

June 20, 2005

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

Re: Third Biweekly Informational Report of the New York Independent System Operator, Inc. Addressing Price Corrections and Software Corrections; Docket No. ER04-230-009

Dear Secretary Salas:

On May 9, 2005 the Commission issued an Order in the above docket granting two temporary revisions to the Temporary Extraordinary Procedures (“TEP”) contained in Attachment E to the New York Independent System Operator Inc.’s (“NYISO’s”) Market Services Tariff and Attachment Q to the NYISO’s Open Access Transmission Tariff (“OATT”). In its Order, the Commission required the NYISO to “file biweekly reports with the Commission, for informational purposes only, on the use of the TEP and on both the status of the software corrections and the status of testing the adequacy of price determinations.” This is the NYISO’s third biweekly informational report; it covers the period from June 1 through June 15, 2005.

Use of the TEP

As the attached Price Correction and Reservation Summary charts graphically indicate, the NYISO reserved prices for 198 hours in the first fifteen days of June. The NYISO corrected prices in 71 hours in the first nine days of June.¹

Testing of Adequacy of Price Determinations

For the period June 1 through June 9, 2005 the NYISO has fully complied with the ten-day price correction posting deadline authorized by the Commission. Due to a large number of price corrections associated with the joint SMD 2.1 / Scheduled Lines software deployment and Desired Net Interchange (“DNI”) proxy bus issues, price corrections for only one day (June 6th) were posted within 5 days.

¹ The Price Correction and Reservation Summary charts were prepared on June 17, 2005 and reflect price reservation activity through June 15th and price correction activity through June 9th.

Status of Software Corrections

In its First Biweekly Informational Report Addressing Price Corrections and Software Corrections (“First Report”), the NYISO identified a software problem affecting the prices at the NYISO’s external proxy buses at times when the NYISO is ramp constrained (that is, when the NYISO is constrained in meeting its DNI). The software to correct this issue was deployed to production on June 8, 2005.

The NYISO’s First Report also identified a pricing anomaly that it discovered in its Real-Time Dispatch – Corrective Action Mode software. The NYISO has received a correction for this problem from its software vendor and intends to commence quality assurance testing of the fix next week. Implementation is targeted for late June or early July.

In addition, the NYISO has identified a new issue:

- Generator Bus Modeling Anomaly. A generator bus can get “islanded” (isolated from the grid for price setting purposes) during the Real-Time Dispatch solution process under a certain set of outage conditions. “Islanding” results in the loss component of the price being set incorrectly for the generator, requiring a subsequent price correction. The NYISO intends to address this anomaly by changing the manner in which generators are modeled. NYISO Operations is researching options and alternative modeling methods that can be used to address this issue.

Please contact either of the undersigned if you have questions regarding this letter or the attached charts.

Respectfully submitted,

/s/ Alex M. Schnell

Mollie Lampi, Assistant General Counsel
Alex M. Schnell
New York Independent System Operator, Inc.

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

Price Correction and Reservation Summary
June 1 through June 15, 2005 (prepared on June 17, 2005)

Key

	reserved
	reserved and corrected
	reserved and released

June	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	Hours Reserved	Hours With Corrections	Hours Released		
6/1/2005																									10	9	1		
6/2/2005																										5	4	1	
6/3/2005																										7	0	7	
6/4/2005																										14	11	3	
6/5/2005																										10	2	8	
6/6/2005																										21	18	3	
6/7/2005																										24	24	0	
6/8/2005																										21	0	0	
6/9/2005																										8	3	5	
6/10/2005																										9	0	0	
6/11/2005																										5	0	0	
6/12/2005																										3	0	0	
6/13/2005																										18	0	0	
6/14/2005																										24	0	0	
6/15/2005																										19	0	0	
6/16/2005																										0	0	0	
6/17/2005																										0	0	0	
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6/24/2005																										0	0	0	
6/25/2005																										0	0	0	
6/26/2005																										0	0	0	
6/27/2005																										0	0	0	
6/28/2005																										0	0	0	
6/29/2005																										0	0	0	
6/30/2005																										0	0	0	
Monthly Totals																										198	71	28	Total
																										6.6	2.4	0.9	Average
																										24	24	8	Max
																										0	0	0	Min

Certificate of Service

I hereby certify that I have this day electronically served the foregoing document upon each person designated on the official service lists compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Albany, New York this 20th day of June, 2005.

/s/ Alex M. Schnell _____
Alex M. Schnell
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