

April 1, 2005

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

Re: Compliance Filing in Docket No. ER04-1138-001

Dear Ms. Salas:

On August 18, 2004, the New York Independent System Operator, Inc. ("NYISO") submitted revisions to its Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") to revise the exception from special balancing rules for certain generators and to eliminate penalty exemptions for certain generators. On October 1, 2004, the Federal Energy Regulatory Commission ("Commission") accepted the filing with a February 1, 2005 effective date to coincide with the implementation date of NYISO's Real-Time Scheduling software improvements. On January 28, 2005, NYISO filed tariff sheets in compliance with the Commission's order. On March 9, 2005, the Commission accepted the compliance filing subject to a filing by the NYISO to revise the footer of four tariff sheets to reflect compliance with the Commission's order in Docket No. ER04-1138-000 rather than Docket No. ER04-230-000. The NYISO hereby files the four revised tariff sheets.

I. Documents Submitted

The NYISO submits the following documents:

1. This filing letter;
2. Clean OATT and Services Tariff sheets reflecting the revisions discussed herein ("Attachment I");
3. Redlined OATT and Services Tariff sheets reflecting the revisions discussed herein ("Attachment II"); and
4. A form of *Federal Register* Notice ("Attachment III").

II. 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.
290 Washington Ave. Extension
Albany, NY 12203
Tel: (518) 356-7607
Fax: (518) 356-8825
rfernandez@nyiso.com
mlampi@nyiso.com
erobinson@nyiso.com

III. Service List

Copies of this filing are being served on all parties designated on the official service list maintained by the Secretary of the Commission in this proceeding. 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 Public Service Commission and on the New Jersey Board of Public Utilities. The NYISO will serve the Pennsylvania Public Utility Commission with a hard copy of this filing, as requested by that agency.

IV. Summary of Filing

The instant Filing consists of revised tariff sheets showing:

1. A "Substitute" sheet designation in the header of each sheet;
2. Docket No. ER04-1138-000 in the footer, following the phrase "Filed to comply with;" and
3. Insertion of the name of NYISO's new Chief Executive Officer and President, Mark S. Lynch into the "Issued by:" line of the footer.

V. Effective Date

Pursuant to the Commission's March 9, 2005 Letter Order, the NYISO provides an effective date of February 1, 2005, for the substitute tariff sheets.

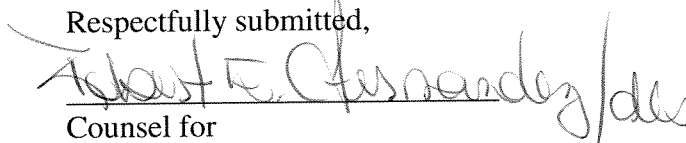
VI. Federal Register Notice

A form of *Federal Register* Notice is provided herewith. A diskette of the Notice is also provided in Microsoft Word format.

VII. Conclusion

The NYISO respectfully requests that the Commission issue an order accepting the substitute tariff sheets filed herein with an effective date of February 1, 2005.

Respectfully submitted,


Counsel for
New York Independent System Operator, Inc.

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

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

ATTACHMENT I

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource
Generators within the NYCA, plus up to an additional 50 MW of such
Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed the Transfer Capability of that Interface.

Issued by: Mark S. Lynch, President
Issued on: April 1, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-1138-000, issued October 1, 2004.

steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 365 MW of such units; and

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply to a Generator for those hours it has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

In subsections A, B, C, D, E and F of this Section 4.4.5, references to “scheduled” Energy injections and withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions. In subsections A, C, D and F of this Section 4.4.5, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions.

Generators that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Section 6.0 of Rate Schedule 3 of this ISO Services Tariff.

Issued by: Mark S. Lynch, President
Issued on: April 1, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-1138-000, issued October 1, 2004.

- (iv) Capacity Limited Resources and Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid- in upper operating limits but are less than their Real-Time Scheduled Energy Injections.

For Generators and Resources described in subsections (i), (ii), and (iii) above, this exemption shall not apply in an hour if the Generator or Resource has bid in that hour as ISO-Committed Flexible or Self-Committed Flexible.

Issued by: Mark S. Lynch, President
Issued on: April 1, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-1138-000, issued October 1, 2004.

