

May 20, 2011

Mr. David J. Lawrence
Manager, ICAP Market
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144

RE: Potential Elimination of the Price Responsive Load Working Group

Dear Mr. Lawrence:

The following comments are being provided, and are supported by, a group of market participants who have concerns about the viability of the Price Responsive Load Working Group (PRLWG), as was discussed at the May 9, 2011 PRLWG. These comments are supported by the following market participants: City of New York, Constellation NewEnergy, Consumer Power Advocates¹, Demand Response Partners, Digital Energy Corporation, Energy Concepts, Energy Curtailment Specialists, Inc., Energy Spectrum, EnerNOC, Inc., Gridway Energy, Hess Corporation, Innoventive Power, LLC, Integrys Energy Services, Pace Energy and Climate Center, the Price Responsive Load Coalition², The E Cubed Co LLC, and Viridity Energy, Inc.

During the May 9, 2011 PRLWG meeting, a discussion took place with regards to dissolving the current PRLWG, as it was stated that many of the issues pertaining to demand response are discussed at other NYISO working group meetings, such as the ICAP or MIWG meetings. The PRLWG was originally intended as a forum to discuss any and all price-responsive NYISO matters and products. Over the past 10 years, the PRLWG has evolved into a working group for demand response topics, however many demand response issues are not addressed at the PRLWG. As stated on May 9, many demand response related matters are taken up at the ICAP and the PRLWG has therefore become seemingly obsolete.

It is the view of the undersigned market participants that the NYISO should only seek to eliminate the PRLWG if, in its place, a Demand Side Resources Working Group (DSRWG) is created. Most ISO/RTO's have working groups that are dedicated to demand response issues and participants. These other ISO/RTO's have working groups and/or task forces that allow demand response companies and participants the ability to fully vet demand response issues, as a group, before bringing proposed rule changes or issues back to other working groups for discussion and/or to governance committees for vote. The current proposal would diminish, rather than enhance, the centrality of demand response resources for organizational deliberations.

Creating a DSRWG at the NYISO would increase efficiency and help to manage the workload of higher-level NYISO committees by providing a forum where a thorough detailed analysis and debate can be held leveraging the expertise of all interested parties. It is appropriate and necessary for there to be a venue for these issues, which is in line with the FERC's

¹ "Consumer Power Advocates (CPA) is a membership organization of electricity users in New York City. Several CPA members also participate in NYISO governance."

² Ace Energy, Energy Curtailment Specialists, EnerNOC, Integrys Energy Services, Pace Energy and Climate Center

prioritization of DR as a role in the marketplace. It is evident that demand response has become an integral (and larger) part of the NYISO's capacity market. It is further evident that this fact has the full support of FERC. The time for a separate working group limited to demand side providers and end-use customers that provide DR capacity to NYISO directly is long overdue. Establishing a DSRWG would demonstrate the NYISO's commitment not only to demand response, but to FERC's recent mandates on demand response.

If it is the position of the NYISO that DR-related issues are not a priority of the NYISO, and if no specific responsibilities are allocated to the PRLWG (or a replacement DSRWG), then the PRLWG should be dissolved. However, this position is at odds with the considerable role that Demand Response plays in New York and with the direction that FERC is taking with regards to DR, as well as against the expressed wishes of the market participants sending this letter. Every other ISO or RTO that allows direct CSP participation in its demand response programs also has at least one dedicated subcommittee, working group or task force dedicated to DR issues. How can the NYISO, home to some of the most effective DR programs in the world, do any less?

Therefore, Parties to this letter want to clearly state that they oppose *complete* elimination of the PRLWG, but support a restructuring of the PRLWG to a DSRWG structure. We further request that specific tasks and goals be assigned to the DSRWG and that all issues under its purview be addressed only at the DSRWG. Specifically we suggest a preliminary scope of the DSRWG include, but would not be limited to, the following demand response issues:

- Demand Side Ancillary Services
- Day-Ahead Demand Response
- Emergency Demand Response
- Special Case Resources
- Capacity payments related to Special Case Resources
- Baseload cogen capacity product
- Real-time energy DR participation

When issues overlap with the mandates of other NYISO working groups, as we recognize is often the case, joint working group meetings should be scheduled. Dissolving the PRLWG, without allowing a restructure of this critical working group would be distressing to the undersigned. For the above reasons, the signatories to this letter therefore request that the NYISO restructure and rename the current PRLWG to the Demand Side Resource Working Group and that a specific Scope of Responsibilities be developed and adhered to for this working group.

Cc: Mr. Rana Mukerji
Leigh Bullock
Donna Pratt