

**MOTION IN SUPPORT OF KEYSpan-RAVENSWOOD, LLC  
NOTICE OF APPEAL TO THE MANAGEMENT COMMITTEE  
FROM THE BUSINESS ISSUES COMMITTEE'S DECISION AT ITS  
AUGUST 9, 2006 MEETING**

**I. SUMMARY STATEMENT**

Energy Curtailment Specialists, Inc. (ECS) supports the Notice of Appeal filed by Keyspan Ravenswood, LLC in connection with Motion #2a-Motion to Table Motion #2. ECS is in agreement with Keyspan Ravenswood LLC, that the BIC did not adequately consider all the facts and issues associated with changes to the NYISO In-City capacity market when it denied Motion #2a.

**I. ARGUMENT IN SUPPORT OF MOTION #2A**

As one of the largest demand response providers in the State of New York, ECS fully supports Keyspan Ravenswood's appeal. Market participants have rushed to hastily change the ICAP market without a complete and proper analysis. Given the potential implications to this State's reliability by application of these changes, it is hard to think of a more appropriate time to perform all requisite analysis and consider all available alternatives. As Keyspan Ravenswood indicates in their motion, "market participants are assuming that special case resources and emergency demand response resources do not require capacity payments at or above current clearing prices in order for these valuable resources to provide New York State with much needed reliability".

Application of this rule change would most certainly adversely affect future participation in NYISO's demand response programs, in particular the Special Case Resource program. NYISO recently recognized the importance of

these programs in an August 2<sup>nd</sup> press release, in which Mark S. Lynch, NYISO President and CEO stated, “We are passing the test. Our markets are working, our demand reduction programs have helped reliability...” Likewise, businesses and individuals throughout New York City, especially in Queens, certainly realize the significance of the programs. One can only imagine how much worse things could have been throughout New York City during the recent heat wave had demand response participants not responded. Market participants have apparently put no thought into how demand response participation would change if price signals decline in New York City. As In-City ICAP prices decline, this will send clear signals to New York City businesses that demand response is unnecessary. Allowing market rule changes that would send this message to New York City businesses will without question result in less demand response at a time when the New York Public Service Commission (NYPSC) is requiring 300 MW of additional demand reduction in New York City<sup>1</sup>.

It is counter-intuitive to implement a rule change which would precipitate an exodus of valuable, demand response resources from the market, at a time when the NYISO’s Reliability Needs Assessment (RNA) indicates a future need to improve demand response programs; this would have a substantial impact on reliability within New York City. As peak loads each year continue to increase, demand response resources are needed to help maintain grid operations within reliability criteria. As stated in the Findings, Conclusions, and Recommendations section of the Comprehensive Reliability Plan released by the NYISO, “New

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<sup>1</sup> As reported in FERC’s Assessment of Demand Response and Advance Metering Staff Report (Docket Number AD-06-2-000)

York must monitor its capacity markets to determine if they are competitive *and can attract enough investment to maintain system reliability*”(emphasis added). ECS submits that the currently proposed market rule changes are potentially in direct opposition to the notion of increased reliability; indeed, they will likely result in a massive loss of curtailable load due to Special Case Resources abandoning the program.

## **II. CONCLUSION**

ECS respectfully supports Keyspan Ravenswood LLC Notice of Appeal requesting that the Management Committee reverse the decision made by the Business Issues Committee to deny Motion #2.a-Motion to Table Motion #2. ECS further agrees that the Management Committee should direct the ICAP Working Group to conduct a full analysis regarding the In-City Capacity market issue and propose a market design that ensures maintaining reliability of New York State’s Bulk Power System while sending the appropriate market signals for further electric expansion.

Date: August 30, 2006

Respectfully submitted,

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