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April 26, 2004

BY HAND

The Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Docket Nos. RM02-1-001 and ER04-449-000 Compliance Filing

Dear Ms. Salas:

The New York Independent System Operator, Inc. (“NYISO”) and the New York Transmission Owners¹ (the “Joint Filing Parties”) hereby submit revised standard interconnection procedures and a standard interconnection agreement pursuant to Order No. 2003-A (“Compliance Filing”).² Order No. 2003-A requires an independent Transmission Provider that filed a tailored interconnection agreement and procedures under Order No. 2003’s independent entity variation to refile its interconnection agreement and procedures to reflect Order No. 2003-A.³ The Joint Compliance Filing made by these same parties on January 20, 2004 is still pending in Docket No. ER04-449-000. The instant filing revises the January 20, 2004 Joint Compliance Filing to reflect those changes arising from Order No. 2003-A which are consistent with New York regional practices and/or the independent entity variations sought in the earlier filing.

Following the issuance of Order No. 2003-A, on April 5, 2004, the Joint Filing Parties, other than LIPA, submitted in Docket No. RM02-1-000 the “Request of the New York Independent System Operator, Inc. and the New York Transmission Owners for Clarification, Request for Waiver or, in the Alternative, Request for Rehearing.” On April 8, 2004, those same

¹ Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., LIPA, New York Power Authority, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, a National Grid Company, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation.

² Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003-A, 69 Fed. Reg. 15932 (March 26, 2004), FERC Stats. & Regs., ¶ 31,160 (2004) (“Order No. 2003-A”).

³ Order No. 2003-A, P 50.

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parties submitted in Docket No. ER04-449-000 a “Motion to Supplement the Joint Compliance Filing” to bring before the Commission in Docket No. ER04-449-000 the same issues as were addressed in the April 5, 2004 pleading.⁴ Those pleadings demonstrated that the NYISO will have “operational control” as that term is used in Order No. 2003-A⁵ over all of the transmission facilities in the New York Control Area.

Finally, this filing corrects certain clerical errors made in the January 20, 2004 filing.

I. Overview of the Filing

Pursuant to Order No. 2003-A, the Joint Filing Parties are filing revised Standard Large Facility Interconnection Procedures (“Interconnection Procedures”) as Attachment X of the NYISO’s OATT. Those Interconnection Procedures apply to a Large Generating Facility, *i.e.*, a Generating Facility having a capacity of more than 20 MW as well as to Merchant Transmission Facilities.⁶ They are also filing a revised Standard Large Generator Interconnection Agreement (“Interconnection Agreement”) as Appendix 6 to the Interconnection Procedures. The Joint Filing Parties have utilized the Commission’s *pro forma* Procedures (“LGIP”) and Agreement (“LGIA”) included in Order No. 2003-A except as noted herein and in the January 20, 2004 Joint Compliance Filing.

As was the case when the Joint Filing Parties made their Joint Compliance Filing on January 20, 2004, both the Interconnection Procedures and the Interconnection Agreement utilize the Commission’s *pro forma* language except where it has been modified to reflect regional differences (the “independent entity variation”)⁷ or current NYISO practices or to conform to NYISO Open Access Transmission Tariff (“OATT”) definitions and terminology.

⁴ See Request of the New York Independent System Operator, Inc. and the New York Transmission Owners for Clarification, Request for Waiver and, in the Alternative, Request for Rehearing filed in this docket on April 5, 2004.

⁵ See Order No. 2003-A at PP 52-55.

⁶ Capitalized terms that are not otherwise defined herein shall have the meaning set forth in the NYISO OATT, Article 1 of the Interconnection Procedures or Article 1 of the Interconnection Agreement, as applicable.

⁷ See Order No. 2003-A, P 48.

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The Joint Filing Parties are providing, as Attachments II and IV hereto, blacklined versions of the Interconnection Procedures and Interconnection Agreement to the versions filed January 20, 2004.

II. Stakeholder Process

As a result of the limited time available for this Compliance Filing, the NYISO provided drafts of the revised Interconnection Procedures and the revised Interconnection Agreement to its stakeholders and held two meetings to conduct a review of the documents.

III. Reservation of Rights

The Joint Filing Parties agree that this filing does not in any way waive, diminish or expand the rights of the New York Transmission Owners including, without limitation, their rights under the Federal Power Act and the 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's and NYPA's participation in this Compliance Filing shall in no way be considered a waiver of their non-jurisdictional status pursuant to Section 201(f) of the Federal Power Act ("FPA") with respect to the Commission's exercise of the FPA's general ratemaking authority.

Notwithstanding anything to the contrary herein, the NYISO and the New York Transmission Owners reserve their rights with respect to any rehearing or judicial review of Order Nos. 2003 and 2003-A. The New York Transmission Owners also reserve their rights with respect to the comments they submitted on February 10, 2004 in Docket No. ER04-449-000 in response to the Joint Compliance Filing.

