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FEDERAL ENERGY
REGULATORY COMMISSION

September 16, 2005

VIA HAND DELIVERY

Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 11G-1
Washington, D.C. 20426

**Re: ISO New England Inc., Docket No. ER05-795-____,
Notice of Ancillary Service Market ("ASM") Phase I Effective Date**

**ISO New England Inc., Docket No. ER05-1353-____
Notice of Re-Offer Period Changes Effective Date**

Dear Secretary Salas:

ISO New England Inc. (the "ISO") hereby provides advance notice of an October 1, 2005 effective date of certain elements of Phase I of the Ancillary Services Market ("ASM") project ("ASM Phase I").¹

ASM Phase I is a package of three market enhancements filed jointly by the ISO and the New England Power Pool ("NEPOOL") Participants Committee on April 7, 2005. The ISO and NEPOOL sought an October 1, 2005 effective date for ASM Phase I and requested that implementation of the ASM Phase I market enhancements be permitted to become effective on two weeks prior notice to be issued by the ISO. On June 6, 2005, the Commission accepted the proposed ASM Phase I market enhancements, including the two-week notice requirement, but directed that the ISO and NEPOOL take certain further actions.² On September 2, 2005, the Commission issued an order clarifying certain aspects of the June 6 Order.³ All compliance issues have now been addressed.

On August 16, 2005, the ISO and NEPOOL jointly filed market rule changes in Docket No. ER05-1353 that are intended, in part, to address an unintended consequence of the calculation of Operating Reserve payments that occurs from the Re-Offer Period component of the ASM Phase I market enhancements. These issues are discussed more fully in pleadings filed in Docket No. ER05-1353. In their filing in Docket No. ER05-1353, the

¹ Capitalized terms used but not defined in this filing are intended to have the meanings given to such terms in the ISO Tariff.

² ISO New England Inc. and New England Power Pool, 111 FERC ¶ 61,364 at P20 (2005) (the "June 6 Order").

³ ISO New England Inc. and New England Power Pool, 112 FERC ¶ 61,247 (2005).

ISO and NEPOOL requested that both the ASM Phase I market enhancements and the Market Rule changes filed in Docket ER05-1353 become effective at the same time and, more specifically on or after October 1, 2005, with two weeks prior notice. As of the date of this filing, September 16, 2005, the Commission has not yet acted on the proposed changes in Docket No. ER05-1353.

Given the concerns identified by the ISO which prompted the ISO to propose the Market Rule changes at issue in Docket No. ER05-1353, the ISO believes it would be premature to implement the Re-Offer Period changes proposed as part of ASM Phase I while the proposed Market Rule changes in Docket No. ER05-1353 remain pending. However, because the remaining elements of ASM Phase I are not related to the issues raised by the filing in Docket No. ER05-1353, there would be no benefit in delaying their implementation pending a determination in that docket. Indeed, implementation of Regulation Market and Dispatchable External Transaction changes on October 1 will free up the ISO's resources and systems, thus allowing the ISO to move forward with other projects included in the Wholesale Markets Plan without incurring unnecessary development costs that further delay could entail.

Therefore, to avoid delaying unnecessarily the implementation of those components of the ASM Phase I market enhancements that would be unaffected by a Commission ruling in Docket No. ER05-1353, the ISO hereby provides notice that it will implement the Regulation Market and Dispatchable External Transaction components of the ASM Phase I market enhancements on October 1, 2005.⁴ Assuming the Commission accepts the filing in Docket No. ER05-1355, the ISO intends to implement the Re-Offer Period changes promptly following the issuance of an order in that proceeding. In accord with the June 6 Order, the ISO will issue a separate two week notice prior to implementing the Re-Offer Period changes.

⁴ The specific tariff sheets that are solely related to the Re-Offer Period changes and will *not* become effective on October 1, 2005 are Sheet Nos. 7108, 7111, 8022, 8023, 8025, and 8026.

The ISO is submitting an original and 14 copies of this filing. In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010, the ISO is serving a copy of this filing on each person whose name appears on the official service lists for Docket Nos. ER05-795-000 and ER05-1353-000, and electronically on the New England Market Participants.

Respectfully submitted,

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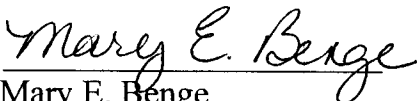
Counsel for ISO New England Inc.

Date: September 16, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 16th day of September, 2005.


Mary E. Berge