

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 19, 2004
Docket No. ER04-1144-000

The New York Independent System Operator, Inc.
Attention: Elizabeth A. Grisaru
Senior Attorney
3890 Carman Road
Schenectady, NY 12303

Dear Ms. Grisaru:

By letter dated August 20, 2004, you submitted for filing with the Commission proposed amendments to the New York Independent System Operator (NYISO) open access transmission tariff (OATT) to establish a comprehensive planning process for reliability needs for New York (Planning Process). Please be advised that your submittal is deficient, and that the Commission is requesting the following additional information from NYISO in order to assist the Commission in rendering a decision on your submittal:

1. Section 6.2 of the Planning Process states that “a period of time will be reserved for the development and review of market-based solutions only.” Please explain the basis for reserving a period of time for exclusively considering market-based solutions before considering “alternative regulated solutions” such as demand-side alternatives. Please explain why various regulated and market proposals are not reviewed simultaneously.
2. Section 6.4 (b) states that alternative regulated responses, such as generation, demand side alternatives and/or other solutions to address a reliability need shall be submitted to the New York Department of Public Service (NYDPS). Please provide further description of the criteria, which the NYDPS will employ in reviewing these alternative regulated proposals prior to submitting them to NYISO.
3. In section 7.2 of the Planning Process describes the process of evaluating market based proposals. Specifically, this section states that “NYISO will not select from among the market-based solutions if there is more than one proposal which will meet the same Reliability Need.” Please explain the role that the state will have in determining the adequacy of the market-based solutions. In cases where two or more market-based solutions meet a certain reliability need, how is a solution selected and by which party?

4. Please provide an update on the development of NYISO's approach to planning for economic reasons.

The information requested in this letter will constitute an amendment to your filing. A notice of amendment will be issued upon receipt of your response. Accordingly, you are directed to file a form of notice of amendment to the filing pursuant to section 35.8 of the Commission's regulations.

This letter is issued pursuant to 18 CFR § 375.307(n)(2) and is interlocutory. This letter is not subject to rehearing pursuant to 18 CFR § 385.713 and a response to this letter must be filed within 10 days of the date of this letter. Submit seven copies of your response. Six copies of your response should be sent to:

Federal Energy Regulatory Commission
Office of the Secretary
888 First Street, N.E.
Washington, DC 20426

The seventh copy of your response should be sent to:

Federal Energy Regulatory Commission
Attention: Kevin Huyler
Office of Markets Rates and Tariffs, East
Room 82-38
Washington, DC 20426

Failure to respond to this order within the time period specified may result in a further order rejecting your filing. Pending receipt of the above information, a filing date will not be assigned to your submittal.

Sincerely,

Rossell A. Glasgow, Jr., Acting Director
Division of Tariffs and Market
Development - East