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February 2, 2010

VIA ELECTRONIC FILING

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

RE: Comments of ISO New England Inc.; Docket No. ER08-1281-004

Dear Secretary Bose and Deputy Secretary Davis:

ISO New England Inc. ("ISO") hereby submits its comments in the above-captioned proceeding.

Please do not hesitate to contact the undersigned should you have any questions.

Very truly yours,

/s/

Howard H. Shafferman
Counsel for ISO New England Inc.

Attachment

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.)

Docket No. ER08-1281-004

**COMMENTS OF
ISO NEW ENGLAND INC.**

ISO New England Inc. (“ISO-NE”) submits the following comments on the January 12, 2010 report on broader regional markets filed in this proceeding by the New York Independent System Operator, Inc. (“NYISO”). ISO-NE previously intervened in this proceeding, on July 23, 2008.

I. BACKGROUND

On January 12, 2010, the NYISO filed its “Report on Broader Regional Markets; Long-Term Solutions to Lake Erie Loop Flow” (the “Report”). The Report was filed in response to the Commission’s July 16, 2009¹ and September 14, 2009² orders in this proceeding. Specifically, the July Order directed the NYISO to “develop and file a report on long-term comprehensive solutions to the [Lake Erie] loop flow problem, including addressing interface pricing and congestion management....”³

The Report describes a multi-faceted set of solutions to the Lake Erie loop flow issue, arrived at through collaboration among the NYISO, PJM Interconnection, LLC, the Midwest Independent Transmission System Operator, Inc., the Ontario Independent Electricity System Operator. In addition, the Report notes that NYISO is working with ISO-NE to implement

¹ *New York Independent System Operator, Inc.*, 128 FERC ¶ 61,049 (2009) (the “July Order”).

² *New York Independent System Operator, Inc.*, 128 FERC ¶ 61,239 (2009).

³ July Order, at Ordering Paragraph (B).

several aspects of the proposed Broader Regional Market solutions. Section VII of the Report, and Attachment D thereto, describe proposed inter-area coordination between ISO-NE and the NYISO.

II. COMMENTS

ISO-NE fully supports the inter-area coordination efforts described in Section VII and Attachment D of the report, and believes these efforts will remove barriers to a broader regional market and improve the efficiency of electricity exchange between the ISO-NE and NYISO markets.

Specifically, ISO-NE and the NYISO will coordinate on two initiatives: Interregional Transaction (Scheduling) Coordination and Market-to-Market (Congestion Management) Coordination. The first initiative will create a joint transaction scheduling system in the two markets that accepts transactions and clears them simultaneously based upon the expected prices in the regions, thereby creating a set of transactions and net tie schedule for each hour in a single pass. The second initiative will develop a protocol that will: (a) pre-identify constraints that multiple control areas can address through re-dispatch actions; (b) develop an agreed to baseline of allowable usage of each control area's transmission network; and (c) establish data sharing protocols to communicate real-time constraint management costs.

ISO-NE has highlighted these initiatives with the New England Power Pool and other regional stakeholders as part of its 2010 work plan. These initiatives and any resulting tariff changes will be fully vetted through the New England stakeholder review process.

III. CONCLUSION

ISO-NE asks the Commission to take action consistent with the comments herein.

Respectfully submitted,

/s/ James H. Douglass

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February 2, 2010

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 2nd day of February, 2010. .

/s/ Pamela S. Higgins
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