

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Massachusetts Municipal Wholesale
Electric Company,**)
)
)
Complainant,)
)
v.)
)
ISO New England, Inc.,)
)
Respondent.)

Docket No. EL07-32-000

**COMPLAINT OF THE MASSACHUSETTS MUNICIPAL
WHOLESALE ELECTRIC COMPANY**

Pursuant to Sections 205, 206, 306, and 309 of the Federal Power Act (FPA), 16 U.S.C. §§ 824d, 824e, 825e, 825h, and Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. § 385.206 (2006), the Massachusetts Municipal Wholesale Electric Company ("MMWEC"), on behalf of the Towns of Ashburnham, Boylston, Groton, Holden, the City of Holyoke, the Towns of Littleton, Paxton, Shrewsbury, Sterling, Templeton, West Boylston, the City of Westfield, and the Towns of Hingham, Hull, Mansfield, and North Attleborough (collectively, "the Towns"), hereby files this complaint against ISO New England, Inc. ("ISO").

I. STATEMENT OF ISSUES

1. Did the ISO apply its tariff inconsistently or otherwise err by engaging in undue discrimination or preference when determining which customer loads to clear in the Day Ahead market and which customer loads to move to the Real Time market on August 2, 2006 to the detriment of the Towns and in violation of the ISO's Tariff and the FPA?

Yes. Even though all of the Towns' loads were bid into the Day Ahead market at the same monetary limit, the ISO erred by treating their loads differently. The ISO cleared a few of the Town's loads in the Day Ahead market, but did not clear the loads of the other Towns in the Day Ahead market. Upon information and belief, the ISO also may have cleared other entities' loads ahead of the Towns' loads, even though those other entities bid into the Day Ahead market using substantially the same monetary limits as the Towns. Consequently, the Towns whose loads did not clear were erroneously billed extraordinarily higher Real Time market charges, including a \$1000/MWh Reserve Shortage Condition Energy Price, by the ISO. By inconsistently clearing some customer loads in the Day Ahead market and moving other similarly situated customer loads into the Real Time market, the ISO violated its own Tariff as well as the Federal Power Act ("FPA") prohibition against undue discrimination or preference. As a result of this erroneous and discriminatory application of the ISO's Tariff, some of the Towns

were billed incorrect and unjust and unreasonable charges. See, e.g., FERC Electric Tariff No. 3 at Section I.1.3; FPA § § 205(b), 206(a) (16 USC § § 824d(b), 824e(a)).

The ISO should be required to investigate and correct this error. See, e.g., FPA § 309 (16 U.S.C. § 825h); and Section 6 of the ISO Billing Policy.

2. Did the ISO compound its error of applying its Tariff inconsistently or otherwise engaging in undue discrimination or preference when determining which customer loads to clear in the Day Ahead market and which customer loads to move to the Real Time market by failing to promptly and uniformly notify generators that the \$1000/MWh Reserve Shortage Condition Energy Price was placed in effect, thereby limiting the ability of generators to quickly react to that price signal by offering additional reserves and unreasonably prolonging the period of time in which the \$1000/MWh Price was imposed on customers whose loads the ISO erroneously or inconsistently failed to clear in the Day Ahead market and instead moved to the Real Time market?

Yes. MMEC's members own generation that is bid in the ISO market. Upon information and belief, MMWEC was not notified when the \$1000/MWh Reserve Shortage Condition Energy Price was placed in effect. Other generators also may not have received prompt and uniform notice of this substantially higher price. As a result, the ISO failed to provide a reasonable opportunity for generators to respond promptly to

this price signal and the \$1000/MWh Reserve Shortage Condition Energy Price was imposed on customers whose loads the ISO erroneously or inconsistently moved to the Real Time market for a longer duration than otherwise may have been imposed had prompt and uniform notice of this substantially higher price been provided by the ISO.

3. Did the ISO incorrectly apply its own Tariff in regard to billing disputes?

Yes. The ISO refused to even investigate the billing errors raised by MMWEC. By refusing to even investigate, let alone resolve, billing errors, the ISO violated its Tariff. Pursuant to Section 6 of the ISO Billing Policy, a disputing party may seek resolution of billing disputes "concerning any Disputed Amount resulting from the determination of a market clearing price or Transmission, Markets and Services Tariff rate by the ISO that allegedly either violates or is otherwise inconsistent with the Transmission, Markets and Services Tariff, or results from error by the ISO." See Section 6.1 of the ISO's Billing Policy. Additionally, Section 3.7 of Market Rule 1 expressly allows for billing disputes regarding errors in settlement software.

3. Did the ISO violate its Tariff by denying the Towns access to confidential information necessary to substantiate their billing dispute related to potential withholding?

Yes. Section 6.5(a) of the Tariff allows parties access to confidential information to substantiate billing disputes. *See also San Diego Gas & Elec. Co.*, 93 FERC ¶ 61,121 at 61,370 (2000).

II. SERVICE AND COMMUNICATIONS

All communications, correspondence, and documents related to this proceeding should be directed to the following persons:

Nicholas J. Scobbo, Jr.
Ferriter Scobbo & Rodophele PC
125 High Street
Boston, Massachusetts 02110
Tel: (617) 737-180, Ext 238
Fax: (617) 737-1803
nscobbo@ferriterscobbo.com

Deborah Swanstrom
Patton Boggs, LLP
2550 M Street, NW
Washington, DC 200037
Tel: (202) 457-6000
Fax: (202) 457-6315
DSwanstrom@pattonboggs.com

III. DESCRIPTION OF THE PARTIES

A. Complainant:

MMWEC is a political subdivision of the Commonwealth of Massachusetts and a Participant in the New England Power Pool ("NEPOOL") engaged in the procurement and development of bulk power supply resources for its twenty-five (25) municipal electric system members and others. Among other things, MMWEC is responsible for developing a power supply program for the municipal electric systems in Massachusetts. Mass. St. 1975 c. 775. In the exercise of its statutory powers, MMWEC acquires electric energy and ancillary services from the wholesale markets administered by ISO-NE.¹ MMWEC acts as agent for the Towns with respect to ISO invoices and billing disputes.

B. Respondent:

The ISO is a private not-for-profit corporation that serves as the regional transmission organization ("RTO") for New England. It is responsible for the day-to-day operations of New England's bulk electric generation and transmission system pursuant to the ISO Tariff. The ISO must implement that Tariff in a manner that is not unduly discriminatory or preferential.

IV. THE TOWNS' REQUEST FOR BILLING ADJUSTMENT

¹ MMWEC also serves as agent for the Massachusetts Department of Telecommunications and Energy, the Commonwealth's designated bargaining agent and contracting party, with respect to the allocation of New York Power Authority "preference" hydroelectric power and energy to Massachusetts.

