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July 2, 2002

FILE NO: 55430.42

By Hand

Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 2000

Re: New York Independent System Operator, Inc.
Docket No. ER01-3155-002, et al.

Dear Ms. Salas:

On May 31, 2002, the Commission issued an Order on Compliance Filing in Docket Nos. ER01-315-002, EL01-45-009 and ER01-1385-010, EL01-45-010 and ER01-1385-011, EL01-45-002 and ER01-1385-003, EL01-45-003 and ER01-1385-004, and EL01-45-005 and ER01-1305-006 ("Order"). The Order directs the New York Independent System Operator, Inc. ("NYISO") to submit a revised compliance filing as discussed in the body of the Order. Order at 38. This is that compliance filing.

The Order addressed certain proposals submitted by the NYISO to revise certain features of the NYISO's Market Mitigation Measures ("MMM"), which are set forth in Attachment H to the NYISO Market Administration and Control Area Services Tariff ("Services Tariff"). Accordingly, this filing submits further revisions to the MMM, described further below, to bring the MMM into compliance with the Order. Also described below are certain other actions being taken by the NYISO in compliance with the Order.

List of Documents Submitted

The NYISO submits the following documents:

1. this filing letter;

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2. a clean version of revised Attachment H to the NYISO Services Tariff (Attachment I);
3. a redlined version of revised Attachment H (Attachment II);
4. a clean version of Addendum B to the NYISO Market Monitoring Plan (“List of Data the NYISO May Request from Market Parties”) (Attachment III);
5. a redlined version of Addendum B to the NYISO Market Monitoring Plan (Attachment IV); and
6. a form of *Federal Register* NOTICE (Attachment V).

Copies of Correspondence

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General Counsel and Secretary
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Proposed Effective Dates

The NYISO proposes to make this filing effective on June 1, 2002, the effective date specified by the Commission in the Order.

Names and Addresses of Persons to Whom a Copy of the
Rate Schedule Change Has Been Mailed

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

Brief Description of Proposed Tariff Changes

The MMM as submitted herewith revise the MMM in the following respects:

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1. The effective date of the tariff revisions approved by the Order is specified as June 1, 2002. Order at 38.
2. The phrase “affecting the Constrained Area” has been added to §3.1.2(a) to clarify the intent of this section.
3. The phrase “and §3.1.2(b)(2)” has been added to §3.2.1(3) to clarify the intent of this section.

The latter two revisions were requested in the Comments of Consolidated Edison Company of New York, Inc. on the Compliance filing of the New York Independent System Operator, Inc., at 16-17. In its Request for Leave to Submit Limited Answer and Limited Answer to Comments and Protests regarding its Comprehensive Market Mitigation Measures Compliance Filing and Request for Interim Extension of Existing Automated Mitigation Procedure, the NYISO concurred that the suggested revisions are consistent with the intent of the proposed changes to the MMM. Since the MMM changes proposed by the NYISO were approved by the Order, and the Order did not disapprove the minor clarifying additions proposed by Consolidated Edison Company of New York, Inc. (“ConEd”), those clarifications are incorporated in this compliance filing.

The Order did not direct that any further revisions be made to the MMM or other tariff provisions.

Also submitted herewith is a revised version of Addendum B to the NYISO Market Monitoring Plan (“List of Data the NYISO May Request from Market Parties”). In the Compliance Filing of the New York Independent System Operator, Inc. Regarding Comprehensive Market Mitigation Measures and Request for Interim Extension of Existing Automated Mitigation Procedure (“CMM Filing”), which gave rise to the Order, the NYISO sought approval for a minimum quantity exemption to its Automated Mitigation Procedure (“AMP”). CMM Filing at 27-29. As part of this request, the NYISO stated that it “will continuously monitor the market effects of any units benefiting from the minimum capacity exemption, as part of its on-going market monitoring.” CMM Filing at 28. In furtherance of this monitoring of the minimum capacity exemption to the AMP, which would apply to the portfolio of generation of any group of affiliated entities, the CMM Filing stated:

In addition, Addendum B to the NYISO Market Monitoring Plan (“List of Data the NYISO May Request from Market Parties”) would be revised by adding a

new item 4. This revision is necessary to ensure that the NYISO has access to the information necessary to identify the units comprising a portfolio of generation being bid by a group of affiliated entities.

