



Karen Antion
Chair, NYISO Board of Directors

April 15, 2008

Mr. W. Terry Boston
President & CEO
PJM Interconnection
955 Jefferson Avenue
Norristown, PA 19465

Subject: Inter-Regional Topics

Dear Terry:

I am writing to initiate discussions as a follow-up to the meeting between our representatives here in Albany on April 1, 2008. If there are enhancements that would lead to increased efficiencies for the markets in the northeast, we are enthusiastic about pursuing them for the benefit of stakeholders and customers.

Maximizing the efficiency of inter-regional markets in the northeast has long been one of the highest priorities of the NYISO Board and its management. I am pleased to have the opportunity to engage in discussions with PJM on these, and other issues, that would further enhance the performance of the wholesale markets.

At the April 1st meeting, Mike Kormos raised the issue of "cross-border cost allocation" between PJM and New York and related that this is an important issue to a number of PJM market participants and state officials within your footprint. Mike indicated that this issue has been heightened by several recent requests for cross-border projects to supply power to New York. PJM stakeholders have advocated for a mechanism whereby New York entities would be allocated a share of the cost for the major west-to-east high voltage transmission facilities proposed by PJM under the Regional Transmission Expansion Planning Process. Mike and the other PJM representatives expressed a desire to work with the NYISO to develop a "strawman proposal" to address these concerns.

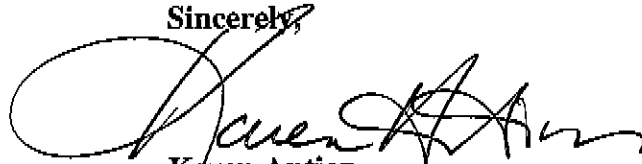
Cost allocation is only one aspect of a broader set of issues that include through-and-out charges, interconnection procedures, congestion management and other measures to enhance the efficiency of inter-regional interchange. Our discussions should include these and other topics of interest to both parties. These issues are certain to be of great interest to NYISO's stakeholders as well as your own. Under our "shared governance" structure here in New York, we have a long tradition of transparency. Making our market participants and other stakeholders aware of such discussions and bringing them in at the

appropriate time allows us to receive the benefit of their unique perspectives. I recommend that we follow the same process here as well.

I plan to discuss your interest in resolution of these issues with our Board at our Annual Board meeting and to inform our stakeholders as well at today's Liaison Committee meeting.

I look forward with great expectation to engaging these issues with you. Please feel free to call me at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karen Antion', written in a cursive style.

**Karen Antion
Chairman of the Board
And Interim CEO**

KA/de

cc: J. Buechler
R. Mukerji
M. Kormos
W. Whitehead