

April 30, 2007

BY HAND

Honorable Jaclyn A. Brillling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: **Case 00-G-0996**
In the Matter of Establishment of Criteria for Interruptible Gas Service

Dear Secretary Brillling:

Pursuant to the Notice Soliciting Comments in the above-referenced case issued on March 13, 2007, the New York State Reliability Council (“NYSRC”) respectfully submits an original and twenty-five (25) copies of this letter regarding the Commission’s consideration of issues related to interruptible gas service in New York State.

Background

The NYSRC was established as part of the restructuring of the electricity market in New York State, which included the formation of the New York Independent System Operator (“NYISO”) and a competitive wholesale electricity market. The NYSRC’s primary responsibility is to promote and preserve the reliability of the New York State power system by

developing, monitoring and, from time to time, updating the reliability standards that must be complied with by the NYISO operation of New York bulk power system, and by participants in the NYISO's markets.

Comments

The NYSRC appreciates the Commission's consideration of the important relationship between interruptible gas service and the State's petroleum infrastructure. While the NYSRC has no comments on the Petroleum Infrastructure Study, it does want to raise a related issue for the Commission's consideration: the relationship between dual-fuel electricity generating units ~~and using interruptible gas service used by those generating units,~~ and electric system reliability. The availability of dual-fuel generation facilities in New York State provides an ~~added~~important measure of electric system reliability in times of natural gas shortages or supply disruptions. As the State becomes ~~increasingly~~ more reliant on natural gas as the fuel source for electricity generation, the dual-fuel capacity of New York generators becomes increasingly important from the perspective of electric system reliability. The NYSRC, however, is ~~not sure~~ concerned that the relationship between dual-fuel generators using interruptible gas service and electric system reliability has not been adequately considered.

The NYSRC believes that a review should be conducted of relevant regulatory requirements and market rules to determine whether they provide adequate assurance that the State's dual-fuel generating capacity will be utilized when needed to support electric system reliability. The review should include a consideration of environmental regulations and the procedures that allow an electric generator to temporarily exceed environmental standards when

necessary to maintain electric system reliability. Consideration also should be given to the risk that the difficulties related to the obtaining and storage of alternate fuels may hinder the utilization of dual-fuel capability when needed to support electric system reliability.

The NYSRC respectfully suggests that the Commission is an appropriate entity to undertake a review of the relationship between dual-fuel generating facilities that use interruptible gas service and electric system reliability. If the Commission decides that such a review is warranted, it may direct that the review be conducted in the context of this proceeding or in another appropriate forum established by the Commission.

The Commission's consideration of these comments is appreciated.

Sincerely,

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