



10 Krey Blvd. Rensselaer, N.Y. 12144

February 29, 2008

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

Re: *Thirteenth Quarterly Report* by New York Independent System Operator, Inc. in Docket Nos. ER04-230-000, ER01-3155-006, ER01-1385-015, EL01-45-014

Dear Secretary Bose:

Pursuant to the Commission's directive in its Order on Rehearing in this docket and the New York Independent System Operator's (NYISO) commitment, in its *Eleventh Quarterly Report*, to report on the progress it is making in resolving the issue of penalty exemptions for grouped generating facilities whose output is metered at a single location ("pseudo-units") during start-up and shutdown periods, the NYISO hereby files its *Thirteenth Quarterly Report*.¹

In its *Eleventh Quarterly Report*, the NYISO provided a comprehensive review of its work to date on improving the efficient utilization of combined cycle units within the NYISO markets. In that report, the NYISO also committed to address the issue of penalty exemptions for pseudo-unit start-up and shutdown periods.²

The NYISO's Management Committee has approved tariff amendments to expand the special settlement rules available to units in start-up or shutdown mode to ensure that these rules are appropriately available to pseudo-units. As the NYISO discussed in its *Twelfth Quarterly Report*, tariff amendments were found to be necessary to remedy the situation in which one unit, in a set of grouped units, was in start-up or shutdown mode and, as a result, was not following its real-time schedule. Because the NYISO spreads the metered output of the grouped unit (which is metered at a single point) over all units in that group that are on line, units other than the unit in start-up or shutdown mode may be 'seen' as under-generating and assessed penalties. The Market Participants have now approved tariff amendments to correct this situation and they are on the March agenda for action by the NYISO Board of Directors (Board). The NYISO expects to file these amendments no later than March 31, 2008, pending action by the NYISO Board.

¹ 111 FERC ¶ 61,468 (2005) Order on Rehearing and the Eleventh Quarterly Report filed June 29, 2007.

² Pursuant to tariff revisions, approved by the Commission September 30, 2005 in ER05-1291-000, single units in start-up or shutdown mode are exempt from paying Persistent Undergeneration Penalties and are paid for all energy produced.

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As reported in the *Eleventh Quarterly Report* the NYISO has decided it can better pursue improved utilization of combined cycle facilities in its markets by enhancing its existing market rules rather than by embarking on a significant and potentially very expensive overhaul of its market software. The NYISO began the comprehensive examination of its market rules that is necessary in order to identify such potential enhancements in 2006. This review is done in conjunction with its Market Participants during regularly scheduled Market Issues Working Group meetings.³ In light of this decision, the NYISO will be seeking Commission permission to close the dockets in which it has been filing these Quarterly Reports in conjunction with its filing of tariff amendments improving the availability of special market rules during start-up and shutdown for, among others, combined cycle units.

The NYISO respectfully requests that the Commission accept this *Thirteenth Quarterly Report*. The NYISO has served a copy of this filing on the parties in this docket.

Respectfully submitted,

/s/ Mollie Lampi

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³ See scheduled meetings and agendas at: http://www.nyiso.com/public/committees/documents.jsp?com=bic_miwg

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 Docket Numbers ER04-230-006, ER01-3155-006, ER01-1385-015 and EL01-45-014 in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 385.2010 (2003).

Dated at Rensselaer, New York this 29th day of February, 2008.

/s/ John C. Cutting
John C. Cutting
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