On November 16, 2006, pursuant to Section 6 of the ISO Billing Policy, Exhibit I.D to the ISO's FERC Electric Tariff No. 3, MMWEC submitted a Request for Billing Adjustment ("RBA") on behalf of the Towns disputing the erroneous assessment of Real-Time Charges for August 2, 2006 that appeared on an ISO invoice issued August 17, 2006. A copy of the RBA is attached as Attachment A.

As explained in the RBA, the Towns were invoiced, in aggregate, approximately \$1,701,697.65 beyond what they would have paid, had their bids been accepted in the Day-Ahead Market.² The Towns disputed the ISO's assessment of these charges on the grounds that the ISO's assessment of these charges violates, or is otherwise inconsistent with, the ISO Tariff, or results from errors by the ISO. Specifically, the Towns alleged, among other things: (1) the ISO inconsistently processed the Towns' demand bids in the Day Ahead Market, resulting in the Towns being assessed substantially higher Real Time Prices; (2) computer errors occurred on August 1st and 2nd that may have resulted in the incorrect assessment of Real Time Prices; and (3) the Reserve Constraint Penalty Factor Charge³ was assessed incorrectly, particularly if

² See Attachment B, an excel spreadsheet that depicts MMWEC's calculation of these over-charges.

³ According to the definition section of Market Rule 1, February 1, 2005 edition, the Reserve Shortage Condition Energy Price for a Reserve Shortage is defined to be \$1,000/MWh. Under the Tariff, the ISO may charge the Reserve Shortage Condition Energy Price, if the ISO determines that the shortage was real and not artificially created by withholding and "if the actions by the System Operator have not been sufficient to restore the Operating Reserves to the required levels as defined in ISO Operating Procedure No. 8." See FERC Electric Tariff No. 3, Section III 2.5(d)(i).

there were instances of economic or physical withholding. MMWEC also sought additional information from the ISO to substantiate the Towns' billing dispute.

On December 21, 2006 the ISO rejected MMWEC's RBA, without even investigating it, stating that that real time prices cannot be challenged through the billing dispute process. Additionally, the ISO denied MMWEC's request for information to substantiate the Towns' billing dispute relating to potential economic or physical withholding based on circular reasoning that MMWEC provided no information supporting the assertion that the withholding had occurred. A copy of the ISO's RBA Decision is attached as Exhibit C.

IV. FACTUAL BACKGROUND

August 2, 2006 was a peak day for New England. Wyman 4, a 620 MW spinning reserve unit in Maine operated by a subsidiary of FPL Energy ("FPL"), tripped at 12:30 pm on August 2nd exacerbating already constrained conditions. The ISO then bought emergency power from the New York Control Area.

The ISO implemented Reserve Shortage conditions under the auspices of ISO Tariff provision M-11 2.5.16.3(b). According to this provision, the ISO may call a Reserve Shortage Condition, if the New England Control Area had experienced a deficiency in total Operating Reserves that had lasted for at least four (4) hours or if it had experienced a deficiency in total ten-minute Operating Reserves, and the ISO had begun taking actions to maintain, or restore, Operating Reserves. MMWEC's billing

data indicates that the Energy Component of LMP started to increase at 1:00 pm to \$534 MWh and then from 2:00 pm to 5:00 pm was at \$1,000 MWh. The \$1,000 MWh prices were assessed as a Reserve Shortage Condition Energy Price.

According to the definition section of Market Rule 1, February 1, 2005 edition, the Reserve Shortage Condition Energy Price for a Reserve Shortage is defined to be \$1,000/MWh. Under the Tariff, the ISO may charge the Reserve Shortage Condition Energy Price, if the ISO determines that the shortage was real and not artificially created by withholding and "if the actions by the System Operator have not been sufficient to restore the Operating Reserves to the required levels as defined in ISO Operating Procedure No. 8." See FERC Electric Tariff No. 3, Section III 2.5(d)(l).

V. ARGUMENT

A. THE ISO INCONSISTENTLY MOVED THE TOWNS FROM THE DAY AHEAD TO THE REAL TIME MARKET RESULTING IN UNDUE DISCRIMINATION AMONG CUSTOMERS IN VIOLATION OF THE ISO TARIFF AND FPA

The Towns believe that the ISO applied its Tariff inconsistently on two similar days, August 2nd and September 18th. Although MMWEC bid its customers into the Day Ahead market in the same exact way on both days, different customers cleared the

market on August 2nd and September 18th.⁴ MMWEC called the ISO regarding the inconsistent clearing of the Day Ahead market for both of these days, and HEAT Ticket #118721 was issued in regards to MMWEC's August 2nd inquiry.⁵

The ISO Tariff does not describe its Day Ahead clearing process in detail but says that "Scheduling encompasses the Day-Ahead and hourly scheduling process, through which the ISO determines the Day-Ahead Energy Market schedule and determines, based on changing forecasts of conditions and actions by Market Participants and system constraints, a plan to serve the hourly energy and reserve requirements of the New England Control Area in the least costly manner, subject to maintaining the reliability of the New England Control Area." Section III.1.10.1(d).

Even though all of Towns' loads were bid into the Day Ahead market at the same monetary limit, the ISO erred by treating their loads differently. The ISO cleared a few of the Town's loads in the Day Ahead market, but did not clear the loads of the other Towns in the Day Ahead market. Upon information and belief, the ISO also may have cleared other entities' loads ahead of the Towns' loads, even though those other entities bid into the Day Ahead market using the substantially same monetary limits as the Towns. Consequently, the Towns whose loads did not clear were erroneously billed extraordinarily higher Real Time market charges, including a \$1000/MWh Reserve

⁴ See Attachment D for an excel spreadsheet that depicts how the Towns cleared the Day Ahead market for both days.

Shortage Condition Energy Price, by the ISO. By inconsistently clearing some customer loads in the Day Ahead market and moving other similarly situated customer loads into the Real Time market, the ISO violated its own Tariff as well as the FPA prohibition against undue discrimination or preference. As a result of this erroneous and discriminatory application of the ISO's Tariff, some of the Towns were billed incorrect and unjust and unreasonable charges on August 2, 2006. See, e.g., FERC Electric Tariff No. 3 at Section I.1.3; FPA § § 205(b), 206(a) (16 USC § § 824d(b), 824e(a)). The ISO should be required to investigate and correct this error. See, e.g., FPA § 309 (16 U.S.C. § 825h); and Section 6 of the ISO Billing Dispute Policy.

The Tariff provision that covers carrying customers from the Day Ahead to the Real Time Market states, at Section III.1.10.1A (h), "that the ISO shall post on the internet the total hourly loads including Decrement Bids scheduled in the Day-Ahead Energy Market as well as the ISO's estimate of the Control Area hourly load for the next Operating Day." In the HEAT Ticket response the ISO stated that "[t]he selection as to which Participant's bid is cleared during a situation where there are identically priced bids that are marginal is an automated process internal to the clearing software that chooses the first valid bid in the data process stream until the proper quantity is reached." This does not explain why certain Towns cleared and others did not.

