

December 10, 2004

BYHAND

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

New York Independent System Operator, Inc.'s
Compliance Filing of Tariff Revision to Extend the
Incentivized Day-Ahead Economic Load Curtailment Program
In Docket No. ER04-1188-000

Dear Ms. Salas:

Pursuant to a Commission Letter Order¹ dated October 29, 2004 (the "Letter Order"), the New York Independent System Operator, Inc. ("NYISO"), by this submittal, proposes a revision to its Market Administration and Control Area Services Tariff ("Services Tariff") to modify a provision of the Incentivized Day-Ahead Economic Load Curtailment Program, more commonly known as the Day-Ahead Demand Reduction Program ("DADRP"). The proposed revision, submitted to comply with the October 29 Letter Order, extends by one year (i.e., until October 31, 2005) a tariff provision that currently terminates Demand Reduction Incentive Payments² to DADRP resources after October 31, 2004.

I. List of Documents Submitted

The NYISO submits the following documents:

1. This filing letter;
2. A clean version of the revision to the Services Tariff (Attachment I);
3. A redlined version of the revision to the Services Tariff (Attachment II); and
4. A form of *Federal Register* Notice (Attachment III).

¹ *New York Independent System Operator, Inc.*, 109 FERC ¶ 61,101 (2004).

² Capitalized terms that are not defined herein are defined in Article 2 of the Services Tariff.

II. Copies of Correspondence

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel and Secretary
Elaine Robinson, Acting Director of Regulatory Affairs
Gerald R. Deaver, Senior Attorney
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, NY 12203
Tel: (518) 356-7549
Fax: (518) 356-4702
rfernandez@nyiso.com
erobinson@nyiso.com
gdeaver@nyiso.com

III. Proposed Effective Date

Because the Commission's Letter Order approved the extension of Demand Reduction Incentive Payments without interruption through October 1, 2005, the NYISO requests that the revision proposed herein be made effective on November 1, 2004.

IV. Service List

The NYISO has mailed a copy of this filing to all parties who have executed Service Agreements under the NYISO's OATT or its Market Administration and Control Area Services Tariff, and to the electric utility regulatory agencies in New York, New Jersey, and Pennsylvania.

V. Description of and Purpose for Revision to Services Tariff

The Commission previously approved provisions to the NYISO Services Tariff on May 16, 2002, to implement the DADRP,³ and subsequently approved amendments to the Services Tariff on March 21, 2003,⁴ to modify the DADRP and extend the availability of the Demand Reduction Incentive Payment through October 31, 2004.

The Letter Order accepted in part, as modified and with conditions, certain tariff revisions that were submitted by the NYISO on September 1, 2004, that were proposed to

³ *New York Independent System Operator, Inc.*, 95 FERC ¶ 61,223 (2001).

⁴ *New York Independent System Operator, Inc.*, 102 FERC ¶ 61,313 (2003).

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modify the DADRP. The Letter Order rejected, however, an NYISO proposal to continue the DADRP without a pre-determined termination date by removing a current provision that terminates the availability of Demand Reduction Incentive Payments under the DADRP after October 31, 2004. Instead, the Letter Order directed the NYISO to submit a substitute Ninth Revised Sheet No. 34 to reflect the extension of Demand Reduction Incentive Payments to October 31, 2005, which is submitted herewith.

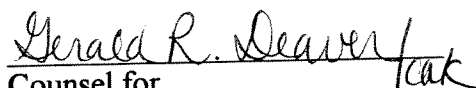
VI. No Costs Relating to Discriminatory Employment Practices

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.

VII. Federal Register Notice

A form of *Federal Register* Notice is provided herewith. A diskette of the Notice is also provided.

Respectfully submitted,


Counsel for
New York Independent System Operator, Inc.

Robert E. Fernandez, General Counsel and Secretary
Gerald R. Deaver, Senior Attorney
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, NY 12203

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

ATTACHMENT I

output, and purchase Energy in the LBMP Markets, or by an entity engaged in a Bilateral Wheel Through Transaction to indicate the Congestion Component cost below which that entity is willing to accept Transmission Service.

2.38a Demand Reduction

A quantity of reduced electricity demand from a Demand Side Resource that is bid, produced, purchased and sold over a period of time and measured or calculated in Megawatt hours.

2.38b Demand Reduction Aggregator

A Demand Reduction Provider, qualified pursuant to ISO Procedures, that bids Demand Side Resources of at least 1 MW through contracts with Demand Side Resources and is not a Load Serving Entity.

2.38c Demand Reduction Incentive Payment

A payment to Demand Reduction Providers that are scheduled to make Day-Ahead Demand Reductions that are not supplied by a Local Generator. The payment shall be equal to the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the Day-Ahead scheduled hourly Demand Reduction in MW. Demand Reduction Incentive Payments shall not be made after October 31, 2005.

ATTACHMENT II

output, and purchase Energy in the LBMP Markets, or by an entity engaged in a Bilateral Wheel Through Transaction to indicate the Congestion Component cost below which that entity is willing to accept Transmission Service.

2.38a Demand Reduction

A quantity of reduced electricity demand from a Demand Side Resource that is bid, produced, purchased and sold over a period of time and measured or calculated in Megawatt hours.

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A Demand Reduction Provider, qualified pursuant to ISO Procedures, that bids Demand Side Resources of at least 1 MW through contracts with Demand Side Resources and is not a Load Serving Entity.

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ATTACHMENT III

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.) Docket No. ER04-1188-000

NOTICE OF FILING

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Take notice that on December 10, 2004, the New York Independent System Operator, Inc. ("NYISO") submitted a proposed revision to its Market Administration and Control Area Services Tariff that would extend a sunset provision for Demand Reduction Incentive Payments under the Day-Ahead Demand Response Program through October 31, 2005. This tariff revision was submitted to comply with an October 29, 2004 letter order in the above referenced docket. The NYISO has served a copy of this filing upon all parties that have executed service agreements under the NYISO's Open Access Transmission Tariff and Market Administration and Control Area Services Tariff.

Copies of the filing were served upon each person that has executed a Service Agreement under the NYISO's Open Access Transmission Tariff or Market Administration and Control Area Services Tariff, and also upon the electric utility regulatory agencies in New York, New Jersey and Pennsylvania.

Any person desiring to intervene or to protest this filing must file 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 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 notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

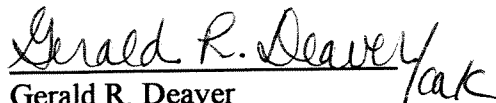
Comment Date: 5:00 pm Eastern Time on (insert date).

Magalie R. Salas, Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person on the official service list in Docket No. ER04-1188-000 in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2004). Copies of the filing were also served upon each person that has executed a Service Agreement under the NYISO's Open Access Transmission Tariff or Market Administration and Control Area Services Tariff, and also upon the electric utility regulatory agencies in New York, New Jersey and Pennsylvania.

Dated at Washington, D.C. this 10th day of December, 2004.

Handwritten signature of Gerald R. Deaver in cursive script, with the initials 'G.R.D.' and 'JAK' visible.

Gerald R. Deaver
Senior Attorney
New York Independent System Operator, Inc.
290 Washington Avenue Extension
Albany, NY 12203