In the Order, the Commission approved the minimum generation capacity exemption from the AMP. Order at 21. Unfortunately, however, the new language for Addendum B was inadvertently omitted from the CMM Filing. That language is submitted herewith as Attachment III, with a redlined version highlighting the new language attached as Attachment IV.

Other Compliance Matters

Apart from the tariff, in connection with the implementation of the CMM Filing the Order directed the NYISO to evaluate, on an on-going basis and in consultation with the stakeholders in the NYISO-administered markets, the implementation of the CMM Filing, and in particular the new standards and thresholds for In-City mitigation approved in the Order. The NYISO notes that the Task Force of stakeholders formed to examine AMP, In-City and other mitigation issues (“AMP/ICM Task Force”) has continued to meet since the CMM Filing was submitted. The NYISO is committed to sponsoring continuing meetings of the AMP/ICM Task Force as warranted to deal with market mitigation issues, and in particular the issues listed below for on-going evaluation and consultation. Those issues are:

- Looking for solutions, as the opportunity occurs, to collective AMP mitigation of all bids exceeding the conduct test in a zone that exceeds the impact test. Order at 14.
- Examining whether current procedures accommodate justifications for behavior that triggers AMP mitigation, and if not whether procedures can be put in place or the AMP modified to effect such accommodation. *Id.*
- Examining the new In-City mitigation standards and procedures, including the shadow price trigger, the new mitigation thresholds and the results of mitigation, during the current summer capability period and thereafter, and reporting on whether changes are warranted. Order at 25, 27.
- Examining whether there are alternatives that would appropriately lessen the duration of Real-Time In-City mitigation as compared to imposing mitigation for the current and remaining intervals in any hour in which mitigation is determined to be appropriate under the In-City mitigation thresholds. Order at 29.

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- Examining whether the In-City ICAP/UCAP mitigation measures carried forward from the ConEd tariff continue to be appropriate, or should be modified or eliminated. Order at 32.

In addition, the NYISO will continue its consultation and planning with PJM and ISO-NE to maximize the compatibility of the mitigation measures in the three markets, and to minimize any impediments to market entry. Order at 38. Finally, the NYISO notes that the Order directs the NYISO to post information on the NYISO website on Out-of-Merit dispatch requested by a transmission owner, including the occurrence of a request, the party making the request, the specific justifications for the request, and the system condition requiring the request. Order at 23. Some of this information is currently being posted to the website manually. The software necessary to automate the posting of all of the foregoing information is under development, and should be completed later this summer.

Federal Register Notice

A form of *Federal Register* Notice is provided as Attachment III hereto. A Diskette of the Notice is also provided in WordPerfect format.

Respectfully submitted,

William F. Young
Counsel for
New York Independent System Operator, Inc.

cc: Daniel L. Larchamp, Director Office of Markets, Tariffs and Rates, Room 8A-01, Tel. (202) 208-2088
Alice M. Fernandez, Director Office of markets, Tariffs and Rates -- East Division, Room 82-15, Tel. (202) 208-0089
Andrea Wolfman, Lead Counsel for Market Oversight and Enforcement, Room 9E-01, Tel. (202) 208-2097
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208-2068
Service List

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.) Docket No. ER01-3155-002

NOTICE OF FILING

Take notice that on July 2, 2002, the New York Independent System Operator, Inc. (“NYISO”) filed revisions to its Market Mitigation Measures, Attachment H to the NYISO Market Administration and Control Area Services Tariff (“Services Tariff”), to comply with the Commission’s Order on Compliance Filing issued on May 31, 2002, in the above-captioned docket. The NYISO has requested an effective date of June 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 Roman 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 2nd day of July, 2002.

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