

# STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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## PUBLIC SERVICE COMMISSION

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September 22, 2005

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

Re: Docket Nos. ER05-1437-000 - 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 proceedings. 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                    ) Docket No. ER05-1437-000  
Operator, Inc.                                    )

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

**BACKGROUND**

In April 2001, the Federal Energy Regulatory Commission (FERC or Commission) approved the implementation of the New York Independent System Operator, Inc.'s (NYISO) Emergency Demand Response Program (EDRP), which is a voluntary program that pays qualified demand-response providers for reducing their energy consumption when the NYISO declares an operating reserves shortage or major emergency. In May 2001, the Commission approved the NYISO's implementation of a Day-Ahead Demand Response Program (DADRP), which provides retail consumers with the opportunity to submit demand reduction bids into the NYISO's Day-Ahead market.

In September 2004, the NYISO requested that the Commission approve tariff changes that would extend DADRP indefinitely. On October 29, 2004, the Commission rejected the proposed extension, and found that prior to seeking the elimination of a sunset date, the NYISO should submit a "detailed evaluation" of

whether the program was the most effective means to incorporate demand response into the NYISO market and whether the program should remain temporary or become permanent. On September 1, 2005, the NYISO filed documentation that supports its proposed tariff changes to eliminate the sunset dates for both the DADRP and the EDRP.<sup>1</sup>

**NOTICE OF INTERVENTION**

The New York State Public Service Commission (NYPSC) submits its Notice of Intervention pursuant to the Combined Notice of Filings #1 issued September 13, 2005, and Rule 214 of the Commission's Rules of Practice and Procedure. Copies of all correspondence and pleadings should be addressed to:

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**COMMENTS**

The DADRP has benefited the New York market by contributing to price reductions during times when DADRP curtailments have displaced higher-priced resources. Similarly, the EDRP has provided benefits through load reductions, as recently as July

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<sup>1</sup> Both EDRP and DADRP are currently scheduled to expire on October 31, 2005.

27, 2005, when New York set a new record high for power consumption.

The NYPSC supports the NYISO's proposed tariff modifications to eliminate the sunset dates for the DADRP and the EDRP. We agree with the NYISO that the sunset dates are an unnecessary barrier to the expansion of demand response in the New York energy market. The tariff modifications will encourage additional participation in these programs by removing the uncertainty regarding continuation of the programs, which has acted as a disincentive to the expansion of the programs.<sup>2</sup> These changes are consistent with the recently enacted Energy Policy Act of 2005, which encourages the elimination of "unnecessary barriers" to demand side participation in electricity markets.<sup>3</sup>

Furthermore, we note that the NYISO has indicated that survey results from market participants show their general satisfaction with both programs. In addition, the programs have been nationally recognized and adopted, in concept, for other regions, such as the ISO-New England.

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<sup>2</sup> For instance, demand response providers have been reluctant to go through the expense of soliciting, signing-up and processing new customers given an extension of only one year for DADRP.

<sup>3</sup> See, Energy Policy Act of 2005 at §1252(f).

**CONCLUSION**

For the reasons discussed above, the Commission should approve the NYISO's proposed tariff modifications.

Respectfully submitted,

Dawn Jablonski Ryman  
General Counsel

By: David G. Drexler  
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Public Service Commission  
of the State of New York  
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Dated: September 22, 2005  
Albany, New York

CERTIFICATE OF SERVICE

I, Janelle Manzer, do hereby certify that I will serve on September 22, 2005, the foregoing Notice of Intervention and Comments of the Public Service Commission of the State of New York by providing a copy to each of the parties of record, indicated on the official service list compiled by the Secretary in this proceeding.

Date: September 22, 2005  
Albany, New York

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Janelle Manzer