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VIA E-MAIL

Diane Egan,
Board Secretary
New York Independent System Operator
10 Krey Boulevard
Rensselaer, NY 12144

RE: Initial Comments on New York State Repeal of Real Property Tax Abatements for “Utility Property” Under the New York City Industrial and Commercial Incentive Program

Dear Ms. Egan:

Reference is made to the “Notice to Market Participants” posted on the NYISO website in connection with the captioned matter. PSEG Energy Resources & Trade LLC and PSEG Power New York Inc. hereby state their support for the comments of the Independent Power Producers Of New York, Inc. (“IPPNY”) and the accompanying affidavit of Mark D. Younger being filed today.

As explained there, the expiration of the property tax exemption formerly awarded to new generating facilities under New York City’s Industrial and Commercial Incentive Program (“ICIP Exemption”) has resulted in a substantial deviation between the NYISO’s administratively determined Net Cost Of New Entry (“CONE”) and the actual Net CONE that would be experienced by any developer seeking to enter the New York City market. This will cause the price-clearing mechanism under the demand curve used to price capacity in New York City to significantly understate the locational value of those resources and will fail to provide appropriate incentives for new entry. Because of its importance, this issue needs to be addressed promptly.

Please contact the undersigned with any questions.

Very truly yours,

Kenneth R. Carretta

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cc: Howard A. Froemer