

September 29, 2000

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**VIA FACSIMILE FOLLOWED BY
OVERNIGHT DELIVERY**

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: NRG Power Marketing'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, NRG Power Marketing 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 NYISO, and have requested that, upon receipt, she serve it upon each member of the Management Committee via e-mail.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association

James J. Bertrand

JJB/dw

Enclosure

cc: Kristen Kranz (via e-mail, w/ enc.)
Robert Fernandez
Ira Freilicher
Paul Savage

**MOTION OF NRG POWER MARKETING
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, NRG Power Marketing Inc. ("NRG") 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, NRG states that it remains opposed to bid caps and agrees with the Motion of Aquila Energy Marketing Corporation in Support of the Appeal of HQUS. In particular, NRG agrees that:

1. Board of Directors is following Well-Considered Course of Action.

The process directed by the NYISO Board of Directors (the "Board"), relative to the resolution of the bid cap extension issue, will include consideration of reports to be compiled by NYISO staff and the Board's Market Performance Committee. These reports will contain a discreet assessment of the conditions, forecasts and operability of the market going through the upcoming winter period. These reports will address the current state of the market and will help to develop alternatives to the ongoing and extraordinary use of bid caps that are detrimental to the development and maintenance of a workably competitive market in New York.

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

NRG 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.

3. Bid Caps Should Be Eliminated.

Finally, as a fundamental and philosophical matter, NRG 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. However, NRG believes that 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, NRG urges the Board not to act until its investigation is complete.

CONCLUSION

For the foregoing reasons, NRG 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,

James J. Bertrand
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a Professional Association
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**ATTORNEYS FOR NRG POWER MARKETING
INC.**

Dated: September 29, 2000

cc: Robert F. 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)