

**Preliminary Comments of Southern Energy New York
Concerning The Development of Demand Responsiveness
Programs for the New York Control Area**

During the September 8, 2000 Demand Responsiveness Working Group Meeting, the Staff of the New York Independent System Operator (“NYISO”) requested that parties submit initial comments and proposals concerning demand responsiveness programs for New York State. Southern Energy New York (“SENY”), the parent company of Southern Energy Bowline LLC, Southern Energy Lovett LLC and Southern Energy NY-Gen LLC which collectively own and operate 1,776 megawatts of generating capacity in Rockland, Orange and Sullivan Counties, New York, hereby submits its preliminary comments.

In its June 30, 2000 filing with the Federal Energy Regulatory Commission (“FERC”) seeking immediate authority to implement temporary bid caps on certain bids in the NYISO administered markets, the NYISO Board notified the FERC that it had directed its Staff and counsel to work with interested market participants to: (i) formulate effective demand side market mechanisms in time for the summer, 2001; (ii) draft all necessary tariff revisions and develop all necessary software enhancements associated therewith; (iii) obtain the requisite NYISO committee approvals; and (iv) subject to FERC review and approval, implement these mechanisms by June 1, 2001. As SENY repeatedly emphasized throughout the September 8th meeting, given these deadlines and the need to allocate adequate time to account for NYISO committee review and approval processes, it is critical that this Working Group develop viable proposals quickly.

For this reason, SENY urges this Working Group to dedicate its efforts toward developing a curtailable load program similar to the program approved by the FERC for the PJM Interconnection or the program approved by the New York Public Service Commission (“NYPSC”) for the Consolidated Edison Company of New York, Inc. (“Con Edison”) service territory. While some modifications to these programs may be necessary, SENY believes that these established programs provide a sound starting point to develop a demand responsiveness program for implementation in the New York Control Area by June 1, 2001. Thus, using these previously approved programs as a guideline, this Working Group should begin work immediately with the NYISO Staff to devise a curtailable load program, complete with any necessary software modifications, to be submitted for review and approval to the Business Issues Committee and, if necessary, the Management Committee. In connection therewith, whether changes to retail tariffs should be made also should be explored by this Working Group. To the extent that time and resources permit, additional programs also could be created either concurrently or after development of the curtailable load program has been completed.