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FILE NO: 55430.000043

July 20, 2007

By Hand Delivery

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

Rc: *New York Independent System Operator, Inc.*,
Docket No. ER07-570-002, Compliance Filing

Dear Ms. Bose:

In compliance with the Commission's June 21, 2007 letter order in the above-captioned proceeding,¹ the New York Independent System Operator, Inc. ("NYISO") respectfully submits revised Market Administration and Control Area Services Tariff ("Services Tariff") and Open Access Transmission Tariff ("OATT") sheets. The purpose of this filing is to make certain corrections to OATT Sheet No. 472 and Services Tariff Sheet No. 355 that were required by the June 21 Letter Order. In accordance with Footnote 4 of the June 21 Letter Order, and as is explained in more detail in Parts IV and V, below, the NYISO is submitting two sets of compliance revisions, and requests effective dates of April 25, 2007 and May 20, 2007, respectively, for them.

I. Documents Submitted With This Filing

The NYISO submits the following materials:

1. This transmittal letter;
2. Clean tariff sheets reflecting the first set of compliance changes required by the June 21 Letter Order ("Attachment I");
3. Redlined tariff sheets reflecting the same ("Attachment II");

¹ *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER07-570-002 (June 21, 2007) ("June 21 Letter Order").



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- 4. Clean tariff sheets reflecting the second set of compliance changes required by the June 21 Letter Order ("Attachment III"); and
- 5. Redlined tariff sheets reflecting the same ("Attachment IV").

II. Correspondence and Communications

Communications regarding this filing should be addressed to:

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 Elaine D. Robinson, Director of Regulatory Affairs
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* - Designated to receive service.

III. Service

The NYISO will serve this filing on all parties on the official service list compiled by the Secretary in this proceeding. The NYISO will also electronically send a link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one. To the extent necessary, the NYISO requests waiver of the requirements of Section 35.2(d) of the Commission's Regulations (18 C.F.R. § 35.2(d) (2006)) to permit it to provide service in this manner.

IV. Background

On February 23, 2007, the NYISO submitted revisions to the Services Tariff and the OATT to enable the implementation of two new Scheduled Lines² ("February 23 Filing"). In

² Capitalized terms not otherwise defined have the meaning ascribed to them in the OATT.



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its resulting April 17 Letter Order, the Commission accepted the February 23 Filing, but directed the NYISO to make limited modifications to the language included on Services Tariff Sheet No. 355 and OATT Sheet No. 472, as well as certain other tariff sheets.³

The NYISO submitted its compliance filing on May 17 ("May 17 Filing"). The May 17 Filing made the required compliance revisions to the relevant Services Tariff and OATT sheets specified by the April 17 Letter Order. In addition, as is explained below, the May 17 Filing contained certain other changes, including a tariff revision from another proceeding that should have been reflected in the February 23 Filing. Further, as is also explained below, the NYISO included proposed tariff language from a separate proceeding that was (and currently is still) pending before the Commission. The NYISO's objective in making these changes was to provide the Commission with accurate and up-to-date tariff sheets.

A. Corrections Included in the May 17 Filing

One of the compliance changes directed by the April 17 Letter Order was a revision to Services Tariff Sheet No. 355. While making the required tariff change, the NYISO determined that it should also include pending language on Services Tariff Sheet No. 355 that the NYISO had proposed on February 5, 2007 in its long-term firm transmission rights ("LTFTR") compliance filing in Docket No. ER07-521-000. The LTFTR filing is unrelated to the subject matter of this proceeding, *i.e.*, the implementation of Scheduled Lines, but made changes that affected some of the same tariff sheets. These proposed LTFTR revisions were pending before the Commission at the time of the February 23 Filing, are still pending today, and have a proposed effective date of December 1, 2007.

The May 17 Filing also included "errata" tariff sheets that were not filed in compliance with the April 17 Letter Order, but that were intended to incorporate certain language that had either been accepted in, or that was pending in, other Commission proceedings. Several of the errata sheet changes were to reflect proposed tariff language from the LTFTR filing that happened to be on tariff sheets affected by this proceeding. As with the proposed language from the LTFTR proceeding that the NYISO reflected on Services Tariff Sheet No. 355, the LTFTR language included on the errata sheets is currently pending before the Commission.

