Therefore, we will grant the extension conditioned on NYISO filing more circumscribed procedures, as more fully discussed below.

In a majority of instances, the TEP were invoked by NYISO to identify and adjust posted prices that were incorrect due to data input or software errors. In the June 30, 2000 order acting on the complaint by NRG Power Marketing, Inc., the Commission held that recalculation of incorrectly posted prices does not require special authority under the TEP because NYISO is permitted to correct prices that violate the filed rate.<sup>22</sup> Therefore, we believe that it is not necessary to extend NYISO's TEP authority in order to facilitate correction of prices calculated on the basis of computational errors. Under the filed rate doctrine, NYISO already has the authority, and is required, to take corrective actions in a timely manner in order to ensure prices consistent with its Commission-approved tariff. NYISO can, however, file a more circumscribed tariff, if it desires, to specifically identify the instances in which it will continue to make these types of price corrections.

Additionally, NYISO is also directed to file a more circumscribed tariff to list the specific instances in which it would change market clearing prices to correct market flaws due to software

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<sup>20</sup> See New York Independent System Operator, Inc., 95 FERC ¶ 61,185, 61,657 (2001) and New York Independent System Operator, Inc., 95 FERC ¶ 61,186, 61,660 (2001).

<sup>21</sup> New York Independent System Operator, Inc., et al., 88 FERC ¶ 61,228 (1999).

<sup>22</sup> NRG Power Marketing, Inc. v. New York Independent System Operations, Inc., 91 FERC ¶ 61,346 (2000).

implementation problems or in emergency system conditions. Our decision here is consistent with our ruling directing revisions to ISO-NE's Market Rule 15<sup>23</sup> to adopt more circumscribed procedures for making price corrections.<sup>24</sup> The revised Market Rule 15 authorizes ISO-NE to change market clearing prices to address market flaws in defined instances, such as implementation errors and emergency system conditions.

NYISO has also used the TEP to implement new or revised market rules for a 90-day period without making a filing with the Commission. It implements a new market rule under the TEP by issuing a notice of ECA. While the ECA is in effect, NYISO is supposed to work with market participants to develop a new market rule that will be filed with the Commission.

While we recognize that new, unanticipated market flaws may emerge that will require new market rules, we believe that NYISO should not continue to have overbroad authority under the TEP to implement revised market rules without making a filing with the Commission. Approval of revisions to regulated entities' tariffs is the Commission's responsibility, and the transitional period during which NYISO was granted this authority under the TEP cannot go on indefinitely. Therefore, we conclude that the potential for unanticipated problems that would require the implementation of new market rules is not sufficient justification for continuing extraordinary powers at this stage of NYISO's operations. We note that PJM and the ISO-NE are not permitted to implement new market rules without making a tariff filing with the Commission. Accordingly, every time there is a need for a new or revised market rule, NYISO is required to make a filing with the Commission pursuant to section 205 of the Federal Power Act (FPA)<sup>25</sup> after obtaining the stakeholder approval from the Management Committee. Alternatively, in emergency situations, NYISO has authority under the NYISO Agreement and ISO/Transmission Owners Agreement<sup>26</sup> to unilaterally initiate market rule changes, subject to Commission approval, by making emergency filings under section 205 of the FPA without prior authorization by its governing bodies.<sup>27</sup>

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<sup>23</sup> Pursuant to Market Rule 15, ISO-NE had the authority to implement emergency corrective actions similar to ECAs under NYISO's TEP.

<sup>24</sup> ISO New England, Inc. and New England Power Pool, 89 FERC ¶ 61,209, 61,639-40 (1999).

<sup>25</sup> 16 U.S.C. § 824d (1994).

<sup>26</sup> NYISO/Transmission Owners Agreement, Section 3.03; NYISO Agreement, Section 19.01.

<sup>27</sup> The New England ISO has similar emergency procedures.

The Commission notes that upon termination of the TEP, all currently effective ECAs will expire 30 days from the date of this order. We give NYISO these additional 30 days to file any existing ECA with the Commission, if NYISO so desires, for inclusion in its tariff.

For these reasons, we grant an extension of the TEP subject to the conditions of this order, to be in effect until the Northeastern RTO is operational and operating pursuant to market rules as established in the final rule issued in the Commission's RTO market design and market structure rulemaking, at which time the Commission expects to have comprehensive market rules in place, including rules governing market monitoring, mitigation, and demand response mechanisms to protect against potential abuse of market power. At that time, the Commission will assess the need for the continuance of these measures

In order to ensure continuity of the rules under which market participants operate, the Commission grants waiver of its prior notice requirement to allow the proposed extension of the TEP, subject to above modifications, to become effective on November 1, 2001, subject to the conditions of this order.<sup>28</sup>

The Commission orders:

(A) NYISO's request for extension of the TEP and the bid cap is hereby granted subject to modifications, as discussed in the body of this order.

(B) NYISO is hereby directed to file a report on its demand side management programs and on the addition of new generation every six months, beginning December 1, 2001, as discussed in the body of this order.

(C) Waiver of the 60-day prior notice requirement is hereby granted to permit the tariff sheets to take effect on November 1, 2001, as requested.

(D) Within 30 days of the date of issuance of this order, NYISO shall file with the Commission tariff sheets incorporating more circumscribed procedures for invoking NYISO's price correction authority under the TEP, as discussed in the body of this order.

(E) Within 30 days of the date of issuance of this order, NYISO shall file with the Commission tariff sheets incorporating more circumscribed procedures for invoking NYISO's authority under the TEP to correct market flaws due to software problems, as discussed in the body of this order.

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<sup>28</sup> See New York Independent System Operator, Inc., 95 FERC ¶ 61,185, 61,657 (2001) and New York Independent System Operator, Inc., 95 FERC ¶ 61,186, 61,660 (2001).

(F) Within 30 days of the date of issuance of this order, NYISO shall also file tariff sheets incorporating any outstanding ECAs that NYISO desires to retain, as discussed in the body of this order.

(G) Within 30 days of the date of issuance of this order, NYISO shall file tariff sheets to reflect the new expiration date of the TEP and the bid cap, as discussed in the body of this order.

By the Commission.

( S E A L )

David P. Boergers,  
Secretary.

New York Independent System Operator, Inc.  
Docket No. ER01-3001-000

Aquila Energy Marketing Corp., Edison Mission Energy, Inc.,  
and Edison Mission Marketing and Trading, Inc.\*  
Electric Power Supply Association\*  
El Paso Merchant Energy, L.P.  
Dynergy Power Marketing, Inc.\*  
Enron Power Marketing, Inc.  
HQ Energy Services (US)  
Keyspan-Ravenswood, Inc.\*  
Member Systems\*  
Mirant Americas Energy Marketing, LP, Mirant New York, Inc., Mirant Bowline, LLC,  
Mirant Lovett, LLC, and Mirant NY-GEN, LLC  
New York Electric & Gas Corporation and Rochester Gas and Electric Corporation  
PPL EnergyPlus, LLC\*  
TXU Energy Trading Company\*

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\* parties filing protests or comments