June 23, 2004

BY HAND

Honorable Jaclyn A. Brilling
Secretary
New York State
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 03-E-0188 - Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard - Written Exceptions

Dear Secretary Brilling:

Pursuant to the "Notice of Schedule for Filing Exceptions" in the above-referenced case, the New York State Reliability Council, LLC ("NYSRC") respectfully submits an original and twenty-five (25) copies of this letter regarding the Recommended Decision recently issued by Judge Eleanor Stein.[1] NYSRC is a limited liability company established to promote and preserve the reliability of electric service for the benefit of all market participants in the New York Control Area. Throughout this proceeding, NYSRC has urged the New York State Public Service Commission ("Commission") to evaluate and analyze the reliability impacts of potential Renewable Portfolio Standard ("RPS") designs and to ensure that the design adopted is consistent with, and preferably enhances, the continued reliability of the New York State bulk power system.

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[1] Case 03-E-0188 - Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard, Recommended Decision (June 3, 2004) (hereinafter "Recommended Decision").

As the Commission is aware, a Phase 1 Report on the "Effects of Integrating Wind Power on Transmission System Planning, Reliability and Operations" was prepared by GE Power Systems Energy Consulting to evaluate the impact of wind generation development in New York on the planning and operation of the bulk power system and to investigate the adequacy of the New York system to incorporate reliably substantial wind generation in years 2006 through 2013. As noted in the Recommended Decision, the Phase I Report is a preliminary assessment.[2] In the Recommended Decision, Judge Stein indicated that the Commission will have the Phase 2 Report in time for implementation of the RPS. Taking this fact into account, Judge Stein concluded that "[t]he Phase 1 Report provides sufficient certainty to proceed with an RPS design."[3]

Along with other potential impacts on the planning and operation of the State's bulk power system, the quantity and composition of supply and demand resources in the New York Control Area could have an effect on the development of the statewide installed capacity requirement and the implementation of that requirement by the NYSRC. Consequently, evaluating the impact of the RPS on the reliability of the bulk power system is an issue of primary importance. NYSRC requests that the Commission make a strong statement in its policy statement with respect to the importance of protecting system reliability. Specifically, the NYSRC makes the following recommendations:

1. The policy statement should expressly provide that the Commission will review carefully the reliability impacts identified in the Phase 2 study and incorporate any modifications to the RPS that may be necessary to protect the reliability of the bulk power system prior to the implementation of the RPS.

2. The Commission should expressly state in its policy statement that it will closely monitor the implementation of the RPS throughout its life for reliability impacts and that the RPS program will have the flexibility to be revised in the future as necessary to protect reliability of the system.

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2 Recommended Decision at 88.

3 Id. at 93.

Your consideration of these comments is appreciated. If you have any questions regarding this filing, please contact me.

Sincerely,

H. Kenneth Haase

H. Kenneth Haase
Chairman
Executive Committee
New York State Reliability Council

cc: Honorable Eleanor Stein
Active Party Service List
AL-86826.1