IV. Documents Submitted

This Compliance Filing consists of the following documents:

1. This filing letter;
2. Clean version of Standard Large Facility Interconnection Procedures as Attachment X to the NYISO OATT (Attachment I);
3. Blacklined comparison of Standard Large Facility Interconnection Procedures compared to the Interconnection Procedures filed on January 20, 2004 (Attachment II);

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4. Clean version of Standard Large Generator Interconnection Agreement (Attachment III);⁸
5. Blacklined version of Standard Large Generator Interconnection Agreement compared to Interconnection Agreement filed on January 20, 2004 (Attachment IV);
6. Clean Third Revised Sheet No. 39A to the NYISO OATT and sheets revising Sections 19B and 32B of the NYISO OATT and Attachment S of the NYISO OATT (Attachment V);
7. Blacklined Third Revised Sheet No. 39A to the NYISO OATT and sheets revising Sections 19B and 32B of the NYISO OATT and Attachment S of the NYISO OATT (Attachment VI);
8. Explanation of Variations from the *pro forma* LGIP and LGIA (Attachment VII);
and
9. A form of *Federal Register* Notice (Attachment VIII).

V. The Filing

The Joint Filing Parties provided in their January 20, 2004 filing letter a detailed explanation for the changes they were proposing to the Commission's *pro forma* language. More specifically, the January 20, 2004 filing addressed: (1) the applicability of the Interconnection Procedures and the Interconnection Agreement to interconnections to transmission facilities and to interconnections to distribution facilities; (2) the treatment of merchant transmission projects; (3) the continuation of Attachment S to the NYISO Open Access Transmission Tariff ("OATT") as the process for allocating interconnection costs among Transmission Owners and project developers; (4) the procedures for joint filing of Interconnection Agreements; (5) and the NYISO's Interconnection Product. In addition, the Joint Filing Parties provided Explanations of Changes to the Standard Interconnection Procedures and to the Standard Interconnection Agreement. The Joint Filing Parties are not herein repeating those explanations, but request that they be incorporated by reference herein in support of the revised Interconnection Procedures and Interconnection Agreement filed herein.

⁸ In the NYISO OATT, the Standard Large Generator Interconnection Agreement appears as Appendix 6 to the Interconnection Procedures, which are provided as Attachment X to the OATT.

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As was the case in the January 20, 2004 Joint Compliance Filing, the NYISO and the New York Transmission Owners have utilized the Commission's *pro forma* language except where it has been modified to reflect regional differences, current NYISO practices or to conform to NYISO OATT definitions and terminology. Attachment VIII hereto provides an explanation of instances where the Joint Filing Parties have deviated from the Commission's modifications made in Order No. 2003-A to the *pro forma* LGIP and LGIA.

In addition to the itemized explanation of changes provided in Attachment VI, two specific issues warrant further discussion:

Unconventional Generation (Wind Power)

The Commission has noted that the LGIA and LGIP are designed around the needs of synchronous generators and that generators relying on newer technologies may find specific requirements to be inapplicable or need a slightly different approach.⁹ The Commission further notes clarifications it has granted to wind generators and to the addition of Appendix G as a placeholder for inclusion of requirements specific to newer technologies. The Joint Filing Parties and most NYISO market participants fully support the Commission's determination that special provisions will likely be required for newer technologies, such as wind power, and that these requirements may differ on a regional basis depending upon the electrical characteristics of the system to which such technologies are to be interconnected. In New York, an ongoing study, sponsored by both the NYISO and the New York State Energy Research and Development Authority, entitled: "The Effects Of Integrating Wind Power On Transmission System Planning, Reliability, And Operations" is investigating the special requirements for wind generation that is proposed to be interconnected to the New York State Transmission System. Study findings for Phase I have concluded that, to maintain a reliable electric system, New York State should adopt some of the requirements that have grown out of the experiences of other systems worldwide. Based on emerging best practices for interconnection requirements, New York State should require all new wind farms to have the following features: 1) voltage regulation at the Point-of-Interconnection, with a guaranteed power factor range; 2) low voltage ride-through; 3) a specified level of monitoring, metering, and event recording; and 4) power curtailment capability. These features are implemented in wind farms around the world and are proven technology. Phase II is evaluating operational impacts of wind generation. Accordingly, the NYISO Operating Committee has conditioned its approval of System Reliability Impact Studies for wind generators upon the final outcome of the referenced study. This initial result is the reason that the Joint Filing Parties have not proposed to adopt Order No. 2003-A's exemption

⁹ See Order No. 2003-A at P 407, n. 85.

