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FEDERAL ENERGY
REGULATORY COMMISSION

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FILE NO: 55430.000055

July 11, 2005

Via Hand Delivery

The 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 Nos. ~~ER04-230-006~~; ~~ER01-3155-006~~; ~~EL01-45-014~~; ~~ER01-1385-018~~**

Dear Ms. Salas:

011 009 017 018

Pursuant to Ordering Paragraph A of the Commission's June 24, 2005 order ("Remand Order")¹ in this proceeding, the New York Independent System Operator, Inc. ("NYISO"), by counsel, respectfully submits this compliance filing. To comply with Ordering Paragraph A, the NYISO, with this filing, modifies Attachment H of its Market Administration and Control Area Services Tariff ("Services Tariff"), to remove the tariff provisions that permit the application of the NYISO's Automated Mitigation Procedures ("AMP") to Generators² operating in the rest-of-state, Real-Time Market.

I. List of Documents Submitted

The NYISO submits the following documents.

- 1. This letter;

¹ *New York Independent System Operator, Inc.*, 111 FERC ¶ 61,468 (2005).

² Capitalized terms that are not otherwise defined herein shall have the meaning set forth in the NYISO's Services Tariff.



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2. a clean version of the NYISO's compliance revisions to Attachment H of its Services Tariff ("Attachment I"); and
3. a redlined version of the same ("Attachment IP");

II. Communications

Communications regarding this proceeding should be addressed to:

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General Counsel and Secretary
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Director of Regulatory Affairs
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III. Description of Proposed Tariff Changes

To comply with Ordering Paragraph A, the NYISO, proposes the following amendments to § 3.2.2(c) to Attachment H of its Services Tariff, to remove the language proposed in the NYISO's Real-Time Scheduling Filing³ and accepted by a Commission order⁴ that permits the application of the NYISO's Automated Mitigation Procedures ("AMP") to Generators operating in the rest-of-state, Real-Time Market. The underlined words are pending Commission approval in the NYISO's compliance filing regarding the ROS Day-Ahead Market AMP.⁵

Section 3.2.2(c):

The ISO shall implement automated procedures within the SCUC for Constrained Areas, and within RTC for Constrained Areas, ~~and may implement automated procedures for areas that are not Constrained Areas in RTC for Generators meeting the requirements of Section 3.2.2(d).~~ Such automated procedures will: (i) determine whether any Day-Ahead or Real-Time Energy Bids, including start-up costs Bids and Minimum Generation Bids but excluding Ancillary Services Bids, that have not been adequately justified to the Market Monitoring Unit and the Market Advisor exceed the thresholds for economic withholding specified in Section 3.1.2; and if so, (ii) determine whether such bids would cause material price effects or changes in guarantee payments as specified in Section 3.2.1.

The NYISO also proposes to remove § 3.2.2(d) and re-number § 3.2.2(e) of Attachment H to its Services Tariff.

³ *New York Independent System Operator, Inc.*, New York Independent System Operator, Inc.'s Tariff Revisions Reflecting the Implementation of Enhanced Real-Time Scheduling Software, Docket No. ER04-230-000, at pp. 48, 59 (Nov. 26, 2003) ("Real-Time Scheduling Filing").

⁴ *New York Independent System Operator, Inc.*, 108 FERC ¶ 61,188 at P 16 (2004).

⁵ *New York Independent System Operator, Inc.*, Compliance Filing of the New York Independent System Operator, Inc., Docket Nos. ER01-3155-007, EL01-45-015, and ER01-1385-016 (July 1, 2005).



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These modifications remove from the NYISO the authority to apply the AMP to Generators participating in the rest-of-state, Real-Time Market.

IV. Proposed Effective Date

The NYISO requests an effective date of July 11, 2005, the date the NYISO deactivates the rest-of-state, Real-Time Market AMP in compliance with the Commission's June 24 Order.


V. Service List

Copies of this filing are being served on all parties designated on the official service list maintained by the Secretary of the Commission in these proceedings.

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

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cc: Daniel L. Larcamp, Room 8A-01, Tel. (202) 502-6700
Anna V. Cochrane, Room 81-11, Tel. (202) 502-6357
Connie N. Caldwell, Room 52-55, Tel. (202) 502-6489
Michael A. Bardee, Room 101-09, Tel. (202) 502-8068

ATTACHMENT I

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment H

Fifth Revised Sheet No. 472
Superseding Fourth Revised Sheet No. 472

c) The ISO shall implement automated procedures within the SCUC for Constrained Areas, and within RTC for Constrained Areas. Such automated procedures will: (i) determine whether any Day-Ahead or Real-Time Energy Bids, including start-up costs Bids and Minimum Generation Bids but excluding Ancillary Services Bids, that have not been adequately justified to the Market Monitoring Unit and the Market Advisor exceed the thresholds for economic withholding specified in Section 3.1.2; and if so, (ii) determine whether such bids would cause material price effects or changes in guarantee payments as specified in Section 3.2.1.

d) The ISO shall forgo performance of the additional SCUC and RTC passes necessary for automated mitigation of bids in a given Day-Ahead Market or Real-Time Market if evaluation of unmitigated bids results in prices at levels at which it is unlikely that the thresholds for bid mitigation will be triggered.

