

November 4, 2008

New York Independent System Operator
10 Krey Boulevard
Rensselaer, NY 12144

Attn: Mr. David Lawrence

Dear Dave,

At the October 27th ICAP Working Group Meeting, you presented the “SCR Rule Modifications – Winter 2008-2009 (Update)”. The Price Responsive Load Coalition offers the following comments on the SCR issues discussed during the meeting. The Price Responsive Load Coalition is made up of the following organizations: Alcoa, Energy Analytics, Energy Curtailment Specialists, EnerNOC, Innovative Power, Integrys, Galt Power, and Pace Energy.

Testing Requirements

At the July 31st ICAPWG meeting, NYISO proposed a rule to require SCR’s to perform at least one and up to three tests per Capability Period. Several Market Participants filed comments, the overall thrust of which was that three tests would be too burdensome. NYISO subsequently pointed out that a one test alternative could be explored under the following conditions:

- Testing would occur during July 1 - August 15 window.
- Testing would occur if there was no event called (same rule as now)
- Portfolio performance
- New SCR’s would not be permitted to register for the current period after the testing window (i.e. so no new resources in September or October).

The PRLC proposes the NYISO consider the following 2-pronged proposal:

- (1.) New SCR’s should not be frozen out for the months of September and October. NYISO’s indication in the ICAPWG meeting that they really do not need resources in September or October is extreme and, in reality, there is no reason to exclude new resources to enroll in those months.
- (2.) The following testing requirements should be adapted, which is intended to balance NYISO’s stated interest, as well as, the RIP concerns of unduly burdensome testing requirements:
 - (a.) Because testing is to occur only if there is no event called, we propose waiting until August 15th to see if an event has been called. If an event is not called, NYISO should then call the test between August 15th and August 31st (or some later date in early September perhaps). This ensures that NYISO is testing during higher demand times while also accommodating for the possibility that an actual event might be called during the July 1st through August 15th window;
 - (b.) For new SCR’s registering for the months of September and/or October, these resources would be subject to a single mandatory test in the period from September 1st through October 31st;

- (c.) A resource that over-performs during a test or event within the July-August window has demonstrated its ability to provide a specific level of reduction. The resource should be permitted to increase its commitment in the remaining months of the period as a result. This can be done now and there is no reason to inhibit that ability. Resources would ***not*** be permitted to increase their commitment over their level of event/test performance or, if they do, they would be subject to a 2nd mandatory test.

Over versus Under Performance of Aggregations

The PRLC has no problem with the methodology proposed for calculating the “Group Performance Factor”. The methodology allows the Aggregator the flexibility in meeting the NYISO requirements while not being penalized for the under performance of certain resources by compensating for the over performance of others. This allows the Aggregator to monitor and control their Portfolio.

The PRLC would like to see the new procedures, especially the performance determination for aggregations, put in place for the Summer 2009 Capability Period.

In response to the specifics of the Market Design:

- 1) The PRLC understands the burden that would be placed on the NYISO Staff for the execution of the Group Performance Factor and wishes to see this developed as a work in progress for deployment for the Summer 2009 Capability Period to the maximum extent possible with the NYISO resources, but feels the proposal for the registrations to remain static greater than one year is onerous to the Demand Service Providers. It would reduce the flexibility of the Demand Resources, and reduce the participation in the SCR program. The PRLC could support a restriction for maintaining the Group composition for a Capability period. After a set date prior to the beginning of the next capability period, new resources would be added to a new group.
- 2) The ramifications of adding resources, or subtracting resources from a new Group would be limited to the Capability Period. New resources could be added and counted within the Capability Period at any time during the period to the new Group. In subsequent Capability Periods, these resources could be included with previously existing resources in the Group which includes those resources.
- 3) The PRLC supports the broadest possible definition of Groups, consistent with the underlying market design. We recommend each RIP have its resources assigned to one of three Groups corresponding to the appropriate ICAP Locality (e.g., ROS, NYC and LI). In addition to easing the administrative burden on the NYISO, this will also eliminate the concern raised by the NYISO that resources could be moved from one Group to another as part of a possible gaming strategy.
- 4) The RIP performance factor would be retained for the purpose of calculating RIP deficiencies.
- 5) With the addition of the automated registration system, the PRLC would like to continue dialog with the NYISO to support the NYISO administration of a fair and open Market Design while making the SCR program as flexible as possible, including reducing the period for which Group compositions must remain static.

Losses on the Con Edison Electric System – 2002 Study

The PRLC has no comments on the NYISO's evaluation of the issue, however, it is important that the losses are accurate, validated and consistent with published information from the Transmission Owners.

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Price Responsive Load Coalition

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