

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

Internet Address: <http://www.dps.state.ny.us>

PUBLIC SERVICE COMMISSION

WILLIAM M. FLYNN

Chairman

THOMAS J. DUNLEAVY

LEONARD A. WEISS

NEAL N. GALVIN



DAWN JABLONSKI RYMAN

General Counsel

JACLYN A. BRILLING

Secretary

July 12, 2004

Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: ER04-943-000 - New York Independent System
Operator, Inc.

Dear Secretary Salas:

For filing, please find the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceeding. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler
Assistant Counsel

Attachment

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

New York Independent System) ER04-943-000
Operator, Inc.)

**NOTICE OF INTERVENTION AND COMMENTS OF THE
PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK**

The New York State Public Service Commission (NYPSC) submits its Notice of Intervention and Comments pursuant to the Notice of Filing issued on June 23, 2004, and Rule 214 of the Federal Energy Regulatory Commission's (FERC or Commission) Rules of Practice and Procedure. Copies of all correspondence and pleadings should be addressed to:

Dawn Jablonski Ryman
General Counsel
Public Service Commission
of the State of New York
Three Empire State Plaza
Albany, New York 12223-1350

John Reese, Director
Office of Economic Development
and Policy Coordination
New York State Department
of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

EXECUTIVE SUMMARY AND DISCUSSION

On June 21, 2004 the New York Independent System Operator, Inc. (NYISO) and the New York Transmission Owners (NYTOs) filed a request at FERC to eliminate the fees the NYISO currently imposes on energy transactions exported from or through the New York Control Area to the New England Control Area. These

transactions are commonly referred to as "Exports" and "Wheel-Throughs." Elimination of the fees for such transactions is explicitly conditioned upon the simultaneous elimination of the charges that the New England Control Area imposes on exports to the New York Control Area.

The NYPSC strongly supports the elimination of export and wheel-through transaction fees. We have been working diligently with other parties in New York and New England to eliminate these fees, which present an economic barrier to trade across the Northeast. By eliminating this "seam issue" in the Northeast, New York and New England can further benefit from the potential economic efficiencies associated with larger markets. We look forward to eliminating the same seam issue between New York and the PJM Control Area and are ready to assist the Commission in doing so.

The NYISO estimates that the annual charges on exports from New York to New England are approximately \$10 million. Elimination of these fees should allow for more efficient and economic trading, as well as improved commitment and dispatch of energy within the region. This position is consistent with statements made by Chairman Wood that "[e]limination of export fees within the Northeast will improve interregional

coordination and reduce 'seams' within the region."¹

Ultimately, removing export and wheel-through transaction fees should benefit consumers by expanding the market for competitively priced generation. As such, we ask the Commission to approve the filing without delay so that the benefits associated with it can be achieved as quickly as possible.

CONCLUSION

The Commission should approve the June 21, 2004 filing of the NYISO and NYTOs to eliminate the fees for export and wheel-through transactions.

Respectfully submitted,

Dawn Jablonski Ryman
General Counsel

By: David G. Drexler
Assistant Counsel
Public Service Commission
of the State of New York
3 Empire State Plaza
Albany, NY 12223-1305
(518) 473-8178

Dated: July 12, 2003
Albany, New York

¹ January 9, 2004 letter to William J. Museler, President of NYISO.

CERTIFICATE OF SERVICE

I, Karen Houle, do hereby certify that I will serve on July 12, 2004 the foregoing Notice of Intervention and Comments of the Public Service Commission of the State of New York by depositing a copy thereof, first class postage prepaid, in the United States mail, properly addressed to each of the parties of record, indicated on the official service list compiled by the Secretary in this proceeding.

Date: July 12, 2004
Albany, New York

Karen Houle