

October 24, 2006

VIA ELECTRONIC MAIL

Ms. Karen Antion, Chair
New York Independent System Operator Inc. Board of Directors
c/o Mark S. Lynch
President and CEO
New York Independent System Operator Inc.
10 Krey Boulevard
Rensselaer, New York 12144

RE: Clarification of Motion in Support of US Power Generating Company, LLC

Dear Ms. Antion:

Yesterday, on behalf of US Power Generating Company, LLC ("US Power Gen") I filed a Motion in Support of the Appeal of The Independent Power Producers of New York, Inc. ("IPPNY") that supported certain aspects of IPPNY's Appeal. This morning, certain parties requested clarification of certain comments therein, and US Power Gen has agreed to provide such clarification.

US Power Gen supported Motion #4 as reflected in the vote that it registered at the September Management Committee ("MC") meeting. The filing referenced therein, if approved by the ISO Board, should be completed as soon as practicable (i.e. once tariff language is completed).

US Power Gen supported the MC's decision, in part, because it provided that "parties agree to work collaboratively to further address the concerns of some parties with respect to the potential exercise of market power by sellers and buyers." The filing of supply side mitigation measures detailed in Motion #4 may proceed in advance of the filing of load side mitigation measures. The measures identified in the September MC Joint Con Edison/Department of Public Service Proposal then must proceed in two stages. Load side mitigation measures should be expeditiously developed and filed with FERC. The need for, and the structure of, a forward procurement process and changes to the existing bid and price caps require far more extensive analysis and discussion, and therefore, should follow along a longer time line.

A copy of this letter has been delivered to Mr. Ray Stalter for circulation to all members of the MC, via electronic mail.

Very Truly Yours,



Liam T. Baker
US Power Generating Company, LLC