



March 3, 2008

VIA HAND DELIVERY

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

RE: TransCanada Power Marketing Ltd. v. ISO New England Inc., Docket No. EL08-11- Compliance Filing

Dear Secretary Bose:

In compliance with the Order issued by the Federal Energy Regulatory Commission (“Commission”) on January 4, 2008 in *TransCanada Power Marketing Ltd. v. ISO New England Inc.*, Docket No. EL08-11-000 (the “Order”), ISO New England Inc. (the “ISO”) hereby submits an original and five copies of this transmittal letter and tariff sheets containing revisions to Section III.13.1.6 of Market Rule 1.¹ The revisions are being filed in accordance with Section 385.1907 of the Commission’s rules and regulations.²

In its Order, the Commission found that the relevant Market Rule 1 provisions are ambiguous with respect to the deadline for the submission of an offer composed of separate resources that is also designated as a Self-Supplied FCA Resource.³ The ISO had argued that the deadline contained in Section III.13.1.5 of the Tariff, which governs offers composed of separate resources, applied regardless of whether the offer composed

¹ Capitalized terms used but not defined in this filing are intended to have the meaning given to such terms in the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (“Tariff”), the Second Restated New England Power Pool Agreement, and the Participants Agreement. Market Rule 1 is Section III of the Tariff.

² 18 C.F.R. § 385.1907

³ Order at P 27, 29, 30.

of separate resources was also designated as a Self-Supplied FCA Resource. TransCanada Power Marketing Ltd. (“TransCanada”) argued that where a Self-Supplied FCA Resource is comprised of separate resources, it may be submitted at the later deadline contained in Section III.13.1.6, which governs Self-Supplied FCA Resources. Finding that the provisions were susceptible to different interpretations, the Commission granted TransCanada’s complaint. Furthermore, the Commission directed the ISO:

to amend the self-scheduling language found in section III.13.1.6, within 60 days of the date of this order, to clearly indicate that in the event that a party seeks to self-schedule composite resources, that party must comply with the provisions of section III.13.1.5 in addition to the requirements found in section III.13.1.6.⁴

The clarifications to Market Rule 1 submitted herewith are intended to comply with the Commission’s Order.

I. REQUESTED EFFECTIVE DATE

The ISO requests an effective date of March 3, 2008 for the market rule clarifications addressed herein. To the extent necessary, the ISO requests waiver of any notice requirements. The deadline for submitting offers composed of separate resources for the next Forward Capacity Auction is April 29, 2008. A March 3, 2008 effective date for these market rule clarifications will ensure adequate notice to Market Participants regarding the distinct deadlines for offers composed of separate resources and for Self-Supplied FCA Resources.

II. COMMUNICATIONS

All correspondence and communications in this proceeding should be addressed to the undersigned for the ISO as follows:

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⁴ Order at P 31.

*Persons designated for service

III. MARKET RULE 1 MODIFICATIONS

The Market Rule 1 revisions submitted here first clarify that when a resource is designated as a Self-Supplied FCA Resource pursuant to Section III.13.1.6, the resource maintains its status as one of the four primary resource types that may be designated as Self-Supplied FCA Resources: New Generating Capacity Resources, Existing Generating Capacity Resources, New Import Capacity Resources, and Existing Import Capacity Resources. This revision is necessary to clarify that designating a resource as a Self-Supplied FCA Resource does not supplant the need to comply with all of the other Forward Capacity Auction qualification requirements applicable to that resource type as set forth in the remainder of Section III.13.1 (including the Section III.13.1.5 requirements applicable to offers composed of separate resources). The proposed revisions then specify that when an offer composed of separate resources is also designated as a Self-Supplied FCA Resource pursuant to Section III.13.1.6, the requirements and deadlines specified in Section III.13.1.5 nonetheless apply.

IV. STAKEHOLDER PROCESS

In accordance with applicable provisions of the Participants Agreement, the ISO presented the proposed clarifications to the New England Power Pool (“NEPOOL”) Markets Committee and the NEPOOL Participants Committee. After review and comment, the NEPOOL Markets Committee recommended that the NEPOOL Participants Committee support the clarifications to comply with the Order, with a unanimous vote in favor, with one abstention, at its January 28, 2008 meeting. The Participants Committee subsequently unanimously approved the proposed clarifications at its February 1, 2008 meeting.

V. ADDITIONAL SUPPORTING INFORMATION

The ISO submits the following additional information in substantial compliance with relevant provisions of Section 35.13 of the Commission’s regulations:⁵

35.13(b)(1) - Materials included herewith are as follows:

- ◆ This transmittal letter;
- ◆ Attachment 1: Redlined Tariff Sheets reflecting the proposed market rule revisions;
- ◆ Attachment 2: Clean Tariff Sheets reflecting the proposed market rule revisions; and

⁵ 18 C.F.R. § 35.13 (2006).

- ♦ Attachment 3: List of governors and utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont to which a copy of this filing have been sent.

35.13(b)(2)- As set forth above, the ISO requests that the revisions become effective on March 3, 2008.

