

GT Penalty Forgiveness

Management Committee

August 3, 2004

GT Under-Generation Penalty Assessment

➤ Penalties for GT under-generation

- *Penalties have been incurred by GT owners due to the inability of many units to derate when environmental conditions limit unit performance below bid UOL*

- *Applicable penalties are those incurred from June 2003 through present*

- *Penalties will continue until software changes are made to adjust UOL to actual or provide web-based user interface to allow MP adjustment*

ISO Recommendations

- **Forgive GT under-generation penalties for on-line GT units**
 - *Forgive penalties incurred from GT dragging fix (June 2003) to present*
 - *Suspend penalties for GT under-generation pending SMD addition of web based derate function*
 - *Total GT penalties through November 2004, should not exceed \$750,000 at the historic GT penalty rate of approximately \$50,000 per month.*

- **Reviewed at S&P on July 14th; BIC approval received 7/21/04**