

October 3, 2007

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

**Re: Informational Filing of the New York Independent System Operator, Inc. in  
Docket No. ER04-230-023**

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) hereby respectfully submits its fourth Informational Filing in response to the Commission’s July 20, 2006 *Order Accepting Compliance Filing*<sup>1</sup> in this docket.<sup>2</sup>

In its July Order, the Commission accepted NYISO’s plan to implement its demand side response, real-time market integration project in the third quarter of 2007, following successful implementation of the NYISO’s settlement system replacement (“SSR”) project. The Commission requested, however, that the NYISO report on September 29, 2006, and quarterly thereafter, concerning its progress on the SSR project, including the date the SSR is implemented, as well as the NYISO’s progress on integrating demand side resources into its real-time markets (the Demand Side Ancillary Services Project or “DSASP”).

The NYISO implemented its SSR project August 9, 2007. The NYISO continues its settlement code development effort for integrating demand side resources into the NYISO’s real-time ancillary services markets. The NYISO has developed, and shared with Market Participants, more detail concerning the bidding, scheduling, settlement and metering requirements for the DSASP and is in the process of drafting the necessary amendments to its Market Administration and Control Area Services Tariff to reflect this new functionality.<sup>3</sup>

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<sup>1</sup> 116 FERC PP61,043 (“July Order”)

<sup>2</sup> The NYISO respectfully requests this filing be accepted two days out of time.

<sup>3</sup> See the most recent Market Participant presentation regarding the Demand Side Ancillary Service project at [http://www.nyiso.com/public/webdocs/committees/bic\\_prlwg/meeting\\_materials/2007-09-27/PRLWG\\_DSASP\\_\\_Tariff\\_Review\\_92707.pdf](http://www.nyiso.com/public/webdocs/committees/bic_prlwg/meeting_materials/2007-09-27/PRLWG_DSASP__Tariff_Review_92707.pdf).

As mentioned in the June 29, 2007 Informational Report in this docket, the significant development effort in which the NYISO and its Market Participants have been engaged has resulted in an improved DSASP product. In addition to participating in the 10 minute and 30 minute non-synchronous reserves markets, the program is being expanded to allow DSASP participation in the regulation market. The ability of demand side resources to provide these ancillary services products has already been approved by the regional reliability entity for New York, the NPCC, Inc., and the New York State Reliability Council (“NYSRC”).

As previously reported, however, the offer of curtailable load as synchronized reserves has not yet been approved by the NYSRC.<sup>4</sup> The NYISO continues to advocate for this approval and has discussed this issue with the NYSRC on five occasions. On September 28, 2007, the NYSRC posted, for a 45 day public comment period, a proposed rule change pursuant to which curtailable load would be allowed to participate in the synchronized reserves market. The NYISO will continue to follow the NYSRC’s rule change deliberations and will offer its expertise as necessary or desired.

A tariff filing fully describing the rules surrounding this new product is anticipated to be made this year. Following the tariff filing and FERC approval, final DSASP software development and quality assurance testing, the NYISO intends to deploy the DSASP code to production. As the NYISO explained in its June 29, 2007 Informational Report in this docket, it intends to push aggressively for implementation as early as possible in 2008.

Throughout the DSASP development process, NYISO has remained committed to bringing greater DSR participation to its markets. It has worked to find a solution that meets the needs of Demand Side Response providers without compromising the benefits of NYISO’s single, co-optimized economic dispatch. Should the NYISO determine that it will not be able to meet the revised schedule proposed herein, it will inform the Commission. The NYISO will file its next Informational Filing on or before December 30, 2007.

Respectfully submitted,

/s/ Mollie Lampi

Mollie Lampi

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<sup>4</sup> NPCC, Inc. allows only load reductions, or curtailable load, to offer synchronized reserves; local generation may not.

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Page - 3 -

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**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 this proceeding.

Dated at Rensselaer, New York this 3<sup>rd</sup> day of October 2007.

/s/ John C. Cutting  
John C. Cutting  
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