⁵ The ISO's response to the HEAT Ticket is attached to this letter as Attachment E.

The ISO dismissed the Towns complaint by stating that, since no database errors were noticed, the shift from the Day Ahead to the Real Time can not be challenged. However the ISO must interpret and implement its Tariff in a consistent manner, without engaging in undue discrimination or preference. This is required generally by the ISO FERC Electric Tariff No. 3 at Section I.1.3, and specifically by the Federal Power Act ("FPA"), which Section I.8 of the ISO FERC Electric Tariff No. 3 incorporates. The FPA prohibits undue discrimination or preferences among customers. See FPA § 205(b), 16 USC § 824d.

B. THE ISO COMPOUNDED THIS ERROR BY FAILING TO NOTIFY GENERATORS OF THE \$1000/MWH RESERVE SHORTAGE CONDITION ENERGY PRICE

The ISO compounded its error of applying its Tariff inconsistently or otherwise engaging in undue discrimination or preference when determining which customer loads to clear in the Day Ahead market and which customer loads to move to the Real Time market by failing to promptly and uniformly notify generators that the \$1000/MWh Reserve Shortage Condition Energy Price was placed in effect. MMEC's members own generation that is bid in the ISO market and these members were not notified when the \$1000/MWh Reserve Shortage Condition Energy Price was placed in effect. Other generators also may not have received prompt and uniform notice of this substantially higher price. As a result, the ISO failed to provide a reasonable opportunity for

generators to respond promptly to this price signal and the \$1000/MWh Reserve Shortage Condition Energy Price was imposed on customers whose loads the ISO erroneously or inconsistently moved to the Real Time market for a longer duration than it otherwise may have been imposed had prompt and uniform notice of this substantially higher price been provided by the ISO.

C. THE ISO INCORRECTLY REJECTED THE TOWNS' DISPUTE AS TO COMPUTER SOFTWARE ERRORS

In its response to the Towns, the ISO acknowledged that software errors had occurred during August 2, 2006 but refused to correct the charges assessed to the Towns. The ISO stated that, consistent with Section 3.7 of Market Rule 1, real time prices are final. However, according to Section 6 of the ISO Billing Dispute Policy a participant may seek resolution of billing disputes that result from errors by the ISO. Pursuant to Section 6 of the ISO Billing Policy, a disputing party may seek resolution of billing disputes "concerning any Disputed Amount resulting from the determination of a market clearing price or Transmission, Markets and Services Tariff rate by the ISO that allegedly either violates or is otherwise inconsistent with the Transmission, Markets and Services Tariff, or results from error by the ISO." See Section 6.1 of the ISO's Billing Policy. Additionally, Section 3.7 of Market Rule 1 states that such errors include errors in settlement software.

Although the Towns respect the need for final prices under normal operating conditions there were many irregularities on August 2, which the ISO itself acknowledges, and extreme prices, which the Towns believe resulted in incorrect Real Time prices due to software errors. Specifically, the ISO Weekly Market Report for July 31st to August 6th indicated that there were several software errors impacting Real Time pricing during August 1st and 2nd which were later corrected. These errors occurred on August 2nd from 1:00 pm to 6:00 pm. The Towns are concerned that these software errors may have resulted in inaccurate, higher prices being assessed that are unjust, unreasonable, and unduly discriminatory under the FPA. See FPA § 205, 16 USC § 824. Moreover, if the ISO's refusal to address billing disputes relating in any way to prices is allowed to stand, a poor public policy will be created because the Commission will be overburdened with disputes that the ISO should at least attempt to resolve before burdening the Commission with those disputes.

D. THE ISO INCORRECTLY DENIED THE TOWNS ACCESS TO CONFIDENTIAL INFORMATION NEEDED TO SUBSTANTIATE THEIR BILLING DISPUTE

The ISO incorrectly denied the Towns' request for additional information from the ISO, as required by the ISO Tariff, to substantiate their billing dispute. The ISO Tariff provides access to confidential information to determine if parties have a substantive basis for filing a Requested Billing Adjustment. Section 6.5(a) of the Tariff specifically

states that: "A Market Participant, PTO or Non-Market Participant Transmission Customer that is a potential Disputing Party is entitled to obtain access to Confidential Information for its Dispute Representative, if and only if, it can demonstrate to the ISO that such access is required to determine if it has a substantive basis for filing a Requested Billing Adjustment with the ISO." The ISO arbitrarily and capriciously denied this request, stating that MMWEC "provided no basis" for the assertion of withholding even though this provision is in place precisely so parties can examine the evidence related to their billing dispute.

In its RBA, the Towns expressed concern that market participants may have engaged in physical withholding as defined in Section II.A.4 of the ISO Tariff Market Rule 1, Appendix A. According to ISO M-11 2.5.16.3(c)(vi): "If the Internal Market Monitoring Unit, in conjunction with the Independent Market Monitoring Unit, determines that the Reserve Shortage Condition was the result of physical withholding (as defined in Appendix A to Market Rule 1), the affected Real-Time Nodal Prices will not be adjusted." Therefore, the information they requested is necessary to substantiate and resolve their billing dispute.

Additionally, the Towns expressed concern in the RBA that market participants may have engaged in economic withholding as defined in Section III.A.5 of the ISO Tariff Market Rule 1, Appendix A. Economic withholding in the Day Ahead Market

would result in more customers being forced into the Real Time market, and economic withholding in the Real Time market would increase prices in the Real Time market.

Given the clandestine nature of economic or physical withholding, the Towns requested permission, through their Dispute Representative, to access information regarding abnormal bidding strategies in the Day Ahead or Real Time markets, or abnormal physical conditions of generators related to August 2, 2006. The ISO incorrectly rejected this request in contravention of its own Tariff which allows for such a review to substantiate billing disputes.

FERC itself has recognized the potential for manipulation to occur on days where supply is tight. Specifically FERC has stated that it "must be vigilant that market manipulation or other anticompetitive behavior does not occur and that the combination of market rules and supply shortage does not otherwise produce unjust and unreasonable rates while the flawed market design remains in effect." *See San Diego Gas & Elec. Co.*, 93 FERC ¶ 61,121 at 61,370 (2000). August 2nd was a day of tight supply which would have enabled market participants to engage in anticompetitive behavior. But without access to the confidential information requested, the Towns will be unable to determine if anticompetitive behavior occurred.

VI. ADDITIONAL RULE 206(B) INFORMATION

Allegations of a complaint required by Rule 206(b) of the Commission's Rules of Practice and Procedure that are not elsewhere state in this pleading are as follows:

Rule 206(b)(4): As noted above, MMWEC's total calculation of the over-charges assessed to the Towns amounts to approximately \$1,701,697.65 above what they would have paid, had their bids been accepted in the Day-Ahead Market. The Commission's decision on the instant complaint will likely resolve similar disputes with the ISO. An Excel spreadsheet is attached depicting MMWEC's calculation of these over-charges.

