

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Niagara Mohawk Energy Marketing, Inc.,)	
)	
Complainant,)	
)	Docket No. EL00-82-000
v.)	
)	
New York Independent System Operator, Inc.,)	
)	
Respondent.)	

**AFFIDAVIT
OF
ROBERT THOMPSON
IN
SUPPORT OF NYISO'S ANSWER TO NMEM'S COMPLAINT**

Town of Schenectady :
: **ss:**
County of Schenectady :

1. I am Robert M. Thompson, acting Director of Information Services for the New York Independent System Operator, Inc. ("NYISO"). My responsibilities include development and support of computer systems and communications including both hardware and software for the NYISO.

2. The NYISO is a not-for-profit entity formed in 1998 as the central coordinator of New York State's restructured bulk electric power industry. The NYISO's primary functions are to coordinate the operation of the State's bulk power network and to administer an open and competitive wholesale power market in New York. In fulfillment of these responsibilities, the

NYISO administers the Day Ahead Market (“DAM”) and coordinates the scheduling of generation and transmission by committing various resources on a day-ahead basis using the day-ahead scheduling commitments calculated by the Security Constrained Unit Commitment (“SCUC”) software.

3. A certain Niagara Mohawk Energy Marketing, Inc. (“NMEM”) export transaction was not scheduled on May 8, 2000, as a result of the normal operation of SCUC. Further details on the SCUC processes affecting the scheduling of this transaction can be found in the affidavit of Mr. Ricardo Gonzales submitted with the NYISO’s Answer to the NMEM complaint.

4. Even prior to NMEM raising its concerns about the SCUC’s handling of its May 8 export transaction, the NYISO had been working, and it continues to work, to develop modifications to the SCUC that will address the substance of NMEM’s complaint. Throughout this process, the NYISO has sought input from Market Participants, including NMEM, through the committee process. Issues related to the process of using the forecast load strike price to determine import and export transaction levels have been under discussion with market participants beginning with the Business Issues Committee (“BIC”) meeting of January 19, 2000. In response to Market Participant requests at the January meeting, Bid Production Cost Guarantees were established for import energy contracts in the DAM. In further discussions at the February BIC meeting, the NYISO indicated it would look into methods of making import and export scheduling consistent with the use of final day-ahead prices at the proxy buses, with the consequent elimination of the need for a strike price for scheduling external transactions.

5. At the April 12 meeting of the Schedule and Pricing Working Group (“S&P

WG”) of the BIC, an approach to eliminating strike prices and scheduling all external transactions based upon only the bid load portion of the day-ahead SCUC evaluations was discussed and a target schedule of May 15 for implementation was subsequently established by the NYISO and published as part of the summer 2000 work schedule. The solution and schedule were presented in detail by Mr. Charles King, NYISO Vice President of Market Services, at the Management Committee’s May 4 meeting. The proposed modification to the SCUC was developed and tested as scheduled prior to May 15. As a result of the testing, which included test operation of the new solution for the high load period of May 8 and May 9, the NYISO became concerned about the solution’s impact on reliability and market performance under certain conditions. After further consulting experts about the proposed remedy, the NYISO related its concerns about the proposed remedy to the S&P WG and the BIC at their May 17 and May 18 meetings. As a result, the BIC voted unanimously to not implement the proposed remedy as it had been developed at that time.

6. At the May 18th meeting of the BIC, it was also agreed that the NYISO would develop an alternative modification to the SCUC, taking into account the reliability and market performance concerns that had been raised. The NYISO has proceeded to develop an alternate approach and at the June 7 meeting of the S&P WG, it was agreed that the alternate solution would be circulated in draft form to the S&P WG for comments on Friday, June 16, 2000. NMEM representatives at the June 7 meeting were informed that the NYISO was aware of their concern over the export transaction issues associated with the current operation and that the NYISO was proceeding as fast as possible to implement a sound solution. The NMEM complaint was filed before the agreed upon date for circulation of the revised proposal for

modifications, and the NYISO did, in fact, send its draft to the S&P WG committee chairman for circulation on June 16th as scheduled. The NYISO is now awaiting comments from the S&P WG. A copy of the proposal forwarded to the S&P WG is attached.

7. In connection with circulating its revised proposal to the S&P WG, the NYISO has begun working with its software vendor on implementation of the necessary changes to the SCUC software, subject to any further refinements that may emerge from the BIC or S&P WG.

8. The revised proposal for modifications to the SCUC addresses NMEM's concerns by scheduling all export transactions in the final dispatch pass of SCUC. This proposed alternative approach eliminates the use of proxy bus strike prices for scheduling export transactions, thus ensuring that the proxy bus strike price will no longer cause export transactions that are economic in the final dispatch to not be scheduled in the DAM.

9. The NYISO concurs with NMEM that a modification to the SCUC is called for to address the concern raised by NMEM. Accordingly, the NYISO has actively pursued the development and implementation of such modifications, working through the Committee process and giving due consideration to reliability and overall market performance concerns. As agreed, the NYISO circulated a revised proposal for modifications to the SCUC to the S&P WG on Friday, June 16th, and is awaiting comments from that group. Assuming the proposed modifications are received favorably, the NYISO expects to be able to implement these changes by mid-July of this year.

10. Given that the NYISO is actively working in a timely manner to address the substance of the NMEM complaint, and the fact that the interim manual override proposed by NMEM is not feasible for the reasons explained in the affidavit of Mr. Gonzales, there is nothing

more that the NYISO could undertake to address NMEM's Complaint that the NYISO is not already doing.

Robert Thompson
Director of Information Services (acting)
New York Independent System Operator, Inc.

Subscribed and sworn to before me this ____ day of June, 2000.

Notary Public

My Commission expires: