



March 3, 2003

Mr. Charles King
Secretary of the Management Committee
New York Independent System Operator, Inc.
3890 Carman Road
Schenectady, NY 12303

Re: Notice of Appeal of the Long Island Lighting Company d/b/a/ LIPA

Dear Mr. King:

On February 26, 2003, LIPA filed a Notice of Appeal of the Business Issue's Committee's ("BIC") decision at its meeting of February 11, 2003 to reject Motion # 3 which proposed the establishment of new market monitoring procedures for the 10-Minute Non-Synchronous portion of the NYISO's operating reserves market in lieu of the existing bid cap.

NYPA agrees with LIPA that the BIC decision did not properly take into account the conclusion of the Independent Market Advisor that significant market enhancements have occurred since the bid cap was put in place which support the replacement of the existing bid cap with a reference price system. Among these enhancements is the implementation of full flexibility for Gilboa to provide both synchronized and 10-minute non-synchronized reserves.

NYPA fully supports LIPA's appeal and respectfully requests the Management Committee overturn the BIC Action on Motion # 3.

Very truly yours,

William P. Palazzo
Manager-Transmission Services

Cc: Robert Fernandez, Esq., via e-mail
Kristin Kranz, via e-mail

