

# DEWEY & LEBOEUF

Dewey & LeBoeuf LLP  
99 Washington Avenue  
Suite 2020  
Albany, NY 12210-2820

T +1 518 626-9000  
F +1 518 626-9010

March 26, 2012

## VIA ELECTRONIC MAIL

Ms. Leigh Bullock  
Business Issues Committee Liaison  
New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, NY 12144

Re: NYTO Comments on Draft Scope of Work for the Capacity Market Study

Dear Leigh:

The following comments on the Draft Scope of Request for Proposals for the NYISO's capacity market study are submitted on behalf of the New York Transmission Owners, LIPA and NYPA (the NYTOs).

As a general comment, it is important that the consultant understand that we are not suggesting that either the PJM or ISO-NE capacity market designs should be adopted by the NYISO. Just that the experience in those markets should be reviewed to determine whether there are features that the NYISO should consider adopting. Further, while we are interested in reducing seams between the regional capacity markets, the term "portability" should not be understood to imply the need to adopt either the PJM or ISO-NE market design. Also, while it may make sense for the consultant to review the straw proposal presented to the NYISO stakeholders in 2009, it should be clear that that proposal was not adopted by the stakeholders and should not be accorded any special weight in the study.

The NYTOs have the following specific comments on the wording of Objective 2, under SCOPE OF ANALYSIS.

**Dewey & LeBoeuf LLP is a New York limited liability partnership.**

NEW YORK | LONDON | WASHINGTON, DC | ABU DHABI | ALBANY | ALMATY | BEIJING | BOSTON | BRUSSELS  
CHICAGO | DOHA | DUBAI | FRANKFURT | HONG KONG | HOUSTON | JOHANNESBURG (PTY) LTD. | LOS ANGELES  
MADRID | MILAN | MOSCOW | PARIS | RIYADH AFFILIATED OFFICE | ROME | SAN FRANCISCO | SILICON VALLEY | WARSAW

Ms. Leigh Bullock

March 26, 2012

Page 2

**Objective 2 – Forward Capacity Markets Review: Objective 2 – Forward Capacity Markets Review:** Describe and evaluate the design and performance of the capacity markets in PJM and ISO-NE, and identify their strengths and weaknesses ~~in areas that would be applicable were the NYISO to adopt a similar market construct to understand if there are features of those markets that might improve the NYISO's capacity market design~~. This analysis should include an assessment of (1) the ability of these markets to attract new capacity that is not funded through long-term contracts with LSEs, and maintain existing economic capacity (including demand-side resources and repowering projects) . . . (9) the degree to which features explored could contribute to a reduction in seams between the regional capacity markets and create a more effective interregional capacity market .

Sincerely,

*Paul L. Gioia*

Paul L. Gioia  
Counsel to the NYTOs

32367630