

BY FED EX

June 23, 2000

The Governance Committee of the Board of Directors
NYISO
c/o Hunton & Williams
200 Park Avenue
New York, NY

Dear Members of the Governance Committee:

Attached is the New York Power Authority's Statement in Opposition to the Appeals to the NYISO Board on Bid Caps. This statement is submitted in addition to NYPA's participation with the Transmission Owner Sector members and LIPA in a joint Motion in Opposition.

Sincerely yours,

Edgar K. Byham
Principal Attorney

STATEMENT IN OPPOSITION TO THE APPEALS TO THE NEW YORK ISO BOARD ON BID CAPS

The New York Power Authority (NYPA) joins in the Motion in Opposition to the Appeals to the NYISO Board submitted on behalf of the Transmission Owners Sector of the NYISO Management Committee and LIPA. In addition, NYPA submits the following comment.

NYPA opposes the requests to reject or modify the bid cap proposal and urges the NYISO Board to approve the decision (by a 63% margin) of the Management Committee on June 5, 2000 instituting temporary bid caps on the NYISO energy and ancillary service markets.

The ISO market is new and extremely complex and the future of this market as well as consumer confidence in it may very well hinge on how well the market functions this summer.

NYPA believes that a key to the long-term successful functioning of the New York energy market is the development of a larger penetration of price sensitive load. Success in achieving this will depend on an expanded retail energy marketplace. An expanded marketplace requires that current retail marketers remain active in New York and that others join them. Extreme price spikes early in the New York market's history could drive retail marketers from the New York, thereby discouraging the development of the very thing that is needed to improve the response of the market to tight supplies in future summers.

The Management Committee's Bid Cap proposal is a temporary measure. Its purpose is to provide a safety net that NYPA believe is necessary to allow the market to mature and to retain consumer confidence in the competitive market.

NYPA therefore requests the Board to reject the appeals of various parties and implement the Management Committee's proposal for temporary bid caps as expeditiously as possible.

Robert A. Hiney
Executive Vice President
Project Operations
by William Palazzo