

# STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

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

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April 26, 2001

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

Re: Docket No.ER01-1740-000 - New York  
Independent System Operator, Inc.

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 518-473-7136.

Very truly yours,

Saul A. Rigberg  
Assistant Counsel

Enclosures



approved immediately. The Program is a critical component in the development of strong demand-side mechanisms that should be in place before Summer 2001 and New York has taken steps to implement it on the retail level.<sup>1</sup>

Under the Program, Demand Side Resources, which can include curtailable loads and on-site ("behind the fence") generators (other than diesel generators that are not permitted for environmental reasons), will be permitted to submit day-ahead demand reduction bids.<sup>2</sup> Participants would voluntarily submit bids to reduce demand at a certain price level much as energy suppliers submit bids indicating their willingness to sell energy into the NYISO-administered markets. Demand Reduction Bids will be incorporated into the NYISO's Security Constraint Unit Commitment (SCUC) Day-Ahead Market analysis and would be accepted when such bids would reduce the total bid costs over the 24-hour dispatch day. If selected, the demand reduction provider will be paid the greater of the Day-Ahead hourly Locational Based Marginal Price (LBMP) or the Demand Reduction Bid.

While New York has been diligently working to increase the available supply of electricity in the State through its

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<sup>1</sup> In an order in Case 00-E-2054, issued March 20, 2001, New York directed the utility companies under its jurisdiction to file retail tariffs to conform to the NYISO's proposal.

<sup>2</sup> Such bids will be functional equivalents of bids by generators.

Article X siting process, major new base load generation will not be available this summer.<sup>3</sup> The NYISO's recently issued *Locational Installed Capacity Requirements Study* forecasts an in-City summer peak load supply deficiency of almost 400 MW of installed generation. With increased demand and relatively tight supplies,<sup>4</sup> a demand responsive program will help mitigate against potential price spikes if supply conditions become especially constrained. Under these conditions, even a relatively small reduction in load can affect wholesale market prices. We ask the Commission to expeditiously approve this filing to ensure that the Program will be in place, and customers enrolled, in time for the Summer Capability Period beginning May 1.<sup>5</sup>

#### **CONCLUSION**

For the reasons discussed above, the Commission should expeditiously approve the Day-Ahead Economic Load Curtailment

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<sup>3</sup>Two applications to construct electric generating units, totaling 1,880 MWs, have received approval from the New York State Board on Electric Generation Siting and the Environment (Siting Board). Another five applications, totaling 3,460 MWs, are currently pending before the Siting Board.

<sup>4</sup>The New York Power Authority (NYPA) has proposed 408 MW of new generation within New York City to meet summer demand.

<sup>5</sup>We note that in some cases the NYISO may provide direct service to a number of end use customers and therefore we expect the NYISO to file a New York tariff governing its relationship to retail customers. See 16 U.S.C. §824. See also Federal Power Commission v. Southern California Edison Co., 376 U.S. 205 (1964); Northern States Power Co. v. Federal Energy Regulatory Commission, 176 F.3d 1090 (8<sup>th</sup> Cir. 1999).

Incentive Program because it will provide load with the ability to respond to wholesale market prices and improve reliability when supplies are tight during the Summer Capability Period.

Respectfully Submitted,

Lawrence G. Malone  
General Counsel

By: Saul A. Rigberg  
Assistant Counsel  
Public Service Commission  
Of the State of New York  
3 Empire State Plaza  
Albany, NY 12223-1305  
(518) 473-8178

Dated: April 26, 2001  
Albany, New York

CERTIFICATE OF SERVICE

I, Naomi Tague, do hereby certify that I will serve on April 26, 2001, the foregoing 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: April 26, 2001  
Albany, New York

Naomi Tague