Rule 206(b)(6): The issues presented in this complaint are not pending in an existing Commission proceeding or in any other forum.

Rule 206(b)(9): The Towns have followed procedures as provided for in the ISO Tariff. MMWEC first requested a billing adjustment on behalf of the Towns pursuant to Section 6 of the ISO's Billing Policy, Exhibit I.D. to the ISO's FERC Electric Tariff No. 3. In response, the ISO denied the Towns any relief. The Towns believe that Alternative Dispute Resolution could resolve this dispute.

Rule 206(b)(10): MMWEC includes with this filing a form of notice suitable for publication in the Federal Register.

VII. REQUEST FOR RELIEF

2550 M Street, NW
Washington, DC 200037
Tel: (202) 457-6000
Fax: (202) 457-6315
DSwanstrom@pattonboggs.com
Attorneys for MMWEC

Dated: January 23, 2007

VERIFICATION

**COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF HAMPDEN)**

KEVIN T WRIGHT, having been duly sworn, deposes and says that he is the Director of Supply and Trading for MMWEC; that he has read the foregoing Complaint and is familiar with the contents thereof, and that the facts stated therein are true and correct to the best of his knowledge, information and belief.


Kevin T Wright

Subscribed and sworn to before
me this 23rd day of January 2007


Notary Public

**NANCY A. BROWN, Notary Public
Commonwealth of Massachusetts
My Commission Expires Dec. 17, 2010**

Attachment A



MASSACHUSETTS MUNICIPAL WHOLESale ELECTRIC COMPANY

Privileged & Confidential

November 16, 2006

Robert C. Ludlow
Vice President and Chief Financial Officer
ISO New England, Inc.
One Sullivan Road
Holyoke, MA 01040-2841

**SUBJECT: Request for Billing Adjustments Regarding August 2, 2006 Real-Time Invoice
Issued August 17, 2006.**

Dear Mr. Ludlow:

Pursuant to Section 6 of the ISO New England (the "ISO") Billing Policy, Exhibit I.D to the ISO's FERC Electric Tariff No. 3, the Massachusetts Municipal Wholesale Electric Company ("MMWEC") submits this Requested Billing Adjustment ("RBA") on behalf of the Towns of Ashburnham, Boylston, Groton, Holden, City of Holyoke, the Towns of Littleton, Paxton, Shrewsbury, Sterling, Templeton, West Boylston, the City of Westfield, and the Towns of Hingham, Hull, Mansfield, and North Attleborough ("the Towns") disputing Real-Time Charges for August 2, 2006 that appeared on an ISO-NE invoice issued August 17, 2006.

The Towns were invoiced, in aggregate, approximately \$1,701,697.65 beyond what they would have paid, had their bids been accepted in the Day-Ahead Market. Enclosed is an excel spreadsheet that depicts MMWEC's calculation of these over-charges.

The Towns dispute these charges on the grounds that these charges violate, or are otherwise inconsistent with, the ISO Tariff, or result from errors by the ISO. Specifically, the Towns allege, among other things: (1) the Reserve Constraint Penalty Factor Charge was assessed incorrectly, particularly if there were instances of economic or physical withholding; (2) computer errors occurred on August 1st and 2nd that may have resulted in incorrect Real Time Prices; and (3) the ISO inconsistently processed the Towns' demand bids in the Day Ahead Market, resulting in the Towns being assessed substantially higher Real Time Prices.

A PUBLIC CORPORATION

Meedy Street, Post Office Box 426, Ludlow, MA 01056 Phone: (413) 509-0141 Fax: (413) 509-1585

4842459

Robert C. Ludlow
November 16, 2006
Page 2

MMWEC's Understanding of the Facts:

August 2, 2006 was a peak day for New England. Wyman 4, a 620 MW spinning reserve unit in Maine operated by a subsidiary of FPL Energy ("FPL"), tripped at 12:30 pm on August 2nd exacerbating already constrained conditions. The ISO then bought emergency power from the New York Control Area.

The ISO implemented Reserve Shortage conditions under the auspices of ISO Tariff provision M-11 2.5.16.3(b). According to this provision, the ISO may call a Reserve Shortage Condition, if the New England Control Area had experienced a deficiency in total Operating Reserves that had lasted for at least four (4) hours or if it had experienced a deficiency in total ten-minute Operating Reserves, and the ISO had begun taking actions to maintain, or restore, Operating Reserves. MMWEC's billing data indicates that the Energy Component of LMP started to increase at 1:00 pm to \$534 MWh and then from 2:00 pm to 5:00 pm was at \$1,000 MWh. The \$1,000 MWh prices were assessed as a Reserve Shortage Condition Energy Price.

According to the definition section of Market Rule 1, February 1, 2005 edition, the Reserve Shortage Condition Energy Price for a Reserve Shortage is defined to be \$1,000/MWh. Under the Tariff, the ISO may charge the Reserve Shortage Condition Energy Price, if the ISO determines that the shortage was real and not artificially created by withholding and "if the actions by the System Operator have not been sufficient to restore the Operating Reserves to the required levels as defined in ISO Operating Procedure No. 8." See FERC Electric Tariff No. 3, Section III 2.5(d)(i).

Withholding

The Towns suspect that one, or more, market participants may have engaged in physical withholding as defined in Section II.A.4 of the ISO Tariff Market Rule 1, Appendix A. According to ISO M-11 2.5.16.3(c)(vi): "If the Internal Market Monitoring Unit, in conjunction with the Independent Market Monitoring Unit, determines that the Reserve Shortage Condition was the result of physical withholding (as defined in Appendix A to Market Rule 1), the affected Real-Time Nodal Prices will not be adjusted."

Additionally, the Towns are concerned that one or more market participants may have engaged in economic withholding as defined in Section III.A.5 of the ISO Tariff Market Rule 1, Appendix A. Economic withholding in the Day Ahead Market would result in more customers being forced into the Real Time market, and economic withholding in the Real Time market would increase prices in the Real Time market.

Robert C. Ludlow
November 16, 2006
Page 3

The Towns require additional information from the ISO to determine if economic or physical withholding occurred. The Towns therefore request permission, through their Dispute Representative, Patton Boggs, to access information regarding abnormal bidding strategies in the Day Ahead or Real Time markets, or abnormal physical conditions of generators related to August 2, 2006. Section 6.5(a) of the Tariff states that: "A Market Participant, PTO or Non-Market Participant Transmission Customer that is a potential Disputing Party is entitled to obtain access to Confidential Information for its Dispute Representative, if and only if, it can demonstrate to the ISO that such access is required to determine it has a substantive basis for filing a Requested Billing Adjustment with the ISO." The Towns respectfully request access to this information so that they may further investigate their billing dispute.

