



November 28, 2007

VIA HAND DELIVERY

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

**Re: ISO New England Inc., Docket No. ER07-1289-___;
Cover Letter Explaining Responses by ISO New England Inc. and
Maine Electric Power Company to the Order Conditionally Accepting the
“MEPCO Roll-in Proposal”**

Dear Secretary Bose:

In response to the October 29, 2007 order of the Federal Energy Regulatory Commission (“Commission”) in the referenced docket, *ISO New England Inc.*, 121 FERC ¶ 61,097 (2007) (the “October 29 Order”), and in furtherance of the November 14, 2007 “Informational Report” by ISO New England Inc. (the “ISO”), the ISO is today making three separate submittals, in two of which the ISO is joined by the Maine Electric Power Company (“MEPCO”). This cover letter, submitted jointly by the ISO and MEPCO, provides background information and a brief overview of the three submittals.¹ **Expedited consideration is being requested for these three submittals.**

In the October 29 Order, the Commission conditionally accepted documents filed to implement what is referred to in the August 16, 2007 filing (the “August 16 Filing”) as the “MEPCO Roll-in Proposal.” In the October 29 Order, the Commission found, *inter alia*, that Casco Bay Energy Company, LLC (“Casco Bay”) holds “hedges” against congestion and marginal losses pursuant to a transmission service agreement entered into between Casco Bay and MEPCO in 1999 (the “Casco Bay TSA”) and that these hedges must be preserved in a grandfathering option offered to Casco Bay. As explained in the three submittals

¹ Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO’s Transmission, Markets and Services Tariff (the “ISO Tariff”) or in the Participants Agreement among ISO New England Inc. as the Regional Transmission Organization for New England and the New England Power Pool and the entities that are from time to time parties hereto constituting the Individual Participants (the “Participants Agreement”).

contemporaneous with this letter, the ISO and MEPCO disagree with that finding,² and its implementation would pose significant and unanticipated economic consequences. Nonetheless, the ISO and MEPCO continue to believe that, under appropriate provisions, a roll-in of the MEPCO transmission facilities as PTF is the best solution to the integration of the Northeast Reliability Interconnection (the “NRI,” a second tie between New Brunswick and New England) into the New England RTO operational, transmission and market arrangements. The three related submittals are premised on these concerns and principles.

The three related submittals are as follows:

- **The Joint Alternative Motion:** The ISO and MEPCO request *expedited* consideration of a motion to delay the effective date for the MEPCO Roll-in Proposal from December 1, 2007 to February 1, 2008, and for the convening of a technical conference in the interim to facilitate resolution of the complex issues created by the findings in the October 29 Order. In the alternative, if the Commission denies the request to delay the effective date, a Notice of Cancellation of the August 16 Filing included in the joint motion should become effective November 30, 2007 (*i.e.*, one day before the MEPCO Roll-in Proposal was to become effective), for the same reasons that support the motion for delay and technical conference.
- **The Rehearing Request:** The ISO and MEPCO request rehearing of several aspects of the October 29 Order, including the finding that the Casco Bay TSA provides a “hedge” against congestion and marginal losses.
- **The Hold Harmless Mechanism:** The ISO submits revised tariff sheets to hold Casco Bay harmless from certain marginal losses between the Orrington and Maine Yankee Nodes (subject to refund should an order in response to the Rehearing Request reverse the October 29 Order’s finding that the Casco Bay TSA with MEPCO provides a “hedge” against marginal losses in the New England energy markets). This filing is necessitated by the cumulative effect of the October 29 Order and the November 14, 2007 Loss Component Revision described in the Informational Report.³

Expedited consideration by the Commission of these submittals is critical. Because the ISO and MEPCO cannot implement the Roll-in until these issues are addressed, MEPCO will continue to provide Point-to-Point transmission service over its facilities as “Other Transmission


² The ISO and MEPCO also seek rehearing on other issues created by the October 29 Order.

³ In contrast, Casco Bay has never had any hedge against congestion charges in the New England markets and therefore, and because (under the Joint Alternative Motion) the Roll-in will not be implemented at this time, the ISO and MEPCO are not formulating any sort of “congestion hedge” in response to the October 29 Order.

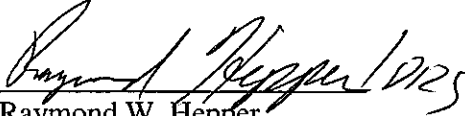
Facilities.” Meanwhile, the NRI will go into service as PTF during December 2007. As a result, transmission service over the two facilities will be governed by conflicting requirements. To resolve that conflict in the interim, pending Commission action on these filings or the development of an alternative mechanism, the ISO must limit the transfer capabilities of the dual MEPCO/NRI interconnection to the transfer capabilities that are currently in place for the shared external interface up to a maximum of 700 MW for imports from New Brunswick and 280 MW for exports to New Brunswick. This limitation of transfer capability across the New Brunswick external interface is inefficient from a market standpoint, providing further reason for expedited consideration.

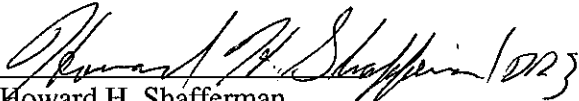
Please acknowledge receipt of the foregoing by date-stamping and returning to our messenger the enclosed extra copies of this filing.

Respectfully submitted,


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CERTIFICATE OF SERVICE

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

Dated at Washington, D.C. this 28th day of November, 2007.



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