Further, one of the May 17 Filing's errata sheets included tariff language that the NYISO had submitted in a January 16, 2007 filing in Docket No. ER07-432-000 ("January 16

³ See *New York Independent System Operator, Inc.*, Letter Order, Docket Nos. ER07-570-000 and -001 (April 17, 2007).



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Filing"). The Commission had accepted this language on February 5, 2007 and made it effective on March 1, 2007.⁴ The January 16 Filing proposed to revise the OATT in order to incorporate language regarding the allocation of costs associated with the reliability activities of the North American Electric Reliability Corporation ("NERC"). The errata tariff change included in the May 17 Filing was a revision to the definition of NERC that had been part of the January 16 Filing.

B. The June 21 Letter Order

The June 21 Letter Order rejected the May 17 Filing's "errata" sheets, concluding that they were beyond the scope of the required compliance filing. The June 21 Letter Order, however, stated that the NYISO could submit a separate filing under Section 205 of the Federal Power Act to reflect the change from the January 16 Filing.

In addition, the June 21 Letter Order required the NYISO to resubmit Services Tariff Tenth Revised Sheet No. 355 and OATT Eighth Revised Sheet No. 472 in a second compliance filing. Specifically, Footnote 4 of the June 21 Letter Order directed the NYISO to submit two sets of tariff revisions: (1) tariff sheets that reflect only the compliance changes in Docket No. ER07-570, with an effective date of April 25, 2007 (the effective date requested by the NYISO in the February 23 Filing); and (2) the same tariff sheets that reflect all tariff language that became effective on or before May 20, 2007, including (but not limited to) the compliance changes from Docket No. ER07-570.⁵

C. Effective Date Revision Not Included in the May 17 Filing

Consistent with Footnote 4 of the June 21 Letter Order, the NYISO concluded that it would have to not only delete the pending LTFTR-related language on Services Tariff Sheet No. 355, but also reflect the current effective date on Services Tariff Sheet No. 355 and OATT Sheet No. 472. Specifically, the NYISO made a filing on March 21, 2007 in Docket No. ER07-644-000 to clarify certain ambiguities in the OATT and Services Tariff, as well as to modify the methodology associated with allocating black start costs among customers ("March 21 Filing"). The NYISO requested, and the Commission granted, an effective date of May 20,

⁴ See *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER07-432-000 (Feb. 5, 2007).

⁵ The Commission accepted the NYISO's proposed changes to several tariff sheets, including the two tariff sheets at issue here, in the March 21 Filing proceeding, and granted the NYISO's requested effective date of May 20, 2007. This is the latest effective date for those sheets. Therefore, the May 20 effective date granted by the Commission in that proceeding is the appropriate effective date for these sheets.



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2007 for the March 21 Filing.⁶ The Commission accepted the March 21 Filing on May 4, 2007, several days prior to the NYISO's submission of the May 17 Filing. The March 21 Filing made changes to both Services Tariff Sheet No. 355 and OATT Sheet No. 472, although it is not related to the subject matter of this proceeding. While the tariff sheets included in the May 17 Filing reflected the changes proposed in the March 21 Filing, the NYISO had included an effective date of April 25, 2007, rather than the current May 20, 2007 effective date.

V. Description of Proposed Compliance Changes

In compliance with the June 21 Letter Order, the NYISO submits two sets of tariff revisions. The first set of revisions are clean and redlined versions of Services Tariff Substitute Tenth Revised Sheet No. 355 and OATT Substitute Eighth Revised Sheet No. 472 (Attachments I and II herein).⁷ As reflected in the redlined tariff sheets included in Attachment II, the NYISO has only included tariff revisions that are in compliance with the Commission's April 17 Order in Docket No. ER07-570. These tariff sheets do not include the tariff language from the LTFTR filing that had been included by the NYISO in the May 17 Filing. As discussed above, this first set of tariff revisions has an effective date of April 25, 2007.

In the second set of revisions, the NYISO has included clean and redlined versions of Services Tariff Eleventh Revised Sheet No. 355 and OATT Ninth Revised Sheet No. 472 (Attachments III and IV herein). In accordance with the June 21 Letter Order, these tariff revisions include the compliance changes in Docket No. ER07-570 and reflect all language that was accepted for filing and became effective on or before May 20, 2007. This second set of revisions has an effective date of May 20, 2007, as required in the June 21 Letter Order.⁸

Neither set of compliance changes includes the OATT errata sheets that were part of the May 17 Filing. Consistent with the June 21 Letter Order, the NYISO is concurrently

⁶ See *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER07-644-000 (May 4, 2007).