Software Errors

The Towns also are concerned that they were charged incorrect Real Time prices due to software errors. The ISO Weekly Market Report for July 31st to August 6th indicated that there were several software errors impacting Real Time pricing during August 1st and 2nd which were later corrected. These errors occurred on August 2nd from 1:00 pm to 6:00 pm. The Towns are concerned that these software errors may have resulted in inaccurate, higher prices being charged.

Inconsistent Tariff Applications

The ISO may be able to resolve this dispute by reassessing how the Towns were cleared from the Day Ahead to the Real Time markets. The Towns believe that the ISO applied its Tariff inconsistently on two similar days, August 2nd and September 18th. Although MMWEC bid its customers into the Day Ahead market in the same exact way on both days, different customers cleared the market on August 2nd and September 18th. Enclosed is an excel spreadsheet that depicts how the Towns cleared the Day Ahead market for both days. MMWEC called the ISO regarding the inconsistent clearing of the Day Ahead market for both of these days, and HEAT Ticket #118721 was issued in regards to MMWEC's August 2nd inquiry. The ISO's response to the HEAT Ticket is attached to this letter.

The ISO Tariff does not describe its Day Ahead clearing process in detail but says that "Scheduling encompasses the Day-Ahead and hourly scheduling process, through which the ISO determines the Day-Ahead Energy Market schedule and determines, based on changing forecasts of conditions and actions by Market Participants and system constraints, a plan to serve the hourly energy and reserve requirements of the New England Control Area in the least costly

Robert C. Ludlow
November 16, 2006
Page 4

manner, subject to maintaining the reliability of the New England Control Area." Section III.1.10.1(d)

The Tariff provision that covers carrying customers from the Day Ahead to the Real Time Market states, at Section III.1.10.1A (h) "that the ISO shall post on the internet the total hourly loads including Decrement Bids scheduled in the Day-Ahead Energy Market as well as the ISO's estimate of the Control Area hourly load for the next Operating Day." In the HEAT Ticket response the ISO stated that "[t]he selection as to which Participant's bid is cleared during a situation where there are identically priced bids that are marginal is an automated process internal to the clearing software that chooses the first valid bid in the data process stream until the proper quantity is reached." This does not explain why certain Towns cleared and others did not.

The ISO must interpret and implement its Tariff in a consistent manner, without engaging in undue discrimination or preference. This is required generally by the ISO FERC Electric Tariff No. 3 at Section I.1.3, and specifically by the Federal Power Act ("FPA"), which Section I.8 of the ISO FERC Electric Tariff No. 3 incorporates. The FPA prohibits undue discrimination or preferences among customers. See FPA § 205(b), 16 USC § 824d. Therefore the Towns respectfully request that the ISO adjust the Towns' respective bills to remove the Real Time charges for those customers that should have cleared in the Day Ahead market on August 2nd, but did not.

Please direct correspondence regarding this RBA to Kevin Wright at MMWEC (413) 589-0141 or kwright@mmwec.org and to Melanie Devoe, at Patton Boggs (202) 457-6072 or mdevoe@pattonboggs.com. Please feel free to contact them if you have any questions or need additional information.



Kevin T. Wright
Director, Supply & Trading

cc: Glenn Steiger, MMWEC
Debbie Swanstrom, Patton Boggs
Nicholas J. Scobbo, Jr. Ferriter Scobbo & Rodophele, PC

Attachment B

Attachment C



Monica Gonzalez
Regulatory Counsel
One Sullivan Road
Holyoke, Massachusetts 01040
413.535.4178
413.535.4379 (facsimile)
mgonzalez@iso-ne.com

December 21, 2006

VIA FAX (413-589-1585) AND U.S. MAIL

Kevin T. Wright
Director, Supply & Trading
Massachusetts Municipal Wholesale Electric Company
Moody Street
P.O. Box 426
Ludlow, MA 01056

Re: RBA # 08/06/13

Dear Mr. Wright:

On November 16, 2006, pursuant to the ISO New England Billing Policy, Section 6 of Exhibit LD to the ISO Tariff ("ISO Billing Policy"), you submitted a Request for Billing Adjustment ("RBA") on behalf of the Towns of Ashburnham, Boylston, Groton, Holden, City of Holyoke, the Towns of Littleton, Paxton, Shrewsbury, Sterling, Templeton, West Boylston, the City of Westfield, and the Towns of Eingham, Hull, Mansfield, and North Attleborough (collectively, "MMWEC") regarding certain Real-Time charges reflected on MMWEC's August 17, 2006 invoice relating to the August 2, 2006 Real-Time Locational Marginal Prices ("LMP"). Specifically, your RBA stated that the Real-Time Charges were either in violation or inconsistent with the ISO Tariff, because they may have been the result of: (1) incorrect application of the Reserve Constraint Penalty Factor, particularly, if there were instances of economic or physical withholding; (2) computer errors that occurred on August 1st and 2nd; and (3) inconsistent processing of MMWEC's demand bids in the Day-Ahead Energy Market, which resulted in MMWEC being assessed higher Real-Time Prices.

ISO New England Inc.
One Sullivan Road, Holyoke, MA 01040-2841
www.iso-ne.com T 413 585 4178 F 413 585 4379

Kevin T. Wright
 December 21, 2006
 Page 2

On November 21, 2006, we issued a notice of our receipt of your RBA to all Covered Entities and the Chair of the NEPOOL, Budget and Finance Subcommittee. The RBA was noticed within three (3) business days of the date of our receipt pursuant to Section 6.3.2 of the ISO Billing Policy. After review of the claims made in your submission, as further addressed below, we have determined that the errors raised in your RBA are not eligible for review or correction under the RBA process. This determination does not preclude MMWEC from seeking legal or equitable relief under the Federal Power Act and/or other applicable law with respect to the Charges.

The RBA process is a means to correct errors; however, not all alleged disputes regarding ISO bills are eligible for review or correction under the RBA process. Pursuant to Section 6 of the ISO Billing Policy, a Participant may seek resolution of an RBA regarding:

[A]ny Disputed Amount resulting from the determinations of a market clearing price or Transmission, Markets and Services Tariff rate by the ISO that allegedly either violates or is otherwise inconsistent with the Transmission, Markets and Services Tariff, or results from errors by the ISO.¹

Section 3.7 of Market Rule 1 sets forth the types of errors that are eligible for billing adjustments. Pursuant to Section 3.7, "[e]rrors in Market Participant's statements resulting from errors in settlement software, errors in data entry by ISO personnel, and Settlement production problems, that do not affect the day-ahead schedules or real-time system dispatch"² are eligible for billing adjustments. That section also specifically provides that "[c]alculations made by scheduling or dispatch software, operational decisions involving ISO discretion which affect scheduling or real-time operation . . . are not subject to retroactive correction and resettlement."³ In addition, consistent with Section 3.7, Section 2.9(a)-(e) of Market Rule 1 provides that Real-Time Prices and Day-Ahead Energy Market results are final and not subject to correction through billing adjustments.

