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September 28, 2000

Honorable Richard J. Grossi
Chairman, NYISO Board of Directors
c/o William J. Museler
Chief Executive Officer
New York Independent System Operator
3890 Carman Road
Schenectady, New York 12303

Re: Aquila Energy Marketing Corporation's Motion in Support of the Appeal by H.Q. Energy Services (U.S.), Inc. ("HQUS") of the Management Committee's September 7, 2000 Decision to Seek an Extension of Bid Caps in New York.

Dear Chairman Grossi:

Pursuant to the "Procedural Rules for Appeals to the ISO Board" and the Notice of Appeal issued on September 22, 2000, Aquila Energy Marketing Corporation respectfully submits three original copies of the attached Motion in Support of HQUS's September 21, 2000 appeal of the Management Committee decision to seek an extension of bid caps in New York from October 28, 2000 through April 30, 2001. We have e-mailed a copy of this Motion in Support to Kristen Kranz at the NYSIO, and have requested that, upon receipt, she serve it upon each member of the Management Committee via e-mail.

Very truly yours,

Peter W. Brown, Esq.

Enclosure

cc: Kristen Kranz (via e-mail)
Rob Fernandez
Ira Freilicher

**MOTION OF AQUILA ENERGY MARKETING CORPORATION
IN SUPPORT OF THE APPEAL BY H.Q. ENERGY SERVICES (U.S.), INC.
OF THE MANAGEMENT COMMITTEE’S DECISION TO EXTEND BID CAPS**

Pursuant to Sections 1.03 and 4.01 of the “Procedural Rules for Appeals to the ISO Board” (the “Procedural Rules”) and the Notice of Appeal issued on September 22, 2000, Aquila Energy Marketing Corporation (“Aquila”) respectfully submits its Motion in Support of the Appeal by H.Q. Energy Services (U.S.), Inc. (“HQUS”) of the Management Committee’s September 7, 2000 decision to seek an extension of bid caps in New York from October 28, 2000 through April 30, 2001. In support thereof, Aquila states as follows:

1. Bid Caps Should be Eliminated

_____As a fundamental and philosophical matter, Aquila is opposed to bid caps and fully supports HQUS’s continued position that bid caps are antithetical to the development of a robust, workably competitive energy market in New York and should be eliminated. Additionally, however, Aquila believes that the NYISO Board of Directors (the “Board”) is proceeding in an appropriate fashion to assess the condition of the market and analyze the issue of extending bid caps. In this regard, Aquila urges the Board not to act until its investigation is complete.

_____2. Board of Directors is Following Well-Considered Course of Action

At its September 19, 2000 meeting, the Board directed the NYISO staff and the Board’s Market Performance Committee each to prepare an analysis and report regarding the Management Committee’s vote to extend the \$1000 energy market bid caps to April 30, 2001. Aquila understands that these reports and the guidance contained therein will be considered by the Board at its October 17, 2000 meeting. Mr. William Museler, CEO of the NYISO, moreover, has announced that the NYISO will, through a collaborative process, investigate the design and use of a “circuit breaker” concept for periods when New York’s electricity markets may be subject to stress due to unforeseen events that significantly and abruptly move the markets.

It is important to note, relative to the resolution of the bid cap extension issue, that the reports to be compiled by NYISO staff and the Board’s Market Performance Committee will contain a discrete assessment of the conditions, forecasts and operability of the market going through the upcoming winter period. Taken together with the “circuit breaker” initiative, these reports will address the pressing need to assess the current

state of the market and develop alternatives to the ongoing use of bid caps that are detrimental to the development and maintenance of a workably competitive market in New York.

3. Board should not act on HQUS's appeal until after due deliberation of requested _____ reports and markets participants' opportunity for review

_____Aquila urges the Board not to take final action on HQUS's appeal pursuant to Section 7.02 of its Procedural Rules until after 1) it has had the opportunity to fully review and consider the reports from NYISO staff and the Market Performance Committee at its October meeting; 2) market participants have also had an opportunity to review these reports and respond to them; and 3) the Board has had the opportunity to develop its findings related thereto. These critical reports are likely to contain implicit core standards regarding the use of bid caps. A collaborative process, moreover, with input from the Board, NYISO staff and market participants is likely to achieve the most effective resolution of the issues at hand.

CONCLUSION

For the foregoing reasons, Aquila respectfully requests that the Board:

1. Continue its inquiries and analysis relative to the Management Committee's vote to extend bid caps for another six months;
2. Provide a comment period for market participants relative to the requested reports from NYISO staff and the Market Performance Committee;
3. Postpone final action on the HQUS appeal until the Board has been able to consider all reports at its October meeting and has considered responses from market participants during a brief comment period; and
4. Grant such other and further relief as is just and reasonable under the circumstances.

Respectfully submitted
AQUILA ENERGY MARKETING CORPORATION

By their attorneys,

BROWN, OLSON & WILSON, P.C.

By: _____
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Pamela G. Van Horn, Esq.
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Dated: September 28, 2000

cc: Robert E. Fernandez
Ira L. Freilicher
Management Committee Members (Motion in Support forwarded to Jonathan Mayo,
Secretary of the Management Committee for distribution to all members via e-mail)