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed the Transfer Capability of that Interface.

IV. SALE OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")

1.0 Overview of the Sales of TCCs

TCCs will be made available through both (i) the Centralized TCC Auction ("Auction") and Reconfiguration Auction, which will be conducted by the ISO; and (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et seq.

Before each Auction, the ISO shall ensure that all of the following correspond to a simultaneously feasible security constrained Power Flow: (i) existing TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction, (ii)

Grandfathered

Issued by: Mark S. Lynch, President
Issued on: April 1, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-1138-000, issued October 1, 2004.

ATTACHMENT II

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource
Generators within the NYCA, plus up to an additional 50 MW of such
Generators.

This procedure shall not apply for those hours the Generator supplying that
Transaction has bid in a manner that indicates it is available to provide Regulation Service or
Operating Reserves.

The ISO will not schedule a Bilateral Transaction which crosses an Interface
between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed
the Transfer Capability of that Interface.

steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 365 MW of such units; and

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply to a Generator for those hours it has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

In subsections A, B, C, D, E and F of this Section 4.4.5, references to “scheduled” Energy injections and withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions. In subsections A, C, D and F of this Section 4.4.5, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions.

Generators that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Section 6.0 of Rate Schedule 3 of this ISO Services Tariff.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Sched. 3

Substitute Second Revised Sheet No. 281A
Superseding First Revised Sheet No. 281A

- (iv) Capacity Limited Resources and Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid- in upper operating limits but are less than their Real-Time Scheduled Energy Injections.

For Generators and Resources described in subsections (i), (ii), and (iii) above, this exemption shall not apply in an hour if the Generator or Resource has bid in that hour as ISO-Committed Flexible or Self-Committed Flexible.

Issued by: ~~William J. Museler~~ Mark S. Lynch, President

Effective: February 1, 2005

Issued on: ~~January~~ April 21, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-2301-138-000, ~~et. al.~~ issued ~~February~~ October 14, 2004, 106 FERC ¶ 61,611 (2004).

- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

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IV. SALE OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")

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TCCs will be made available through both (i) the Centralized TCC Auction ("Auction") and Reconfiguration Auction, which will be conducted by the ISO; and (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et seq.

Before each Auction, the ISO shall ensure that all of the following correspond to a simultaneously feasible security constrained Power Flow: (i) existing TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction, (ii) Grandfathered

ATTACHMENT III

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc.)

Docket Nos. ER04-1138-001

NOTICE OF FILING

Take notice that on April 1, 2005, the New York Independent System Operator, Inc. ("NYISO") filed compliance revisions to its Open Access Transmission Tariff and Market Administration and Control Area Services Tariff. These revisions implement provisions of a filing approved by the Federal Energy Regulatory Commission ("Commission") in these proceedings by order issued March 9, 2005. FERC ordered an effective date of February 1, 2005, for the revised tariff sheets.

The NYISO has served a copy of this filing on all parties designated on the official service list maintained by the Commission in this proceeding. 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 Public Service Commission and on the New Jersey Board of Public Utilities. The NYISO will serve the Pennsylvania Public Utility Commission with a hard copy of this filing, as requested by that agency.

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.

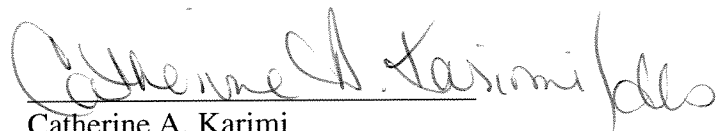
Comment Date: 5:00 pm Eastern Time on (insert date).

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. ER04-1138-000 in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2004). 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 Public Service Commission and on the New Jersey Board of Public Utilities. The NYISO will serve the Pennsylvania Public Utility Commission with a hard copy of this filing, as requested by that agency.

Dated at Washington, D.C. this 1st day of April 2005.

A handwritten signature in cursive script that reads "Catherine A. Karimi". The signature is written in black ink and is positioned above a horizontal line.

Catherine A. Karimi
Sr. Professional Assistant
Hunton & Williams LLP
1900 K Street, NW, Suite 1200
Washington, DC 20006