Your RBA requests that the ISO adjust MMWEC's bills to remove the Real-Time Charges for Day-Ahead offers made by MMWEC members that did not clear in the Day-Ahead Energy Market for August 2, 2006. Your RBA references Heat Ticket # 118721, in which MMWEC states that it submitted price sensitive bids of \$200/MWh for the Day-Ahead Energy Market for August 2 in both the SEMA and WCMA zones on behalf of some of its members. Your RBA states that there were certain hours where the Day-Ahead LMP equaled \$200; however, not all of the bids cleared. According to the example provided in the Heat Ticket, of the bids submitted in the SEMA zone for some of MMWEC's members, only one participant's bid partially cleared for some megawatts in hours 14 and 16, and the rest of the members with bids in the SEMA zone did not clear any megawatts in those hours. Consequently, each of the members whose bids did not clear in the Day-Ahead Energy Market had to purchase their metered quantities of load obligation at the Real-Time Energy

¹ ISO Billing Policy, Section 6.1.

² Market Rule 1, Section III.3.7.1.

³ Market Rule 1, Section III.3.7.2

Kevin T. Wright
December 21, 2006
Page 2

Market prices. On August 1st and 2nd, the ISO declared a Reserve Shortage Conditions. As such, consistent with Section 2.5 of Market Rule 1, the Energy Component of the Real-Time LMP was adjusted to reflect the Reserve Shortage Conditions, which resulted in higher Real-Time Prices. As a result, MMWEC members whose bids did not clear in the Day-Ahead Energy Market were subject to the Real-Time Prices adjusted to reflect Reserve Shortage Conditions.

As noted above, your RBA challenges the Real-Time Charges reflecting the Real-Time Prices for August 2nd under three grounds: (1) incorrect application of the Reserve Constraint Penalty Factors, particularly if there were instances of economic or physical withholding; (2) computer errors that occurred on August 1st and 2nd; and (3) inconsistent processing of MMWEC's demand bids in the Day-Ahead Energy Market. These alleged errors, however, are subject to review or correction under the RBA process. First, the claim that MMWEC's demand bids in the Day-Ahead Energy Market were inconsistently processed is not subject to review or correction under the RBA process pursuant to Section 2.9(b) of Market Rule 1. As that section provides, "[a]ny Day-Ahead Market results for which no notice is posted shall be final and not subject to correction or other adjustment, and shall be used for purposes of settlement." In accordance with Section 1.10.8(b) of Market Rule 1, the ISO publishes the Day-Ahead Energy Market results as provisional prior to 4:00 p.m. the day before the Operating Day. Consistent with Section 2.9(b), prior to 12:01 a.m. of the applicable Operating Day, the ISO publishes the Day-Ahead Energy Market results as final provided that a notice has not been issued that the results are provisional and subject to correction. The Day-Ahead Energy Market results for the Operating Day of August 2, were initially published at 4:00 p.m. on August 1 and, as no database, software or similar errors of the ISO or its systems were noticed, the results were published as final at midnight. As such, the final Day-Ahead Energy Market results cannot be reviewed or corrected under the RBA process.

Second, your RBA also states that the Real-Time Prices for August 2 may have been incorrect because the Reserve Constraint Penalty Factors were incorrectly administered if there were instances of economic or physical withholding. Any errors that may have occurred with respect to the ISO's declaration of Reserve Shortage Conditions that resulted in the application of the Reserve Constraint Penalty Factors are also not eligible for review or correction under the RBA process. Section 2.9(a) of Market Rule 1 provides that Real-Time Prices are final and not subject to billing adjustments. The Real-Time Prices for August 2 as adjusted to reflect the Reserve Constraint Penalty Factors, as further discussed below, have been issued as final by the ISO and, as such, are not subject to adjustment under the RBA process. Your RBA also asserts that the Reserve Shortage Constraint Penalty Factor Charge may have been assessed incorrectly if there were instances of economic or physical withholding. To determine whether economic or physical withholding occurred,

ISO New England Inc.
One Bulfinch Road, Holyoke, MA 01040-2891
www.iso-ne.com T 413 555-4178 F 413 555 4378

Kevin F. Wright
 December 21, 2006
 Page 3

your RBA requests access to confidential information to investigate this unsubstantiated allegation. Your RBA, however, provides no basis for this assertion and, accordingly, the ISO denies your request for confidential information.

Your RBA also claims that the software errors that were noticed on August 1st and 2nd could have impacted the Real-Time Prices. As MMWEC correctly indicates, on these dates, the ISO issued Market Notices via the Special Notice process to notify Market Participants that there were problems with the Reserve Shortage Condition software which could result in incorrect data published to pages such as the Current Five-Minute Prices and Current Hourly Data by Location and LMP Map. The ISO's Market Notices also reminded Market Participants that the Real-Time LMPs were preliminary/provisional until finalized by the ISO. Consistent with Section 2.9(a) of Market Rule 1, the ISO corrected the Reserve Shortage Condition software application as well as the LMPs, and published the final Real-Time Prices on August 5, 2006, within five (5) business days of the applicable Operating Day. As the Day-Ahead Energy Market results, Real-Time Prices are not subject to retroactive correction or resettlement once finalized.⁴ Accordingly, the Real-Time charges in MMWEC's August 17, 2006 invoice that reflect the Real-Time Prices of August 2 are not eligible for review or correction under the RBA process. This determination is also consistent with Section 3.7 of Market Rule 1 which, as noted above, sets forth the criteria for Market Participants' eligibility for resettlements or billing adjustments of their statements.

In conclusion, the ISO has determined that the errors raised in your RBA are not eligible for review or correction under the RBA process. We will provide notice of this determination to the Chair of the NEPOOL Budget and Finance Subcommittee.

Sincerely,



Monica Gonzalez

cc: Melanie Devoe, Patton Boggs (mdevoe@pattonboggs.com)

⁴ See Market Rule 1, Section 2.9(a).

ISO New England Inc.
 One Sullivan Road, Hopedale, MA 01845-2841
 www.iso-ne.com T 413 636-4178 F 413 636-4279



facsimile

company: <u>Patton Boggs, LLP</u>	date: <u>December 21, 2006</u>
attention: <u>Melank T. Devoe</u>	# of pages: <u>5 (including cover)</u>
phone: <u>202-457-6072</u>	from: <u>MONICA GONZALEZ</u>
fax: <u>202-457-6315</u>	e-mail: <u>mgonzalez@iso-ne.com</u>

Ms. Devoe,

Enclosed, please find the response sent to MMSOEC regarding
RBA #08106115.
 Please call or email with questions.

