

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

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PUBLIC SERVICE COMMISSION

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General Counsel

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Secretary

December 7, 2001

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

Re: Docket No. RT01-99-000 - Regional
Transmission Organizations

Dear Secretary Boergers:

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

Enclosures

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

REGIONAL TRANSMISSION ORGANIZATIONS) Docket No. RT01-99-000

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

Pursuant to the Notice Inviting Comments on Wholesale Market Activities (Notice), issued November 20, 2001, and Rule 214 of the Federal Energy Regulatory Commission's (FERC or Commission) rules of practice and procedure, the New York Public Service Commission (NYPSC) hereby submits its Notice of Intervention and Comments. As explained in the Notice, the Commission is seeking comments on the proposal to have organization(s), separate from the Regional Transmission Organization (RTO), perform certain wholesale market activities. These activities include: 1) congestion management; 2) ancillary services; 3) administration of a balancing market; 4) OASIS management; 5) security coordination; 6) market monitoring; 7) regional transmission facility planning; and 8) tariff administration and design.

Whether an RTO's or another entity's regulation of each of the eight activities listed in the Notice will best advance the public interest will turn, to a large extent, on conditions within particular regions. Without knowing those conditions, it is difficult to answer the question posed by the Notice for each activity. The NYPSC can state, however, that ancillary services should normally be regulated by RTOs because the bifurcation of ancillary service regulation from the RTOs' evaluation of energy markets would reduce efficiency and raise costs.

Conversely, inasmuch as the coordination of security, at this stage, requires knowledge of local conditions and day-to-day oversight, existing ISOs should retain responsibility for security coordination. Our point, nonetheless, is that greater knowledge is necessary before responsibilities over the eight activities in question are assigned.

Respectfully submitted,

Lawrence G. Malone
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: December 7, 2001
Albany, New York

CERTIFICATE OF SERVICE

I, Naomi Tague, do hereby certify that I will serve on December 7, 2001, 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: December 7, 2001
Albany, New York

Naomi Tague