

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

February 25, 2003

102 FERC ¶ 61,204

In Reply Refer To:

New York Independent System Operator, Inc.

Docket No. ER01-3001-004

Hunton and Williams  
1900 K Street N.W.  
Washington, DC 20006

Attention: Ted J. Murphy  
Counsel for New York Independent System Operator, Inc.

Reference: Bi-Annual Compliance Report on Demand Response Programs and the  
Addition of New Generation

Dear Mr. Murphy:

1. On December 3, 2002, you submitted, on behalf of the New York Independent System Operator, Inc. (NYISO), pursuant to Ordering Paragraph (B) of the Commission's October 25, 2001 order (October 25 Order),<sup>1</sup> Ordering Paragraph (C) of the Commission's July 19, 2002 order (July 19 Order),<sup>2</sup> and Paragraph 5 of the Commission's September 3, 2002 Letter Order (September 3 Letter Order) in this proceeding,<sup>3</sup> your third compliance report for informational purposes. The October 25 Order directed NYISO to file a bi-annual report beginning December 1, 2001. The compliance report provides information on (i) NYISO's existing demand response programs, the status of real-time demand response mechanisms, and the effects of demand response programs on wholesale prices, and (ii) the addition of new generation resources in the New York Control Area.

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<sup>1</sup>New York Independent System Operator, Inc., 97 FERC ¶ 61,095 (2001).

<sup>2</sup>New York Independent System Operator, Inc., 100 FERC ¶ 61,081 (2002).

<sup>3</sup>New York Independent System Operator, Inc., 100 FERC ¶ 61,243 (2002).

2. Notice of NYISO's compliance report was published in the Federal Register,<sup>4</sup> with motions to intervene and protests due on or before December 24, 2002. The New York Transmission Owners<sup>5</sup> filed a timely motion to intervene, raising no substantive issues. On January 3, 2003, KeySpan-Ravenswood, LLC (Ravenswood) filed a protest and comments out-of-time.<sup>6</sup> On February 7, 2003, NYISO filed an answer. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>7</sup> the New York Transmission Owners' timely, unopposed motion to intervene serves to make them parties to this proceeding. In view of the early stage of this proceeding and the absence of undue prejudice or delay to any party, the Commission will permit Ravenswood's protest and comments out-of-time. Rule 213 of the Commission's Rules of Practice and Procedure generally prohibits answers to protests unless otherwise ordered by the decisional authority.<sup>8</sup> We will allow NYISO's answer, because it has aided us in understanding the issues raised in this proceeding.

3. Ravenswood requests that the Commission reject NYISO's compliance report. Ravenswood argues that, although NYISO has provided detailed information and qualitative analysis concerning the effectiveness of its Demand Response Programs, NYISO has failed to provide similar information regarding the progress of generation development within NYISO. Specifically, Ravenswood objects to NYISO's claim to be unable to reliably predict whether particular generation projects are likely to enter service by the projected dates listed in the compliance report. Ravenswood asserts that such information would be very useful because it has a direct impact on whether adequate resources will be in the market to meet projected demand. According to Ravenswood, NYISO is capable of providing such information.

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<sup>4</sup>67 Fed. Reg. 77,976 (2002).

<sup>5</sup>The New York Transmission Owners are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., LIPA, New York Power Authority, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and Niagara Mohawk Power Corporation.

<sup>6</sup>Ravenswood is a party to this proceeding through its intervention in Docket No. ER01-3001-000.

<sup>7</sup>18 C.F.R. § 385.214 (2002).

<sup>8</sup>18 C.F.R. § 385.213 (2002).

4. NYISO responds that it provided all of the information required by the Commission and that the information is useful to stakeholders. It also asserts that its compliance report provided more-detailed generation-related information than ISO New England Inc. provided in its most recent compliance report which the Commission accepted without comment in a letter order in Docket No. ER01-3086-003. Further, NYISO contends that most of the information that Ravenswood seeks would require NYISO to prepare analyses that Ravenswood is capable of preparing itself or provide information that is already disclosed in other publicly available reports. It also opposes incorporating the various documents into the compliance reports, because those documents are prepared on different schedules, and information from them would often either be stale, or unavailable, by the time the compliance reports were filed. It further argues that it would be inappropriate to grant Ravenswood's request that the compliance reports disclose how much existing generation is on the margin and could be retired in response to new entry. According to NYISO, such disclosure would effectively require it to divulge confidential information about the operating costs of marginal units, to speculate about the bidding strategies that proposed projects would likely pursue, and then to estimate what effect those bids would have in the market.

5. The Commission will accept NYISO's compliance report. A review of the compliance report reveals that NYISO has not, as Ravenswood asserts, "simply stapled a list to its report without saying anything worthwhile about the information contained therein."<sup>9</sup> The compliance report includes relevant publicly available information in Attachments III and IV. In Attachment II, the compliance report also sets forth in detail the current status of the addition of new generation resources for the New York Control Area. Further, NYISO has included in its report detailed information in table format setting forth the effect of its Demand Response Programs on wholesale prices. Thus, NYISO's compliance report complies with the requirements of the October 25 Order, the July 19 Order and the September 3 Letter Order.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

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<sup>9</sup>Ravenswood's Protest and Comments Out-of-Time at 3-4.