35.13(b)(3) - Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at http://www.iso-ne.com/regulatory/ferc/nepool/gov_prtcpts_eserved.pdf. A paper copy of this transmittal letter and the accompanying materials have also been sent to the governors and electric utility regulatory agencies for the six New England states that comprise the New England Control Area, and to NECPUC. The names and addresses of these governors and regulatory agencies are shown in Attachment 3. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified on Attachment 3 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) - A description of the materials submitted pursuant to this filing is contained in Section III of this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed above in this transmittal letter.

35.13(b)(6) - The ISO's approval of this change is evidenced by this filing. These changes reflect the results of the Participant Processes required by the Participants Agreement and reflect the unanimous support of the Participants Committee.

35.13(b)(7) - The ISO does not have knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

35.13(b)(8) - A form of notice and electronic media are no longer required for filings in light of the Commission's Combined Notice of Filings notice methodology.

35.13(c)(1) - The modifications to Market Rule 1 proposed herein will not effect any rate increase.

35.13(c)(2) - The ISO does not provide services under other rate schedules that are similar to the wholesale, resale and transmission services it provides under the Tariff.

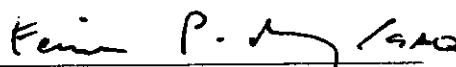
35.13(c)(3) - No specifically assignable facilities have been or will be installed or modified in connection with the revisions proposed herein.

VI. CONCLUSION

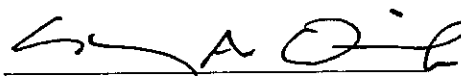
For the foregoing reasons, the ISO respectfully requests that the Commission accept the attached Market Rule 1 revisions as described above in compliance with the Commission's January 4, 2008 Order.

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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Counsel for
ISO New England Inc.

ATTACHMENT 1

Resource or Existing Import Capacity Resource may be designated as a Self-Supplied FCA Resource. All offers submitted in a Forward Capacity Auction by a new Self-Supplied FCA Resource shall be counted as Out of Market. All Self-Supplied FCA Resources shall be subject to the eligibility and locational requirements in this Section III.13.1.6. If designated as a Self-Supplied FCA Resource and otherwise accepted in the qualification process, the resource will clear in the Forward Capacity Auction as described in Section III.13.2.3.2(c) and, with the exception of demand programs for Self-Supplied FCA Resources, shall offset an equal amount of the load serving entity's share of Installed Capacity Requirement in the Capacity Commitment Period. A load serving entity seeking to self-supply using a Demand Resource shall realize the benefit through the actual reduction in its annual system coincident peak load, shall not receive credit for a resource and, therefore, is not required to participate in the qualification process described in this Section III.13.1. All designations as a Self-Supplied FCA Resource in the Forward Capacity Auction qualification process are binding.

III.13.1.6.1. Self-Supplied FCA Resource Eligibility. Where a resource is designated as a Self-Supplied FCA Resource, it shall also maintain its status as a New Generating Capacity Resource, Existing Generating Capacity Resource, New Import Capacity Resource or Existing Import Capacity Resource, and must satisfy the Forward Capacity Auction qualification process requirements set forth in the remainder of Section III.13.1 applicable to that resource type, in addition to the requirements of this Section III.13.1.6. Where an offer composed of separate resources is designated as a Self-Supplied FCA Resource, all of the requirements and deadlines specified in Section III.13.1.5 shall apply to that offer, in addition to the requirements of this Section III.13.1.6. Except as otherwise stated in this Section III.13.1.6, a Self-Supplied FCA Resource must satisfy the same Forward Capacity Auction qualification process requirements applicable to the type of resource that is designated as a Self-Supplied FCA Resource. The total quantity of capacity that an load serving entity designates as Self-Supplied FCA Resources may not exceed the load serving entity's projected share of the Installed Capacity

Requirement during the Capacity Commitment Period
which shall be calculated by determining the load serving
entity's most recent

ATTACHMENT 2

Resource or Existing Import Capacity Resource may be designated as a Self-Supplied FCA Resource. All offers submitted in a Forward Capacity Auction by a new Self-Supplied FCA Resource shall be counted as Out of Market. All Self-Supplied FCA Resources shall be subject to the eligibility and locational requirements in this Section III.13.1.6. If designated as a Self-Supplied FCA Resource and otherwise accepted in the qualification process, the resource will clear in the Forward Capacity Auction as described in Section III.13.2.3.2(c) and, with the exception of demand programs for Self-Supplied FCA Resources, shall offset an equal amount of the load serving entity's share of Installed Capacity Requirement in the Capacity Commitment Period. A load serving entity seeking to self-supply using a Demand Resource shall realize the benefit through the actual reduction in its annual system coincident peak load, shall not receive credit for a resource and, therefore, is not required to participate in the qualification process described in this Section III.13.1. All designations as a Self-Supplied FCA Resource in the Forward Capacity Auction qualification process are binding.

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ATTACHMENT 3

NEW ENGLAND STATE REGULATORS

The Honorable M. Jodi Rell
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10 Franklin Square
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The Honorable John E. Baldacci
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The Honorable Deval Patrick
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Massachusetts Dept. of Public Utilities
And Energy
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The Honorable John H. Lynch
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New Hampshire Public Utilities
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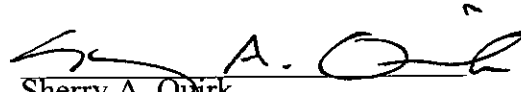
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CERTIFICATE OF SERVICE

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 3rd day of March, 2008.


Sherry A. Quirk