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from power factor requirements for wind generators under Article 9.6.1 of the *pro forma* LGIA. Accordingly, the Joint Filing Parties support the inclusion of Appendix G to the Interconnection Agreement and urge the Commission to provide regional flexibility for such innovative technologies, as indicated in Order No. 2003-A, and anticipate seeking such provisions upon completion of the New York investigation of wind power.

Disclosure of Confidential Information to State Agencies

The revised Joint Compliance Filing does not include language the Commission added to Section 13.18 of the LGIP and Article 22.1.10 of the LGIA to address disclosure of confidential information to a state regulatory body. The language proposed by the Commission would be in conflict with existing Code of Conduct provisions already included in Attachment F of the NYISO OATT.

Finally, the revised Joint Compliance Filing modifies Article 5.16 to clarify the effects of a suspension.

VI. Errata to January 20, 2004 Filing

The Joint Compliance Filing made on January 20, 2004 intended to delete the definition of "New Interconnection" in Section 1.26a.1 of the NYISO OATT since that term is no longer utilized. The portion of the definition that appears on Second Revised Sheet No. 39A should have been deleted. Third Revised Sheet No. 39A is being filed herewith to delete the balance of the definition.

The tariff sheets revising Sections 19B and 32B of the NYISO OATT and Attachment S of the NYISO OATT submitted on January 20, 2004 have been revised solely to include the proper footer.

In addition, Attachment X of the OATT should have commenced with Original Sheet No. 741 since Sheet Nos. 737-740 had already been utilized. To correct this error, the revised Attachment X commences with Substitute Original Sheet No. 740A, followed by Substitute Original Sheet Nos. 740B, 740C, and 740D and 741.

VII. Communications

The following persons should be included on the official service list in this proceeding, and all communications concerning these comments should be addressed to the following:

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¹⁰ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2003) to permit service on counsel for the NYISO in both Washington, D.C. and Richmond, Virginia.

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VIII. Effective Date and Request for Waiver

Consistent with Order No. 2003-A, the Joint Filing Parties request that the tariff sheets filed herewith become effective upon action by the Commission on this filing.

The Joint Filing Parties request a waiver of any requirement to compare the Interconnection Procedures and the Interconnection Agreement to the Commission's *pro forma* LGIP and *pro forma* LGIA. That was done in the Joint Compliance Filing made in response to

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Order No. 2003. Further changes made by this filing are shown on Attachments II and IV hereto.

IX. Service List and Request for Waiver

To the extent necessary, the NYISO requests a waiver of the service requirements of 18 C.F.R. § 385.2010 so as to permit it to comply with those requirements as follows: (1) paper copies of this filing letter, without Attachments I, II, III, IV, V and VI, are being served on all parties designated on the official service lists maintained by the Commission in Docket Nos. RM02-1-000 and ER04-449-000; (2) copies of this filing, including all attachments, will be served electronically on the official representatives of each of the NYISO's customers, on each participant in its stakeholder committees, on the New York State Public Service Commission and on the electric utility regulatory agencies in New Jersey and Pennsylvania; (3) a complete copy of the filing will be posted on the NYISO website at www.nyiso.com; and (4) the NYISO will make a paper copy available to any interested party that requests one. Good cause exists for granting this waiver due to the size of this filing and the number of interested parties that must be served. The copying cost for the January 20, 2004 Joint Compliance Filing was approximately \$10,000.00.

X. Federal Register Notice

A form of *Federal Register* Notice is provided as Attachment VIII hereto. Also enclosed is a diskette with a copy of the notice in WordPerfect format.

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XI. Conclusion

WHEREFORE, for the foregoing reasons, the Joint Filing Parties respectfully request that the Commission accept this Compliance Filing.

Respectfully submitted,

NEW YORK TRANSMISSION OWNERS

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

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cc: All Parties in Docket Nos. RM02-1-000 and ER04-449-000
All Signatories to NYISO OATT and Services Tariff
Daniel L. Larcamp
Alice M. Fernandez
Robert E. Pease
Michael A. Bardee

Attachment I

Attachment II

Attachment III

Attachment IV

Attachment V

Attachment VI

Attachment VII

Attachment VIII

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

Standardization of Generator Interconnection)	Docket No. RM02-1-000
Agreements and Procedures)	
)	
New York Independent System Operator, Inc.)	Docket No. ER04-449-000

NOTICE OF FILING

Take notice that on April 26, 2004, the New York Independent System Operator, Inc. (“NYISO”) and the New York Transmission Owners filed a joint Compliance Filing pursuant to Order No. 2003-A.

The NYISO has served a copy of this filing on all parties in Docket Nos. RM02-1-000 and ER04-449-000 and upon all parties that have executed Service Agreements under the NYISO’s Open-Access Transmission Tariff or Services Tariff, the New York State Public Service Commission and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has requested a partial waiver of the service requirements.

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 <http://www.ferc.gov>, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or call toll-free at (866) 208-3676, or for TTY, contact (202) 502-8659. 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