ISO New England Inc.
 One Sullivan Road, Holyoke, MA 01040-2841
 www.iso-ne.com T 413 50X 4000 F 413 50X 3000

The information in this facsimile is intended solely for the addressee(s) listed above and may be privileged or confidential. If you have received this message in error, please notify the sender immediately and destroy the original.

Attachment D

Day Ahead Demand Portfolio (MW) 8/2/2006

Hour	ASHBN	BOYTN	DANVR	GRGTN	GRTON	HINGM	HLDEN	HLYOK	HULL	IPSWH	LTLN	MNSFD	MBHHD	MDLTN	NAED	PXTON	PBODY	SREWS	STERL	TEMP	WKFLD	WBLTN	WSFLD
1	4.2	4.5	42.1	7.6	10.5	24.8	14.2	48	9	14.8	31.2	16.4	15.1	14.4	31.2	3	71.6	41.5	8	7.8	29.1	7.4	26
2	3.9	4.1	39.9	7.1	9.6	23	13.5	45.1	8.3	14.1	29.6	15.5	13.9	13.6	28.6	2.8	68.7	38.3	7.5	7.6	27.2	6.8	24.5
3	3.7	3.9	38.1	6.7	9	22	13.1	43.6	7.9	13.5	28.6	14.8	13	12.9	27	2.7	62.2	36.2	7.4	7.5	26	6.8	23.6
4	3.5	3.8	37.2	6.5	8.5	21.1	12.8	42.8	7.6	13	28	14.4	12.9	12.5	26	2.6	60	34.7	7.2	7.5	25	6.5	22.9
5	3.5	3.8	36.7	6.6	8.3	20.8	12.6	42.6	7.4	13.4	28.3	14.5	12.2	12.5	25.8	2.6	59.4	34.1	7.2	7.6	24.8	6.5	22
6	3.8	3.9	39	6.8	8.9	22	13.3	44.5	7.4	14.1	29.4	15	12.5	13	28.2	2.6	61.4	35	7.4	7.8	25.4	6.9	24.1
7	4.5	4.3	45.6	7.7	10.1	24.4	15.3	49.2	8.1	16	33.1	16.9	13.9	14.6	32.8	2.8	68.3	38.6	8.5	8.5	29.5	7.9	28.4
8	5.3	5	53.6	8.8	11.7	28.9	17.4	55.9	8.9	18.9	36.7	18.7	16.5	16.6	38.9	3.3	81.2	43.8	10	9.3	33.6	9.4	29.6
9	6.7	6.3	60.3	9.9	12.9	33.9	18.4	62.8	9.8	20.9	39.5	20.7	18.8	18.4	43.6	3.6	92.5	48.7	10.8	9.4	37.2	10.5	32
10	5.7	5.6	66	10.6	14.1	37	19.1	68.7	10.4	21.8	41.8	22.1	20.6	20.1	48.4	3.8	102.4	52.5	11.5	9.3	40.3	11.3	35.5
11	6	5.9	71.5	11.3	15	40.7	20.4	73.8	11.1	23.7	43.9	23.2	22	21.4	53.5	3.9	110.6	56	11.2	10.1	42.8	11.9	37.7
12	6	6.1	74.9	11.9	15.6	43.1	20.5	75	11.8	24.8	45.5	24.5	23.4	22.4	58	4.1	116.4	58.1	11.3	10.3	44.3	12.4	38.6
13	0	0	76.8	12.3	0	0	0	0	0	25.4	0	0	24.7	22.9	0	0	119.4	0	0	0	45.9	0	0
14	0	0	78.3	12.7	0	1.1	0	0	0	26.1	0	0	25.4	23.5	0	0	121.6	0	0	0	46.9	0	0
15	0	0	78.3	12.9	0	0	0	0	0	25.8	0	0	26.4	23.8	0	0	122.5	0	0	0	47.1	0	0
16	0	0	78.3	12.5	0	28.6	0	0	0	25.1	0	0	27	24.1	0	0	122.8	0	0	0	47.3	0	0
17	0	0	77.9	12.9	0	0	0	0	0	24.9	0	0	27.5	23.9	0	0	123.1	0	0	0	46.8	0	0
18	6.1	6	76.7	12.7	17.3	45.1	0	0	13.1	24.2	0	26.5	27.3	23.4	59.3	0	121.5	54.5	11.3	10.2	44.5	11.5	37.5
19	6	6.5	73.3	11.9	16.9	43.3	21	66.4	13.3	23.4	42.8	25.4	27.2	22.4	58	4.3	117.8	62	11	10.2	44.5	11.5	37.5
20	5.9	6.4	69.1	11.6	16.3	41.6	20.7	65.8	12.9	22.8	41.4	24.5	26.9	21.4	56.4	4.4	112.7	60.2	10.5	10	42.3	10.9	36
21	6	6.4	66.2	11.8	15.8	40.8	20.7	67.4	13	22.1	39.5	23.9	26.5	21.1	56	4.5	108.1	59.3	10.9	10.2	41.2	10.8	35.6
22	5.9	6.1	61.4	11.2	15	37.8	20.1	64.4	11.9	21.6	37.9	23.1	24.9	20.2	51.7	4.5	100.9	56.7	10.1	10.1	38.6	10.6	34.6
23	5.3	5.2	52.4	10.1	12.9	31.7	17.7	58.2	10.4	19.3	34.8	19.5	21.8	18.1	40.3	4	87.4	50.2	8.8	9.4	34	9.4	30.9
24	4.4	4.5	45.4	8.8	11	26	15.3	52.1	8.9	17.1	31.8	18.9	18.4	15.8	32.9	3.3	76	43.6	8.5	8.6	29.8	8	28.1



