

to encourage intra-day transactions between control areas by supporting them in its unit commitment. This will eliminate an inefficient and discriminatory barrier to exports from New England to New York. The NYISO therefore urges the Commission to accept the Reform Package and to grant ISO-NE's request for an effective date of May 1, 2002.

I. Communications

Communications regarding this proceeding should be addressed to:

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II. Service List

The NYISO has mailed copies of this filing to all parties on the official service lists maintained by the Commission in the above-captioned dockets.

III. Motion to Intervene

The NYISO is a not-for-profit New York corporation responsible for administering fair and efficient wholesale electricity markets and for maintaining reliability in New York State.

⁴ The NYISO respectfully requests a waiver of the Commission's regulations (18 C.F.R. § 385.203) to allow the inclusion of more than two persons for service and communications.

The NYISO's successful fulfillment of these responsibilities is central to the economy, health, and welfare of New York State. New York is directly interconnected with New England, and ISO-NE performs the same functions as the NYISO for the six New England states.

Furthermore, the transmission grids, energy markets, and ancillary services markets in New England and New York are becoming increasingly closely integrated. Over the last few years, ISO-NE and the NYISO have worked closely together on a variety of different initiatives to harmonize market designs and to eliminate "seams" that can impede inter-ISO trading. Most recently, the ISO-NE and NYISO boards of directors jointly agreed to expeditiously pursue the development of a common market design based on ISO-NE's SMD, as modified by NYISO best practices. The common market design would span New York, New England, and the neighboring Canadian provinces.

Because the New York and New England markets are so closely integrated and because the Reform Package will have a major impact on both the New York markets and on the NYISO's efforts to establish a common market design, the NYISO has a direct and substantial interest in this proceeding that cannot be represented by any other party. The Commission should therefore grant the NYISO's request for permission to intervene in this matter.

IV. Comments

The NYISO has reviewed the Reform Package and has discussed it with ISO-NE staff. The NYISO supports the Reform Package and is confident that its implementation will not impede and will, in-fact, facilitate the eventual development of a common market design. The Commission should therefore grant ISO-NE's request and accept the Reform Package, in its entirety, effective May 1, 2002.

In the near-term, the NYISO is especially gratified that the Reform Package includes market rule revisions that will permit ISO-NE to support intra-day Short-Notice External Transactions (“SNETs”) in its unit commitment. The NYISO has long been concerned that existing New England Power Pool (“NEPOOL”) market rules precluded ISO-NE from committing resources to support such transactions. This disadvantaged New York customers seeking to import short-notice energy from New England, thus impeding economic, cross-border transactions.

The NYISO has previously alerted ISO-NE to the problems associated with NEPOOL’s existing SNET rules, and ISO-NE has worked diligently to implement the needed reforms. Unfortunately, ISO-NE was unable to gain the requisite consensus from NEPOOL, necessitating ISO-NE’s unilateral filing of the Reform Package.⁵ The Reform Package’s SNET proposal strikes the right balance between the need to prevent discrimination against New York customers and ISO-NE’s need to protect against gaming of its existing single-settlement market design.⁶

Similarly, the NYISO supports ISO-NE’s proposed reform of its reserves market rules. The NYISO believes that these reforms will help to more closely harmonize the New England and New York reserves markets. These reforms will bring immediate, interim market benefits and will make it easier for the two ISOs to standardize their reserves markets in the future.

⁵ It is very important that these reform measures be implemented before the coming summer, further necessitating ISO-NE’s unilateral filing of the Reform Package.

⁶ The NYISO is confident that the measures proposed in the Reform Package are compatible with the near- and long-term needs of both ISOs. Should minor difficulties arise in the implementation of the Reform Package, the NYISO is confident that it can work directly with ISO-NE to solve them.

V. Conclusion

WHEREFORE, for the foregoing reasons, the New York Independent System Operator, Inc., respectfully asks that the Commission: (i) allow the NYISO to intervene in this proceeding; and (ii) accept these Comments in support of ISO-NE's Reform Package.

Respectfully submitted,

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cc Mr. Daniel L. Larcamp, Director Office of Markets, Tariffs and Rates, Room 8A-01,
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure 18 C.F.R. § 385.2010 (2001).

Dated at Washington, D.C. this 20th day of March.

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