



290 Washington Avenue Extension, Albany, New York 12203

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November 8, 2004

**E-FILED**

Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

First Quarterly Report by New York Independent System Operation, Inc. in  
Docket Nos. ER04-230-002, ER04-230-003, ER04-230-004, ER04-230-005,  
ER01-3155-005, ER01-1385-014, EL01-45-013.

Dear Secretary Salas:

On September 9, 2004 the NYISO sought rehearing on the Commission's order to introduce improved combined cycle modeling within 150 days of the implementation of Real-Time Scheduling ("RTS") market reforms.<sup>1</sup> The NYISO sought rehearing only for the purpose of extending the deadline for implementing combined cycle modeling.

Pursuant to the NYISO's commitment in its Request for Rehearing, the NYISO submits its first quarterly report on the progress it has made in pursuing changes to software modeling requirements and market rules that are necessary to adequately recognize combined cycle units within the NYISO markets.

On October 18, 2004, the NYISO held another in a series of Market Structure Working Group meetings to discuss its plan for defining the major functional improvements that are necessary to accommodate combined cycle unit software development. Meetings will continue through December to fully identify the requirements that the new software will be expected to meet. At the same time, a draft Concept of Operations will be prepared, using as a starting point the desired functional requirements provided to the NYISO by combined cycle plant owners as well as the commitment model already developed by the NYISO's software vendor, ABB. The NYISO has targeted February, 2005 to have a final Concept of Operations in place.

The NYISO has also begun discussions with affected generation owners regarding modeling issues and any specific concerns, including the application of regulation penalties and other adverse market consequences, that might potentially result from the near-term absence of full combined cycle modeling in the NYISO's existing software. To preserve confidentiality while gaining as much information as possible, these discussions will be conducted individually with interested generation owners. By the end of December, 2004, or early January, 2005, the NYISO expects to be ready to recommend interim relief measures, if necessary, to address specific

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<sup>1</sup> 108 FERC ¶ 61,188 (2004)

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concerns. Any tariff filings required to implement such relief would be developed through NYISO's stakeholder governance system and then filed with the Commission.

The NYISO's next quarterly report will be filed with the Commission February 8, 2005.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all parties listed on the official service list maintained by the Secretary of the Commission in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R.

§ 385.2010 (2004).

Dated this 8<sup>th</sup> day of November, 2004.

/s/ Mollie Lampi

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