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April 8, 2002

FILE NO: 55430.000042

**By Hand**

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

New York Independent System Operator, Inc.  
Filing of Tariff Revisions to Implement “Queuing” of Pre-Scheduled Transactions  
and Request for Waiver of Sixty Day Notice Period

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Dear Ms. Salas:

Pursuant to Section 205 of the Federal Power Act,<sup>1</sup> the New York Independent System Operator, Inc. (“NYISO”) by counsel, hereby submits revisions to its Market Administration and Control Area Services Tariff (“Services Tariff”) and its Open Access Transmission Tariff (“OATT”) in order to enhance the flexibility of the evaluation process for “pre-scheduling” purchases and sales from New York’s LBMP Market and Wheels Through.<sup>2</sup> The proposed revision is a pre-scheduling enhancement that would allow a Customer to ask the NYISO to continue evaluating a Pre-scheduled Transaction Request, not accepted for scheduling, in its original priority position (the “queue” position) until the Pre-scheduled Transaction Request is either accepted for scheduling, withdrawn, or not accepted for scheduling by the close of the Day-Ahead Market on the designated Dispatch Day

**I. List of Documents Submitted**

The NYISO submits the following documents:

1. This filing letter;

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<sup>1</sup> 16 U.S.C. §824d (1994).

<sup>2</sup> Unless otherwise defined herein, capitalized terms in this filing letter shall have the meaning set forth in the Services Tariff and the OATT as amended by the revisions submitted herewith.

The Honorable Magalie R. Salas  
April 8, 2002  
Page 2

2. Clean revised tariff sheets from the Services Tariff incorporating the new provisions (Attachment I);
3. Blacklined revised tariff sheets from the Services Tariff incorporating the new provisions (Attachment II);
4. Clean revised tariff sheets from the OATT incorporating the new provisions (Attachment III);
5. Blacklined revised tariff sheets from the OATT incorporating the new provisions (Attachment IV); and
6. A form of Notice suitable for publication in the *Federal Register* (Attachment V).

## **II. Copies of Correspondence**

Copies of correspondence concerning this filing should be served on:

Robert Fernandez, General Counsel and Secretary  
Belinda Thornton, Director of Regulatory Affairs  
Mollie Lampi, Assistant General Counsel  
New York Independent System Operator, Inc.  
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## **III. Proposed Effective Date**

The NYISO respectfully requests that the Commission make this filing effective as of April 11, 2002 the effective date requested in the NYISO's Motion to Defer Effective Date of Proposed Tariff Revisions filed March 29, 2002 in the above-captioned proceeding. If it is not possible for the Commission to grant this request then the NYISO asks that the queuing enhancement proposed herein be made effective as soon after April 11 as possible. The NYISO submits that good cause exists to shorten the usual sixty notice period in this instance because the proposed

The Honorable Magalie R. Salas  
April 8, 2002  
Page 3

enhancement is minor in scope and will benefit all Market Participants by increasing the flexibility and usefulness of pre-scheduling.

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

The NYISO has mailed a copy to all parties that executed Service Agreements under the OATT or Services 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 list maintained by the Commission in Docket No. ER02-638-000.

#### **V. Background**

On February 26, 2002, the Commission accepted in part the NYISO's request to add provisions to its Services Tariff and its OATT in order to offer new options for its Customers to pre-schedule certain Transactions.<sup>3</sup> Pursuant to the February 26 Order, Customers may now schedule, in advance, Transactions to buy or sell Energy in the NYISO-administered LBMP Markets or to wheel Energy through the New York Control Area ("NYCA"). This new pre-scheduling option will allow Market Participants to reserve Ramp Capacity and Transfer Capability up to eighteen (18) months in advance of the Dispatch Day and be assured of the highest economic priority available to schedule their Transaction.

While approving the NYISO's proposed Tariff changes to implement the pre-scheduling program for those Transactions submitted before the close of the Day-Ahead Market, the Commission rejected without prejudice three enhancements that had also been proposed. The Commission's rejection noted that the NYISO lacked the technical capability to provide such enhancements at the time the filing was made.

This filing proposes to implement one aspect of one of the enhancements that was previously submitted by the NYISO and discussed in the February 26 Order.<sup>4</sup> This enhancement provides Customers with an opportunity to request that a Pre-scheduled Transaction Request which was not initially accepted for scheduling, continue to be evaluated in its original priority

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<sup>3</sup> *New York Independent System Operator, Inc.*, 98 FERC ¶ 61,189 (2002).

<sup>4</sup> The NYISO may make separate filings to implement the other pre-scheduling enhancements that were rejected without prejudice by the February 26 Order in the future.

The Honorable Magalie R. Salas  
April 8, 2002  
Page 4

or “queue” position until the Transaction is either accepted for scheduling or withdrawn.<sup>5</sup> The NYISO now has the technical capability to begin offering “queuing.”<sup>6</sup>

As the Commission noted in its Order, pre-scheduling will help promote a “seamless” Northeastern energy marketplace by reconciling the NYISO’s use of a financially based reservation system with the physical reservation systems currently utilized by ISO New England Inc. and PJM. The queuing enhancement here will further that goal by increasing the flexibility available to Customers for evaluation of their Pre-Scheduled Transaction Requests. Increased flexibility should increase the usefulness of this new option in moving Energy economically and efficiently into and out of the New York LBMP Market and through New York from one Control Area to another.