Portfolio (MWW) 9/18/2006

Hour	ASHEN	BOYTN	DANVR	GREGT	GRTON	HINGM	HIDEN	HIYOK	HULL	JPSWH	LTLTN	MNSFD	MBLHD	MDLTN	MAED	PXTON	PBODY	SREWS	STERL	TEMP	WKFLO	WBLTN	WSFLD
1	2.9	2.7	30.5	5.5	6.7	16.5	9.8	34.6	6.3	10.8	24.2	11.7	11.1	10.4	21.6	2.1	47.0	28.8	5.4	6.5	18.4	5.0	35.6
2	2.7	2.5	28.6	5.2	6.1	15.3	9.3	33.1	5.8	10.2	23.5	11.1	10.1	9.8	19.8	1.9	43.7	26.8	5.1	6.3	17.1	4.7	34.5
3	2.6	2.4	27.6	5.0	5.9	14.5	9.1	32.1	5.4	9.8	23.1	10.7	9.4	9.7	18.7	1.9	41.4	25.6	4.8	6.2	16.5	4.5	31.5
4	2.5	2.3	27.1	4.8	5.7	14.0	9.0	31.6	5.2	9.6	22.8	10.5	9.1	9.6	18.0	1.8	40.6	24.9	4.8	6.1	16.1	4.4	31.3
5	2.5	2.4	28.2	4.9	5.7	14.1	9.1	32.1	5.2	9.9	23.1	10.8	8.9	10.0	18.3	1.8	41.3	24.9	5.1	6.2	16.3	4.7	32.5
6	2.8	2.5	30.0	5.2	6.2	15.3	10.1	33.7	5.3	10.7	24.6	11.6	11.6	10.6	20.4	1.9	43.2	26.1	5.7	6.5	17.6	5.1	34.7
7	3.5	3.0	35.3	5.9	7.2	16.3	11.8	38.4	5.8	12.3	27.5	13.2	10.5	11.7	24.7	2.1	50.0	29.0	6.6	6.9	20.8	6.0	38.7
8	4.2	3.6	42.0	6.8	8.5	20.6	13.8	44.7	6.3	15.0	30.5	15.2	12.4	13.2	29.7	2.4	58.8	33.3	8.2	7.5	24.4	7.1	44.8
9	4.5	3.8	47.1	7.7	9.3	23.8	14.7	50.8	6.7	16.6	33.1	16.6	13.8	14.2	33.4	2.7	68.8	37.0	9.2	8.0	27.1	7.9	49.7
10	4.6	4.1	51.1	8.0	9.7	26.2	15.3	55.0	7.1	17.5	34.2	17.4	15.0	15.3	36.9	2.8	73.3	39.2	9.6	8.4	29.0	8.3	53.1
11	4.7	4.3	54.5	8.4	10.3	28.4	15.6	57.6	7.5	18.0	35.6	18.4	15.9	16.1	38.9	2.9	79.7	41.3	9.7	8.7	30.4	8.8	58.0
12	4.8	4.4	56.5	8.6	10.5	29.7	16.0	60.3	7.6	18.8	36.4	19.0	16.5	16.6	40.3	2.9	82.8	42.8	10.0	8.9	31.8	9.2	59.1
13	4.8	4.6	58.2	8.5	10.9	30.8	15.5	61.5	7.8	19.1	37.0	19.5	16.8	17.1	43.2	3.0	2.6	44.0	10.6	9.0	31.8	9.2	59.1
14	4.9	4.6	58.2	8.5	10.9	30.8	15.5	61.5	7.8	19.1	37.0	19.5	16.8	17.1	43.2	3.0	2.6	44.0	10.6	9.0	31.8	9.2	59.1
15	4.9	4.6	58.2	8.5	10.9	30.8	15.5	61.5	7.8	19.1	37.0	19.5	16.8	17.1	43.2	3.0	2.6	44.0	10.6	9.0	31.8	9.2	59.1
16	4.6	4.7	0.0	0.0	11.6	32.6	16.1	61.9	8.0	19.5	37.9	20.4	0.0	18.0	44.8	3.0	0.0	45.3	10.7	8.9	32.4	9.4	61.0
17	4.5	4.5	0.0	0.0	12.0	33.1	16.1	61.3	8.1	9.4	38.2	21.0	0.0	18.4	45.7	3.1	0.0	46.7	9.7	8.7	32.4	9.4	61.0
18	4.8	4.8	0.0	0.0	12.0	33.2	15.9	60.7	8.5	19.7	38.2	21.0	0.0	18.4	45.7	3.1	0.0	46.7	9.7	8.7	32.4	9.4	61.0
19	4.8	4.8	55.1	9.4	12.3	31.5	16.2	56.8	9.3	17.9	38.3	20.3	17.2	17.3	45.2	3.4	55.5	47.8	8.7	8.8	31.4	9.1	62.0
20	4.9	4.8	52.6	9.1	12.1	30.2	15.9	55.2	9.4	17.4	36.1	19.7	17.0	16.3	43.8	3.3	81.8	46.1	8.4	8.8	32.5	8.9	59.6
21	5.0	4.9	52.0	9.4	12.0	30.4	16.3	54.6	9.8	18.0	33.0	19.5	17.7	16.3	43.6	3.5	81.2	45.7	9.3	8.9	31.0	8.4	57.0
22	4.9	4.7	49.8	9.0	11.7	29.3	15.8	53.2	9.8	17.6	32.1	18.6	17.7	16.0	40.0	3.4	78.5	44.9	9.0	8.7	30.0	8.3	55.7
23	4.2	4.1	43.3	7.7	10.1	24.9	14.2	48.1	8.9	15.6	30.0	17.0	16.6	14.4	32.6	3.0	70.1	40.5	8.1	8.1	27.4	7.4	50.2
24	3.6	3.5	37.8	6.8	8.4	20.8	12.4	43.0	7.5	13.9	27.7	15.0	13.1	12.7	27.4	2.5	61.5	35.4	7.2	7.4	24.0	6.2	44.8

Attachment E

Veneracion, Susana

From: Fitzgerald, Sean [sfitzgerald@iso-ne.com]
Sent: Monday, September 25, 2006 3:24 PM
To: Jeanette Sypek
Subject: Response to HEAT Ticket # 118721 (Sent on Behalf of Dave Cavanaugh)

Dear Jeanette,

Massachusetts Municipal Wholesale Electric Company (MMWEC) contacted ISO New England (ISO) via the HEAT Customer inquiry tracking tool to inquire, HEAT Ticket #118721, as to what is the mechanism for clearing Demand bids at a node and why certain Demand bids cleared while others did not.

"On August 2, MMWEC submitted price sensitive demand bids of \$200 for MMWEC members in both the SEMA and WCMA zones. There were certain hours for SEMA (hour 14 & 16) and WCMA (hour 18) where the DA LMP was exactly \$200. For MMWEC's SEMA participants, one participant (ID # 42) partially cleared for some MW's in hours 14 & 16. The rest of MMWEC's SEMA participants did not clear any DA MW in hours 14 & 16. For MMWEC's WCMA participants, three (ID # 1,4,40) participants fully cleared for their DA bids in hour 18. The rest of MMWEC's WCMA participants did not clear any DA MW in hours 18."

The reason that the bids were only partially cleared was that they were marginal (setting price at \$200) in the hours in question similar to a generator clearing partially through a price/MW pair block when it is marginal. The selection as to which Participant's bid is cleared during a situation where there are identically priced bids that are marginal is an automated process internal to the clearing software that chooses the first valid bid in the data process stream until the proper quantity is reached. If you should have any further questions surrounding this transmittal, please contact our Customer Service group.

David A. Cavanaugh
Manager, Market Support Services
Voice: 413-540-4237
Mobile: 413-896-6757
Fax: 413-535-4156

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the ISO's designated representative for the RBA Decision, and the Chair of the NEPOOL Budget and Finance Subcommittee. Dated at Washington, DC this 23rd day of January 2007.

/s/

Lodie D. White
PATTON BOGGS LLP
2550 M Street, NW
Washington, DC 20037
Tel.: (202) 457-5626