

**FEDERAL ENERGY REGULATORY COMMISSION
TECHNICAL CONFERENCE
NEW YORK CITY
OCTOBER 20, 2003**

**PANEL III DISCUSSION: REGIONAL DECISION-MAKING:
NYISO GOVERNANCE AND STATE/REGIONAL COMMITTEES**

**COMMENTS BY PAUL L. GIOIA
ON BEHALF OF THE FOLLOWING NEW YORK
TRANSMISSION OWNERS:
CENTRAL HUDSON GAS & ELECTRIC CORPORATION, CONSOLIDATED EDISON
OF NEW YORK, INC., NEW YORK STATE ELECTRIC & GAS CORPORATION,
ORANGE AND ROCKLAND UTILITIES, INC., AND ROCHESTER GAS AND
ELECTRIC CORPORATION¹**

NYISO Governance

The New York Transmission Owners recommend that the Commission find the NYISO's current governance structure to be in satisfactory compliance with the Standard Market Design adopted in the final SMD Rule.

The NYISO's governance structure has been found to satisfy the basic requirements of RTO/ISO independence and fairness to all market participants in previous Commission orders. In addition, the current governance structure has functioned well over the first four years of the NYISO's operation and, particularly relevant, the NYISO, operating under its current governance structure, has been able to implement a market design that is virtually the same as the standard market design proposed by the Commission.

¹ While I refer to these companies as the New York Transmission Owners, my comments do not include the views of Niagara Mohawk, a National Grid company.

We recognize that the NYISO's governance structure differs in some respects from the specific governance model suggested by the Commission and from the governance structures of other RTO/ISOs. Those differences, however, do not affect the NYISO's ability to function independently and effectively, and to treat all market participants and market sectors fairly. Various parties, including transmission owners, have identified aspects of the NYISO's governance that may be improved in the future. Any governance changes, however, can and should be made through the existing governance process with the active involvement and collaboration of the NYISO board, the NYISO staff and all market participants.

The NYISO's governance structure is the result of extensive negotiations among market participants, and between market participants and the NYISO, subject to guidance provided by the Commission and with direct assistance of the Commission's staff. It represents a balance of various aspects of governance that resulted in the broad support that was achieved for its initial approval by the Commission. Changing selected aspects of the NYISO's governance would almost certainly upset that balance and foster unnecessary contention and litigation. Our resources can be much more productively directed at the continued improvement of the standard market design supported by the Commission and the effective elimination of seams with our neighboring RTO/ISOs.

State/Regional Committees

The New York Transmission Owners agree that the states must play a significant role in the aspects of standard market design identified by the Commission, including resource adequacy, the elimination of pancaked transmission rates, and transmission planning and expansion. We also support the proposed requirement that each RTO/ISO provide a forum for state representatives to participate in the RTO/ISO decision making process. However, the

formation of a regional state committee may not be necessary for policy input from state representatives, especially in the case of a single state ISO such as the NYISO. Currently, various New York State agencies, including the New York Public Service Commission, the New York State Consumer Protection Board and the New York State Energy Research and Development Authority, are active participants in the NYISO and provide state policy input into the NYISO decision-making process. Coordination among New York State and the states in neighboring RTO/ISOs, including both New England and PJM, on broader regional issues, such as regional transmission planning, would be beneficial and voluntary coordination by states throughout the entire Northeast region should be encouraged by the Commission.

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