The enhancement will allow Customers to request that the NYISO continue to evaluate a Pre-scheduled Transaction Request not accepted for scheduling in the priority order in which the Pre-scheduled Transaction Request was originally submitted. Since Ramp Capacity and Transfer Capability are allocated to Pre-scheduled Transaction Requests on a first come first served basis, based on the order in which they are submitted, the queue position of a Pre-scheduled Transaction Request may have value to a Customer.

Without this enhancement, a Customer that desired to have a Pre-scheduled Transaction Request accepted, that was initially rejected, would be required to resubmit the request and establish a new queue position for it. The queuing enhancement would allow Customers to maintain the original queue position of the Pre-scheduled Transaction Request while the NYISO continues to evaluate the feasibility of scheduling it. Maintaining a Transaction’s queue position can be very important if, for example, subsequently scheduled counterflow transactions free sufficient Ramp Capacity and Transfer Capability to allow a previously rejected Pre-Scheduled Transaction Request to be scheduled. The queuing enhancement was specifically requested by Market Participants when the pre-scheduling proposal was developed. It should expand the flexibility and overall usefulness of pre-scheduling. Moreover, the queuing enhancement was not challenged by any commenter in Docket No. ER02-638-000 and should not be controversial.

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<sup>5</sup> However, any Pre-Scheduled Transaction Request that has not been accepted for scheduling by the close of the Day-Ahead Market for a designated dispatch day, will be dropped. The pre-scheduling queue does not carry over from one day to the next.

<sup>6</sup> Queuing was originally described in the NYISO’s December 28, 2001 *Filing of Tariff Revision to Implement the Pre-Scheduling of External Transactions and Wheels Through* in Docket No. ER02-638-000 at 8, n.13.

## **VI. Description of Proposed Tariff Changes**

The NYISO proposes to amend Section 4.5a of the Services Tariff, the section that sets forth the rules governing the submission and scheduling of Pre-scheduling Transaction Requests, to add a provision to describe the NYISO's obligation, at the request of a Customer, to continue to evaluate a Pre-scheduled Transaction Request not accepted for scheduling in the priority order in which it was originally submitted. This section describes the NYISO's responsibility to maintain the queue position of a Pre-scheduled Transaction Request that is not accepted for scheduling until it is either accepted for scheduling, withdrawn by the Customer or not accepted for scheduling by the close of the Day-Ahead Market on the designated Dispatch Day.

The NYISO proposes also to amend Section 3.1 of Services Tariff Attachment B, the section that describes the NYISO's general responsibilities with regard to filing Pre-scheduled Transaction Requests, to add a provision describing the queuing enhancement. The proposed language addition to Section 3.1 of Attachment B parallels the provision added to Section 4.5a, described above.

Finally the NYISO proposes to amend the OATT, Section 13.8, which governs the scheduling of Firm Point to Point Transmission Service. The proposed language is very similar to the proposed addition to Section 4.5a of the Services Tariff. It describes the NYISO's obligation to continue to evaluate Pre-scheduled Transaction Requests for Wheels Through not accepted for scheduling in the priority order in which they were submitted.

## **VII. Stakeholder Review and Approval**

The tariff revision proposed in this filing was originally submitted to the Commission in a filing made December 28, 2001. That filing, with the provision proposed herein included, was approved in concept by the NYISO's Management Committee and reviewed, pursuant to the Management Committee's instructions, with members of the Market Structures and Working Group and the Chairs and Vice Chairs of the Management and Business Issues Committee. It is being resubmitted now that the NYISO has the technical capability to implement the proposed revision.

## **VIII. No Costs Relating to Discriminatory Employment Practices**

The NYISO has no expenses or costs that have been alleged or judged to be illegal, duplicate or unnecessary costs that are demonstrably the product of discriminatory employment practices.

The Honorable Magalie R. Salas  
April 8, 2002  
Page 6

**IX. Federal Register Notice**

A form of *Federal Register* Notice is provided as Filing Attachment V hereto. A diskette of the Notice is also provided in WordPerfect format.

**X. Conclusion**

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept for filing the enhancements to Pre-scheduled Transaction Requests described herein.

Respectfully submitted,

Ted J. Murphy

cc: Daniel L. Larcamp, 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 71-31, Tel. (202) 208-0089  
Andrea C. Wolfman, Lead Counsel for Market Oversight and Enforcement,  
Room 9E-01, Tel. (202) 208-2097  
Michael A. Bardee, Lead Counsel for Markets, Tariffs and Rates, Room 101-09,  
Tel. (202) 208-2068  
Stanley P. Wolf, Office of the General Counsel, Room 101-03,  
Tel. (202) 208-0891

## **Attachment I**

## **Attachment II**



## **Attachment III**

## **Attachment IV**

## **Attachment V**



## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all signatories to NYISO's Open Access Transmission Tariff or Market Administration and Control Area Services Tariff, to the New York State Public Service Commission, and to the electric utility regulatory agencies in New Jersey and Pennsylvania and that I have also served a copy on each person designated on the official service list compiled by the Secretary in Docket Nos. ER02-638-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2001).

Dated at Washington, D.C., this 8th day of April 2002.

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Catherine A. Karimi  
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