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April 3, 2002

**BY HAND**

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

New York Independent System Operator, Inc.'s  
Compliance Filing in Docket Nos. ER01-3009-004, ER01-3153-004,  
and EL00-90-004

Dear Ms. Salas:

Pursuant to the Commission's order, dated March 14, 2002, in the above-captioned proceedings ("March 14 Order"),<sup>1</sup> the New York Independent System Operator, Inc. ("NYISO") respectfully submits this compliance filing and revisions to its Market Administration and Control Area Services Tariff ("Services Tariff") to modify its credit policies applicable to bids of non-physical (*i.e.* "virtual") generation and load into the Day-Ahead Market<sup>2</sup> that are settled in the Real-Time Market ("Virtual Transactions").

**I. Documents Submitted**

1. This filing letter;
2. Clean revised tariff sheet of the Services Tariff incorporating modified credit policies applicable to Virtual Transactions ("Attachment I");

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<sup>1</sup> *New York Independent System Operator, Inc.*, 98 FERC ¶ 61,282 (2002).

<sup>2</sup> Capitalized terms not otherwise defined herein have the meaning ascribed to them in Article 2 of the Services Tariff.

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3. Redlined revised tariff sheet of the Services Tariff showing the changes that the NYISO proposes to make (“Attachment II”); and
4. A form of *Federal Register Notice* (“Attachment III”).

## **II. Copies of Correspondence**

All notices and communications in this proceeding should be served on:

Robert E. Fernandez, General Counsel and Secretary  
Mollie Lampi, Associate General Counsel  
Belinda Thornton, Director of Regulatory Affairs  
3890 Carman Road  
Schenectady, NY 12303  
Tel: (518) 356-6153  
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Arnold H. Quint  
Ted J. Murphy  
Hunton & Williams  
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951 East Byrd Street  
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## **III. Effective Date**

As discussed in the *Motion of the New York Independent System Operator, Inc. to Defer to the Effective Date of Proposed Tariff Provisions* submitted contemporaneously with this compliance filing, the NYISO proposes to make the revisions contained herein effective on May 1, 2002.

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<sup>3</sup> The NYISO respectfully requests a waiver of the Commission’s regulations (18 C.F.R. § 385.203) to allow the inclusion of more than two persons for service and communications.

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#### **IV. Service List**

The NYISO has mailed a copy of this compliance filing to all persons that have filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has also mailed a copy to each person designated on the official service lists maintained by the Commission in the above-captioned proceedings.

#### **V. Discussion of Tariff Revisions Filed**

The NYISO is submitting revisions to Section 8.4.1 of the Services Tariff to comply with the Commission's directive to remove the alternative minimum amount of collateral required to support Virtual Transactions. As revised, the Services Tariff will provide that the amount of collateral required to support Virtual Transactions will be calculated based solely on the difference in price observed between the Day-Ahead Market and the Real-Time Market at the 97<sup>th</sup> percentile over the previous three months.

#### **VI. Federal Register Notice**

A form of *Federal Register* Notice is provided as Attachment III hereto.

#### **VII. Conclusion**

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc., respectfully requests that the Commission accept this Compliance Filing, including proposed tariff revisions, as discussed herein.

Respectfully submitted,

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Ted J. Murphy  
Counsel for  
New York Independent System Operator, Inc.

cc: All signatories to the OATT and Services Tariff  
All parties in Docket Nos. ER01-3009-004, ER01-3153-004, and EL00-90-004

**ATTACHMENT I**

**ATTACHMENT II**

**ATTACHMENT III**

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.	)	Docket Nos. ER01-3009-004 and
	)	ER01-3153-004
	)	
Morgan Stanley Capital Group, Inc.	)	Docket Nos. EL00-90-004
v.	)	
New York Independent System Operator, Inc.	)	

NOTICE OF FILING

Take notice that on April 3, 2002, the New York Independent System Operator, Inc. (“NYISO”) tendered for filing a compliance filing in accordance with the Commission’s March 14, 2002, order in the above-captioned proceedings.

The NYISO has mailed a copy of this compliance filing to all persons that have filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has also mailed a copy to each person designated on the official service lists maintained by the Commission in the above-captioned proceedings.

Any person desiring to be heard or to protest this filing should file a motion to intervene or 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. This filing may also be viewed on the Internet at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

Magalie R. Salas  
Secretary

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all persons that have filed interconnection applications or executed Service Agreements under the NYISO Open Access Transmission Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania. The NYISO has also mailed a copy to all parties in Docket Nos. ER01-3009-004, ER01-3153-004 and EL00-90-004 in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 2010 (2001).

Dated at Washington, D.C. this 3<sup>rd</sup> day of April 2002.

\_\_\_\_\_  
Catherine A. Karimi  
Senior Professional Assistant  
Hunton & Williams  
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Washington, DC 20006-1109  
(202) 955-1500