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Mr. Dave Lawrence
New York Independent System Operator
10 Krey Blvd.
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October 2, 2008

Dear Mr. Lawrence,

IntegrYS Energy Services of New York (“IntegrYS”) serves retail electric customers in New York and is an approved Load Serving Entity and Responsible Interface Party in the NYISO system. IntegrYS has several concerns with the proposed revisions to the ICAP Special Case Resource (“SCR”) Program.

Testing Requirements

IntegrYS supports reasonable testing requirements to ensure that only resources that provide value are being paid. We agree that a participant should not be paid by NYISO if they have not been called for a test. However, each SCR should only be required to test once in the summer and once in the winter. The testing requirements for all NYISO requirements are extensive and impose a burden to the Operations Staff as well as additional costs to the system. The NYISO has indicated several times that it is their intent to test SCRs during both summer and winter time periods that are best characteristic of each period’s peaks. However, in practice NYISO controllers and dispatchers have failed to audit during times that characterize such grid-constrained conditions. The NYISO should consider implementing a testing schedule that more readily represents grid constraint conditions before determining if additional tests are needed for all SCRs. To ensure that all SCRs are tested regardless of when they enroll, we suggest that there be three summer tests, but that each SCR be asked to participate in only the first summer test of the year after enrollment. If an SCR enrolled after the first test occurred, then they would participate in the next scheduled test.

We further recommend that NYISO tests should coincide with the Average Peak Monthly Demand (“APMD”) window, which includes the peak months and peak hours as defined by the NYISO ICAP Manual. In practice NYISO has been testing an hour or two before the APMD window and outside of peak APMD months. In doing this, we believe that NYISO has failed to obtain accurate performance criterion more representative of the capabilities and dependability of SCRs during grid constrained conditions. We suggest that would be better accomplished by testing during the APMD window.

We suggest that NYISO consider that tests are not actual responses to emergencies. Therefore, customers with operations that peak outside of the APMD window may be adversely affected and this should be taken into consideration. We further recommend that the NYISO should not test during times and months outside of the APMD window, without first extending the months and hours included in the calculation such that customers will be fully rewarded for their load shedding capabilities.

APMD vs. CBM methodology

The testing requirements should be related to the NYISO Peak Periods. The CBM method appears to be inconsistent with the intent of the program. Our understanding is that this is a capacity-based program, not an energy-based program. We submit that the purpose of capacity is to forecast and manage peak loads and plan for future generational needs. We suggest that utilization of the APMD calculation method will result in the best method for forecasting Peak Demand, which in turn will yield the best method for measuring results of curtailing from that forecasted peak. The fact that the APMD window now consists of peak months and peak hours has already addressed the concern of providing better insight into the available amount of capacity SCRs can bring

Resolution of Issues

Although the proposed changes are related to the Installed Capacity Market design, the details impact those that Participate in the Demand Response programs. The concept of the design may be appropriately discussed at the ICAPWG; however, the details are better vetted at the PRLWG. Demand Response is a key component of the New York wholesale market and the PRLWG should not be considered a second class citizen in the governance process.

Sincerely,

/s/

Melissa Lauderdale
National Regulatory Affairs Leader