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May 6, 2008

VIA ELECTRONIC FILING

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

Re: *New England Power Pool and ISO New England Inc.*, Docket No. ER06-613-005

Dear Ms. Bose and Mr. Davis:

Attached for electronic filing in the above-referenced docket is the *Motion for Leave to Answer and Answer of ISO New England Inc.* A copy of the foregoing has been served upon all parties included on the Commission's service list.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Sherry A. Quirk
Sherry A. Quirk, Esq.

Counsel for ISO New England Inc.

Attachment
cc: Official Service List

the ISO to file a report “on the performance of the new market, including recommendations for future improvements.”⁵ The new locational forward reserve market and new real-time reserve pricing began operating on October 1, 2006.

On November 13, 2006, the ISO submitted the first semi-annual compliance report⁶ and filed the second and third semi-annual reports on April 2, 2007⁷ and October 1, 2007,⁸ respectively. The ISO filed its fourth semi-annual report on April 1, 2008 in this proceeding.⁹

The ISO’s April 1 Filing addressed the overall performance of the reserve markets in New England, the evaluation of real-time reserve pricing, and an analysis of settlement results based on forward and real-time reserve payments and failure-to-reserve penalties. The April 1 Filing also included a motion requesting that the Commission discontinue the semi-annual reporting requirement of the May 12 Order, given that the ISO has substantially fulfilled the reporting requirement and also issues several periodic market reports that include information about the reserve markets.

On April 22, 2008, NEPOOL filed the sole pleading in response to the ISO’s April 1 Filing. NEPOOL’s Response indicates that NEPOOL “does not oppose the ISO-NE Motion to the extent such information regarding its reserve markets is contained in other ISO-NE

⁵ May 12 Order at P 110.

⁶ Compliance Report of ISO New England Inc., *New England Power Pool and ISO New England Inc.*, Docket No. ER06-613-002 (filed Nov. 13, 2006).

⁷ Compliance Filing of ISO New England Inc., *New England Power Pool and ISO New England Inc.*, Docket No. ER06-613-003 (filed Apr. 2, 2007).

⁸ Compliance Report of ISO New England Inc. Regarding Performance of Reserve Markets, *New England Power Pool and ISO New England Inc.*, Docket No. ER06-613-004 (filed Oct. 1, 2007).

⁹ April 1 Filing.

reports.”¹⁰ However, with regard to reporting on the status of implementing the forward Ten-Minute Spinning Reserve (“TMSR”) market, “NEPOOL urges the Commission to continue to require ISO-NE to make this semi-annual filing” because “ISO-NE’s request to discontinue its reporting requirement [regarding TMSR] had not been presented to NEPOOL prior to its filing with the Commission.”¹¹

II. MOTION FOR LEAVE TO ANSWER

In its Answer, the ISO responds to NEPOOL’s concern presented in its Response that the ISO should continue submitting semi-annual compliance reports with respect to the implementation of a forward TMSR market. In light of NEPOOL’s concern, the ISO clarifies that it does not object to continuing to report semi-annually with respect to this remaining element of the Commission’s directive in the May 12 Order. While the Commission’s Rules of Practice and Procedure allow parties to respond to comments,¹² as a general matter, the Commission’s rules prohibit answers to responses.¹³ The Commission has the authority, however, to waive this prohibition for good cause.¹⁴ The Commission has found good cause to permit replies where they are otherwise prohibited in various circumstances, including where the answer would assure a complete record in the proceeding,¹⁵ provide information helpful to the disposition of an issue,¹⁶ permit the issues to be narrowed or clarified,¹⁷ or aid the Commission in

¹⁰ Response at 1.

¹¹ *Id.* at 5.

¹² See 18 C.F.R. § 385.213(a)(3) (2007).

¹³ *Id.* at § 385.213(a)(2).

¹⁴ *Id.* at § 385.101(e).

¹⁵ See, e.g., *Pacific Interstate Transmission Co.*, 85 FERC ¶ 61,378 at 62,444 (1998), *reh’g denied*, 89 FERC ¶ 61,246 (1999).

¹⁶ See, e.g., *CNG Transmission Corp.*, 89 FERC ¶ 61,100 at 61,287 n.11 (1999).

understanding and resolving issues.¹⁸ The ISO believes that this Answer will clarify the issues, assure a more complete record in this proceeding, and otherwise assist the Commission in resolving the issues presented. For these reasons, the ISO respectfully requests that the Commission grant the ISO's motion to provide the following Answer.

III. ANSWER

No party has objected to the ISO's proposal to consolidate the overall reporting on reserve market operations. NEPOOL's opposition to the ISO's request to discontinue the semi-annual compliance reporting requirement only extends to the forward TMSR issue. In light of NEPOOL's comments, and notwithstanding the ISO's motion to discontinue the semi-annual reporting obligation altogether, the ISO will not object to continuing to report semi-annually on stakeholder consideration of a forward TMSR market.

However, the ISO's willingness to continue reporting semi-annually on the implementation of a forward TMSR market does not negate the ISO's demonstration in its April 1 Filing that the purpose of the Commission's semi-annual reporting requirement is being served by the ISO's issuance of other periodic reports. As indicated, other ISO reports, including monthly and quarterly reports issued more frequently than the semi-annual reports, contain information regarding New England's reserve markets.

Moreover, the ISO has indicated in the April 1 Filing that it has already substantially complied with the Commission's May 12 Order. Specifically, the ISO has fulfilled the requirement to report on the following aspects of the May 12 Order's directive: involuntary load shedding in determining reserve requirements; forward reserve supplier buy-back of obligations

¹⁷ See, e.g., *PJM Interconnection, L.L.C.*, 84 FERC ¶ 61,224 at 62,078 (1998); *New Energy Ventures, Inc. v. Southern California Edison Co.*, 82 FERC ¶ 61,335 at 62,323 n.1 (1998).

¹⁸ See, e.g., *Tennessee Gas Pipeline Co.*, 92 FERC ¶ 61,009 at 61,016 (2000).

in a day-ahead and spot market; and the effect of increased penalties on commitment costs in forward reserve bids. Reporting on the status of stakeholder consideration of a forward TMSR market is the only aspect of the May 12 Order's directive that has not yet been completely fulfilled. Accordingly, the ISO is willing to continue to report on this remaining compliance item in the manner directed by the Commission.

IV. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission grant the ISO's Motion for Leave to Answer and Answer.

Respectfully submitted,

/s/ Sherry A. Quirk, Esq.

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Counsel for ISO New England Inc.

Dated: May 6, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2007), upon each person designated on the official service list in this proceeding as compiled by the Secretary of the Federal Energy Regulatory Commission.

Dated at Washington, D.C., this 6th day of May, 2008.

/s/ Sherry A. Quirk
Sherry A. Quirk

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