3.2.3. Section 205 Filings

In addition, the ISO shall make a filing under § 205 with the Commission seeking authorization to apply an appropriate mitigation measure to conduct that departs significantly from the conduct that would be expected under competitive market conditions but does not rise to the thresholds specified in sections 3.1.1 through 3.1.3 above if that conduct has a significant effect on market prices or guarantee payments as specified below, unless the ISO determines, from information provided by the Market Party or Parties that would be subject to mitigation or other information available to the ISO that the conduct and associated price or guarantee payments are attributable to legitimate competitive market forces or incentives. For purposes of this section, conduct shall be deemed to have an effect on market prices or guarantee payments that is significant if it exceeds one of the following thresholds:

- (1) an increase of 100 percent in the hourly day-ahead or real-time energy LBMP at any location, or of any other price in an ISO Administered Market; or
- (2) an increase of 100 percent in guarantee payments to a Market Party for a day.

ATTACHMENT II

New York Independent System Operator, Inc.
 FERC Electric Tariff
 Original Volume No. 2
 Attachment H

~~Fourth~~ Fifth Revised Sheet No. 472
 Superseding ~~Third~~ Fourth Revised Sheet No. 472

c) The ISO shall implement automated procedures within the SCUC for Constrained Areas, and within RTC for Constrained Areas, ~~and may implement automated procedures for areas that are not Constrained Areas in RTC for Generators meeting the requirements of Section 3.2.2(d).~~ Such automated procedures will: (i) determine whether any Day-Ahead or Real-Time Energy Bids, including start-up costs Bids and Minimum Generation Bids but excluding Ancillary Services Bids, that have not been adequately justified to the Market Monitoring Unit and the Market Advisor exceed the thresholds for economic withholding specified in Section 3.1.2; and if so, (ii) determine whether such bids would cause material price effects or changes in guarantee payments as specified in Section 3.2.1.

~~d) The ISO may implement automated mitigation procedures in RTC for a Generator that is not in a Constrained Area if a bid has been submitted for that Generator that (i) exceeds the applicable threshold for economic withholding specified in Section 3.1.2 and (ii) results in a market impact that exceeds the applicable threshold specified in Section 3.2.1 and (iii) the ISO, in consultation with the Market Advisor, determines that the bid is inconsistent with competitive conduct. Automated mitigation procedures may be used for a Generator that is not in a Constrained Area for a period not longer than six months from the submission of such a bid.~~

ed) The ISO shall forgo performance of the additional SCUC and RTC passes necessary for automated mitigation of bids in a given Day-Ahead Market or Real-Time Market if evaluation of unmitigated bids results in prices at levels at which it is unlikely that the thresholds for bid mitigation will be triggered.

3.2.3. Section 205 Filings

In addition, the ISO shall make a filing under § 205 with the Commission seeking authorization to apply an appropriate mitigation measure to conduct that departs significantly from the conduct that would be expected under competitive market conditions but does not rise to the thresholds specified in sections 3.1.1 through 3.1.3 above if that conduct has a significant effect on market prices or guarantee payments as specified below, unless the ISO determines, from information provided by the Market Party or Parties that would be subject to mitigation or other information available to the ISO that the conduct and associated price or guarantee payments are attributable to legitimate competitive market forces or incentives. For purposes of this section, conduct shall be deemed to have an effect on market prices or guarantee payments that is significant if it exceeds one of the following thresholds:

- (1) an increase of 100 percent in the hourly day-ahead or real-time energy LBMP at any location, or of any other price in an ISO Administered Market; or
- (2) an increase of 100 percent in guarantee payments to a Market Party for a day.

Issued by: ~~William J. Muceler~~ Mark S. Lynch, President
 Issued on: July 11, 2005

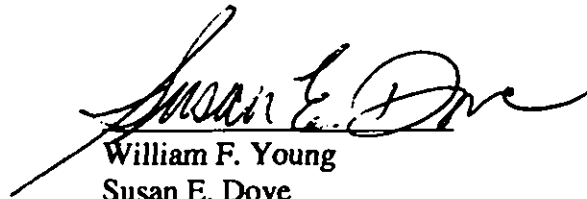
Effective: May 26/July 11, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER04-4455-230-0076, et al., issued on June 16/24, 2005, 111 FERC ¶ 61,399-168 (2005).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties listed on the official service list maintained by the Secretary of the Commission in Docket Nos. ER04-230-006, ER01-3155-006, EL01-45-014, and ER01-1385-015 in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 385.2010.

Dated at Washington, D.C. this 11th day of July 2005.

A handwritten signature in black ink, appearing to read "Susan E. Dove". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

William F. Young
Susan E. Dove
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