

September 13, 2007

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: ER07-720-000 – Second Compliance Filing

Dear Secretary Bose:

On July 3, 2007, the New York Independent System Operator, Inc. (“NYISO”) made a compliance filing in response to a June 7, 2007 Letter Order in the above docket.<sup>1</sup> The Letter Order accepted revisions to the NYISO’s Market Administration and Control Area Services Tariff (“Services Tariff”) and its Open Access Transmission Tariff (“OATT”) instituting the Transmission Shortage Cost, a new market rule allowing the NYISO to avoid setting prices based on inefficient redispatch.<sup>2</sup> In its July Compliance Filing, the NYISO responded to the Commission June Order and specified the conditions under which it would exercise its authority to temporarily change the value of Transmission Shortage Cost. The NYISO also stated when it would file, under Section 205, for approval of the changed values of the Transmission Shortage Cost.

In this second compliance filing, the NYISO clarifies that it will file all changes to the value of the Transmission Shortage Cost with the Commission pursuant to Section 205 of the Federal Power Act.

### **I. Copies of Correspondence**

Copies of correspondence concerning this filing should be served on:

Robert E. Fernandez, General Counsel and Secretary  
Mollie Lampi, Assistant General Counsel  
Elaine D. Robinson, Director, Regulatory Affairs  
New York Independent System Operator, Inc.  
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<sup>1</sup> July 3, 2007 NYISO compliance filing in response to 119 FERC ¶ 61,237 dated June 7, 2007 (“July Compliance Filing”).

<sup>2</sup> 119 FERC ¶ 61,237 (“June Order”).

**II. Service List**

As it has done with numerous other filings, the NYISO will electronically serve a copy of this filing on the official representative of each of its customers, on each participant in its stakeholder committees, on the New York State Public Service Commission and the electric utility regulatory agencies of New Jersey and Pennsylvania.

**III. All Changes to the Value of the Transmission Shortage Cost Will be Filed with the Commission**

In its July Compliance Filing letter, the NYISO stated that, within 45 days of modifying the value of the Transmission Shortage Cost pursuant to the authority provided, it would either file the revision with the Commission or announce it was only a temporary revision that would expire pursuant to the provisions of Attachment B to the Services Tariff. The NYISO hereby clarifies that within 45 days of modifying the value of its Transmission Shortage Cost pursuant to the authority provided in Part I. Section D, of Attachment B to the Services Tariff and in Part I. Section D. of Attachment J to the OATT, the NYISO will file with the Commission, pursuant to the provisions of the Federal Power Act and Article 19 of the *Independent System Operator Agreement*,<sup>3</sup> a tariff revision reflecting the modified value of its Transmission Shortage Cost with appropriate effective date(s).

Respectfully submitted,

*/s/ Mollie Lampi*  
Assistant General Counsel  
(518) 356-7530

cc: Shelton Cannon  
Larry Gasteiger  
Michael Bardee  
Connie Caldwell  
Kathleen Nieman  
Dean Wight  
Lance Hinrichs  
Roy Cheruvelil  
John Yakobitis  
Rachel Spiker  
Gregory Berson

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<sup>3</sup> Article 19 of the *Independent System Operator Agreement* specifies the stakeholder governance process used in filing tariff amendments with the Commission.

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document on the official service list compiled by the Secretary in this proceeding. I also certify that the NYISO has electronically served a copy of this filing on the official representative of each of its customers, on each participant in its stakeholder committees, on the New York State Public Service Commission and the electric utility regulatory agencies of New Jersey and Pennsylvania

Dated at Rensselaer, NY, this 13th day of September, 2007.

/s/ Mollie Lampi  
Assistant General Counsel  
New York Independent System Operator, Inc.  
10 Krey Blvd.  
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