⁷ Footnote 4 of the June 21 Letter Order, which specified how the NYISO should comply with the Commission's directive, stated that the NYISO should file "Substitute Eighth Revised Tariff Sheet No. 355" and "Substitute Tenth Revised Sheet No. 472." The NYISO notes that the correct designations should be "Substitute Tenth Revised Tariff Sheet No. 355" and "Substitute Eighth Revised Sheet No. 472."

⁸ Footnote 4 of the June 21 Letter Order stated that the second set of revisions "should include the tariff language that was in effect on May 20, 2007, plus the compliance language." In accordance with this instruction, the NYISO has highlighted the compliance language in Attachment IV.



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submitting a separate Section 205 filing to reflect the change from the January 16 Filing described above.

VI. Effective Date

The NYISO requests an effective date of April 25, 2007, which is the effective date accepted by the Commission for the NYISO's underlying filing in this proceeding, for the first set of tariff revisions. The NYISO requests an effective date of May 20, 2007 for the second set of tariff revisions, consistent with the Commission's directive in Footnote 4 of the June 21 Letter Order.

VII. Conclusion

Wherefore, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this compliance filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael E. Haddad".

Michael E. Haddad
Counsel for
New York Independent System Operator, Inc.

cc: Shelton M. Cannon
Larry Gastciger
Connie Caldwell
Michael A. Bardee
Kathleen E. Nieman
Dean Wight
Lance Hinrichs

ATTACHMENT I

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment J

Substitute Eighth Revised Sheet No. 472
Superseding Seventh Revised Sheet No. 472

- (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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

Issued by: Mark S. Lynch, President
Issued on: July 20, 2007

Effective: April 25, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-002, issued June 21, 2007.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment B

Substitute Tenth Revised Sheet No. 355
Superseding Ninth Revised Sheet No. 355

(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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-
Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to
the ISO Services Tariff.

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.

Issued by: Mark S. Lynch, President
Issued on: July 20, 2007

Effective: April 25, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-002, issued
June 21, 2007.

ATTACHMENT II

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment J

Substitute Eighth Revised Sheet No. 472 |
Superseding Seventh Revised Sheet No. 472

- (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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

Issued by: Mark S. Lynch, President
Issued on: ~~May 17~~ July 20, 2007

Effective: April 25, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-~~000-002~~ and ER07-570-001, issued ~~April 17~~ June 21, 2007.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment B

Substitute Tenth Revised Sheet No. 355 |
Superseding Ninth Revised Sheet No. 355

(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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-
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IV. SALE OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")

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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.

Issued by: Mark S. Lynch, President
Issued on: ~~May 17~~ July 20, 2007

Effective: April 25, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-~~000-002~~ and
~~ER07-570-004~~, issued ~~April 17~~ June 21, 2007.

ATTACHMENT III

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 1
Attachment J

Ninth Revised Sheet No. 472
Superseding Substitute Eighth Revised Sheet No. 472

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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

Issued by: Mark S. Lynch, President
Issued on: July 20, 2007

Effective: May 20, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-002 , issued June 21, 2007.

New York Independent System Operator, Inc.
FERC Electric Tariff
Original Volume No. 2
Attachment B

Eleventh Revised Sheet No. 355
Superseding Substitute Tenth Revised Sheet No. 355

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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

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.

Issued by: Mark S. Lynch, President
Issued on: July 20, 2007

Effective: May 20, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-002, issued June 21, 2007.

ATTACHMENT IV

New York Independent System Operator, Inc. ~~Substitute Tenth~~Eleventh Revised Sheet No. 355
FERC Electric Tariff ~~Superseding Ninth~~Substitute Tenth Revised Sheet No. 355
Original Volume No. 2
Attachment B

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.

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line and Neptune Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

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.

Issued by: Mark S. Lynch, President
Issued on: ~~May 17~~July 20, 2007

Effective: ~~April 25~~May 20, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER07-570-~~000-002~~ and ER07-570-004, issued ~~April 17~~June 21, 2007.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on the official service list compiled by the Secretary in this proceeding in accordance with 18 C.F.R. § 385.2010 (2006).

Dated at Washington, DC this 20th day of July, 2007.

A handwritten signature in black ink, appearing to read "Michael E. Haddad", written over a horizontal line.

Michael E. Haddad
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