

**The following are KeySpan-Ravenswood's (Keyspan's) comments related to the Demand Curve and 2005 Gold Book Data.**

\* Typically, availability of the "most recent" data after the completion of a rule making or tariff proceeding should not be considered as the sole reason to alter the outcome, unless that data would have substantially altered the outcome in a fundamental way notwithstanding other "recent" data. The principle here is that at some point, a proceeding or analysis has to move forward and be concluded with the best, i.e., most representative, "available" data at a certain time. Most importantly, studies and analysis that are intended to project future outcomes should use the best data available at the time the study or analysis commences. This is how the NYISO Interconnection Cost Allocation process is now conducted.

\* What makes the 2005 Gold Book data an issue now is the fact that a particular analysis and mechanism, called the winter revenue benefit, was first used to "supplement" the total energy and ancillary services revenue offset for the ROS Demand Curve after the conclusion of the ICAP WG stakeholder process and apparently after the 2005 Gold Book data was available to the NYISO. At a minimum, preliminary 2005 Gold Book data was available to the NYISO when it started reviewing the winter revenue benefit mechanism. The winter revenue benefit explicitly relied on the winter/summer DMNC ratio derived from the 2004 Gold Book, after a correction for recently added combined cycle capacity. This immediately leads to questions regarding the availability of the 2005 Gold Book data, and the effect of this data on the outcome. In other words, when the NYISO first began to consider the winter revenue benefit, what data was available to it for its analysis and to support its conclusion that the benefit would continue in the future?

\* Another concern is that a thorough review, due diligence or an attempt to locate additional data was apparently not conducted by the NYISO in light of the cautionary statements from Dr. David Patton (i.e., that the winter revenue benefit should not be applied unless the NYISO was confident that it would continue in the future and over the long term). This cautionary statement should have prompted the NYISO to conduct further analysis with data available at the time Dr. Patton's concern was raised, such as 2005 Gold Book data or even preliminary data. This data would provide information as to whether or not the suggested ratio would continue in the future.

\* There are other situations related to data that are similar. For example, KeySpan made arguments regarding the use of the 2002 load shape. KeySpan argued that it was not representative of the future and should not be used for projections of long-term energy revenues. The NYISO argued that the 2002 load shape would be representative of the future without any trend analysis or comparison to load shapes from 2003 and 2004 (i.e., future years). Yet a comparison of the load duration curves for the years 2002-2004 in the recently released 2004 State of the Market Report plainly indicates that the 2003 and 2004 load shapes are significantly different from 2002, contrary to what the NYISO argued and concluded. At a minimum, the 2003 data was available to the NYISO when it commenced its analysis and the 2004 data was available when it argued future years would be similar to 2002.

\* The fact that data available to the NYISO contradicted its conclusions raises concerns and accordingly future analysis should use the best available data at the time the analysis is being conducted or at the time conclusions are being made for the first time. Again, the revised NYISO Interconnection Cost Allocation procedures might be instructive on this issue.

\* Nevertheless, these and other issues are all being addressed in rehearing requests filed with FERC by various market participants. At this time, all of these issues should be addressed in that proceeding, rather than singling out one particular issue for different treatment as part of a stakeholder process.

\* With respect to future Demand Curve analysis, the issues noted above should be considered as part of the stakeholder process that is intended to inform the NYISO compliance filing required by the Demand Curve order. Resolution of these issues are necessary to implement changes to the procedures for setting and reviewing the parameters of the ICAP Demand Curves to ensure that future reset processes are more efficient and transparent.