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January 29, 2002

Honorable Janet Hand Deixler
Secretary
State of New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

**RE: Case 96-E-0891 - In the Matter of New York State Electric
& Gas Corporation's Plans for Electric Rate/Restructuring
Pursuant to Opinion No. 96-12 - Retail Access Credit Phase**

Dear Secretary Deixler:

The National Energy Marketers Association (NEM) hereby submits this letter in support of the Petition for Rehearing filed by Advantage Energy in the above-referenced proceeding dated January 23, 2002. Advantage Energy is one the marketers serving the State of New York that is a member of NEM. Advantage seeks rehearing of the Commission Order finding that NYSEG should not be required to retroactively implement the changes of the April 26, 2001, Order to February 1, 2001. NEM is stunned by the differences that occurred by NYSEG's failure to load weight day ahead market prices and excluding pricing information from its calculation of the off-peak backout credit. NYSEG's miscalculations resulted in a drastic understatement of the market-based back-out credit.

In declining to rectify NYSEG's error, NYSEG will be rewarded for non-compliance with Commission Orders. This is a pivotal time in establishment of competitive markets in New York. Marketers that have chosen to do business in the State, as well as those that are considering entering the market, should be assured that the Commission Orders upon which they form business plans are being implemented and that they have an appropriate means of redress when they are not. The Commission should grant Advantage's Petition and provide marketers with assurance that such conduct will not be tolerated. The bottom line is that consumers did not receive the full market-based backout credit to which

they were entitled and marketers who invested in good faith based on the Commission's Orders will incur losses retroactively.

For the foregoing reasons, NEM urges the Commission to grant the Petition for Rehearing of Advantage Energy.

Sincerely,

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Enclosure

cc: All Active Parties (via e-mail)