

From: 'Saul Rigberg' [SAR@dps.state.ny.us]
Sent: Tuesday, February 29, 2000 5:01 PM
To: 'Ira Freilicher'
Subject: PSC Letter to ISO

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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PUBLIC SERVICE COMMISSION

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February 29, 2000

Ira Freilicher, Esq.
Counsel to the New York Independent
System Operator, Inc.
Hunton & Williams
200 Park Avenue
44th Floor
New York, New York 10166

Re: Requested Modification to ISO Governance Agreement

Dear Mr. Freilicher:

The New York State Public Service Commission (NYPSC) requests that you facilitate a modification of the Governance Agreement of the New York Independent System Operator, Inc. (ISO Agreement) to improve the process whereby interconnection studies are reviewed. We believe that the requested modification will enhance the process for consideration of new generation facilities in New York State. As you know, in the next several years the State may need substantial new capacity to meet load.

Like Article VIII of the Public Service Law (PSL) that it

replaces, Article X was enacted to provide a forum for the expeditious consideration of all State and local matters regarding the siting of major electric generating facilities. Indeed, the statutory deadline for rendering a final decision is 12 months (subject to exceptions) from the date that the Chairma

n of the Siting Board determines that an application contains the information required by law (Public Service Law (PSL) 165(4). Section 16 NYCRR 1001.1(c) of the Siting Board's regulations requires that the application contain a discussion of the

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benefits and detriments of a proposed facility on the existing transmission system. This information assists the Siting Board in deciding whether to grant a certificate of environmental compatibility and public need for a proposed facility (PSL, 168(2)).

Pursuant to Section 19B of the ISO's Open Access Transmission Tariff (OATT), an entity proposing to interconnect its generation with the NYS Power System is required to submit its interconnection proposal to the ISO. The ISO, in cooperatio

n with the Transmission Owner with whose system the new generator proposes to interconnect, is then obligated to perform a System Reliability Impact Study to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System.

The ISO Agreement states that the Operating Committee (OC) will review and approve the reliability assessments prepared by ISO Staff (Sections 8.02 and 18.04). Participation by the OC, which already has responsibility for several important matters relating to the early stage of ISO development, serves little useful purpose from the perspective of governance. In fact, OC review and approval of interconnection studies may impede their timely review, which could result in needless delays in Article X

proceedings. Moreover, it seems inappropriate to subject an important element of an applicant's proposal to review by a committee consisting, in part, of the applicant's competitors.

We therefore ask that the ISO Agreement be modified to remove from the OC's charge any formal responsibilities regarding interconnection studies. Rather, to ensure efficiency this task should be undertaken by the ISO staff and the Transmission Owner (s) as applicable.

Very truly yours,

Lawrence G. Malone
General Counsel