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November 14, 2008

Mr. David Lawrence
Mr. Robb Pike
NYISO
10 Krey Blvd.
Rensselaer, New York 12144

Dear Dave and Robb:

CPower, Inc., formerly ConsumerPowerline, a full service strategic energy asset management firm and a leading provider of demand response solutions, hereby submits the following written comments regarding the NYISO's proposed SCR testing rule change. We believe our proposal will address the SCR testing issue, and seeks to further enhance the ICAP market and SCR program by eliminating inflated baselines and UCAP values.

It appears that the underlying concern at the NYISO is not when or how tests are scheduled, but artificial capacity sold in the shoulder months. The solution should not attempt to define a strategic window for testing or to devise elaborate rules for limiting the ability to offer UCAP, or to participate in the ICAP market, but to address the real cause, the formula for APMD.

The current formula produces an average of the four peak months per season, but peak demand is much more often found in the peak two months of the season. The current APMD formula therefore artificially limits a resources' ability to offer capacity when it is needed most, especially in the summer months of July and August, but also to an extent in January and February.

A better alternative is to define the baseline of the previous season by three consecutive two-month averages, using the present definition and parameters of monthly peak (highest average between noon and 8 PM). Specifically, the summer baseline would be three averages for May-June, July-August, and September-October instead of a single June-July-August-September average. Winter would get similar treatment. For simplicity, below, APMD will refer to the current baseline and 3X2 will refer to the proposed baseline.



Advantages:

- 1) With 3X2, shoulder month UCAP (May-June, September-October) is automatically reduced by the lower baseline defined by lower shoulder month demand.
- 2) With 3X2, peak month UCAP (July-August) is automatically increased by the higher baseline defined by higher peak month demand.
- 3) The above applies to summer peaking accounts with an opposite effect in winter; the relationship is reversed for winter peaking accounts.
- 4) The net result for a resource, or an aggregation of resources, is a negligible change to total or average UCAP. The only difference is that it gets redistributed to where it is needed most.
- 5) With the new baseline formulation, testing during the peak months is less stressful to resources which experience normal monthly demand significantly above their APMD.
 - a. The test period should be whole months – July 1 through August 31. Implementing 3X2 removes the possibility of gaming with inflated UCAP and eliminates the need to second-guess potential test dates at the registration deadline.
- 6) Testing three times per season would not prove a resource's performance ability any more than the peak season testing and would be perceived as anything from a hardship to a nuisance by building and plant managers. The reduced baseline in the shoulder months eliminates the excess UCAP which the NYISO is trying to curb with additional testing requirements.
 - a. With significantly reduced UCAP prices, summer and winter, is it wise to further antagonize already-leery clients?
- 7) Elaborate and cumbersome rules to limit UCAP offerings after the test are no longer necessary since 3X2 already limits capacity to limits defined by the lower shoulder month demand. The PF factor, to limit UCAP in subsequent seasons, has worked with APMD as an incentive to increase performance and would work even better with 3X2.
- 8) Implementation is relatively easy:
 - a. RIP's collect data for each month, so reporting additional monthly peaks should impose no burden on them.
 - b. Current NYISO spreadsheets can be adjusted with the addition of two columns and minor changes to formulas, standardized for both seasons.
 - c. ICAP manual and other rule changes do not require significant rewording because the underlying premise remains the same.
 - d. Expanding ICAP Automation to include additional months and adjusted formulas should not be an issue as the ICAP Automated System is not used for calculating UCAP for SCR's (RIP's).



In conclusion, CPower would like to thank the NYISO for allowing us the opportunity to comment on what we believe is a critical issue for the ICAP Market, and the demand response program. The proposal that CPower has put forth seeks to enhance the NYISO's demand response program, ensure reliability to New York's bulk power system, and eliminate artificially high baselines during shoulder months.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Marie Pieniazek". The signature is fluid and cursive, with a large, stylized initial "M".

Marie Pieniazek
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