Powering a Bright Future

New York Independent System Operator

2002 Annual Report

As our world grows more dependent on electricity, it is the job of the New York Independent System Operator (NYISO) to ensure that everyone in New York and the Northeast has all the electric power they need every day at competitive prices.

In 2002, the NYISO completed its third year managing the bulk power system and supporting fair and efficient wholesale markets for the State's electric system—one of the largest and most complex energy markets in the world.

Combining new technology, management initiatives and a robust market participant committee advisory process, New York's markets continued to develop in 2002 while maintaining world-class reliability. The NYISO oversaw the generation and delivery of more than 158,744 gigawatt hours of electricity without significant disruption to the state's 19 million residents, and played a key role keeping the lights on for the world's most vibrant city.

As the unofficial "hub" of the Northeast, the NYISO worked closely with neighboring markets in New England, Canada, and the Mid-Atlantic to maintain reliability and streamline market operations so power can flow freely across the entire region.

We are also moving aggressively to remove "pancaked" rates and to create a "virtual" Northeast market.

Strategically, the NYISO will be replacing or upgrading virtually all of its information technology infrastructure, while at the same time significantly enhancing its market design and customer access to market information and functions. When the Federal Energy Regulatory Commission's Standard Market Design Order is issued in 2003, New York will be able to comply with little or no difficulty.

At the heart of the NYISO's success are our people. Over the past year, we have added to our outstanding workforce, recruiting new talent with diverse and applicable skill sets and experience.

We do all of this for one reason: to create an electric system and wholesale electricity markets that reliably provide all the electricity New York needs at a competitive price for consumers. We have accomplished much since the NYISO first took control of New York's electric system and markets in 1999, and we have plans to accomplish more in the coming years as well.

The future looks bright for the NYISO as we work to make New York's electric system better every single day for our customers.

Richard J. Grossi,
Chairman of the Board

William J. Museler,
President and CEO

Powering the NYISO

Board of Directors: Alfred F. Boschulte, William J. Museler (CEO), Karen Antion, Peter A. A. Berle, John W. Boston, Thomas F. Ryan, Jr., Harold N. Scherer, Jr., Richard E. Schuler, Erland E. Kailbourne, Richard J. Grossi (Chairman)

A collaborative decision-making process

The NYISO has more than doubled the number of its market participants since starting up in 1999. Collaborative decision making and thorough debate make for better decisions and customer "buy in" for changes and improvements. Mark Younger of Slater Consulting leads a Management Committee discussion.

The not-for-profit New York Independent System Operator is governed by an independent 10-member Board of Directors and committees comprised of market participants. Directors come from a variety of backgrounds and are not affiliated with any electric power market participants, their subsidiaries or parent companies.

Richard J. Grossi, Chairman
Former Chairman and CEO of United Illuminating, a Connecticut utility, and past Chairman of the North American Reliability Council.

John W. Boston, Vice Chairman
Past President and COO of the Wisconsin Electric Power Company.

William J. Museler, President and CEO
Formerly Executive Vice President of the Transmission/Power Supply Group of the Tennessee Valley Authority.

Karen Antion, President of Karen Antion Consulting, LLC and former Vice President of Oracle Corporation.

Peter A.A. Berle, Former Commissioner of the NYS Department of Environmental Conservation and CEO of the National Audubon Society.

Alfred F. Boschulte, President of AFB Consulting, specializing in strategic planning for telecommunications firms.

Erland E. Kailbourne, Former Chairman and CEO of Fleet National Bank, New York region.

Thomas F. Ryan, Jr., Former President and COO of the American Stock Exchange.

Harold N. Scherer, Jr., Former President and COO of the Commonwealth Electric Company of Massachusetts.

Richard E. Schuler, Professor of Economics and Civil/Environmental Engineering at Cornell University and former Commissioner of the NYS Public Service Commission.

The NYISO has a "shared governance" process for making policy decisions about how New York's electric system and wholesale electricity markets operate. Market participants (companies registered to do business in New York's markets, government officials and public interest

groups) work together to forward recommendations for market improvements to the Board of Directors. The Board then either affirms these recommendations and files jointly with the market participants at the Federal Energy Regulatory Commission (FERC), rejects them, or sends them back to the committee process for further refinement. The NYISO also has the ability to file without committee approval, but the standard for doing so is high. Required is either emergency circumstances, or status quo that is unjust and unreasonable.

As shown in the chart (right), a Management Committee, comprised of representatives of all sectors of market participants, reports directly to the Board. In turn, a Business Issues Committee and an Operating Committee report to the Management Committee.

This collaborative decision-making process promises all market participants a voice in NYISO activities and ensures that the Board receives a balanced view on debated issues. More than 250 NYISO committee and sub-committee meetings during 2002 attests to the vitality of this process.

BOARD OF DIRECTORS

MANAGEMENT COMMITTEE

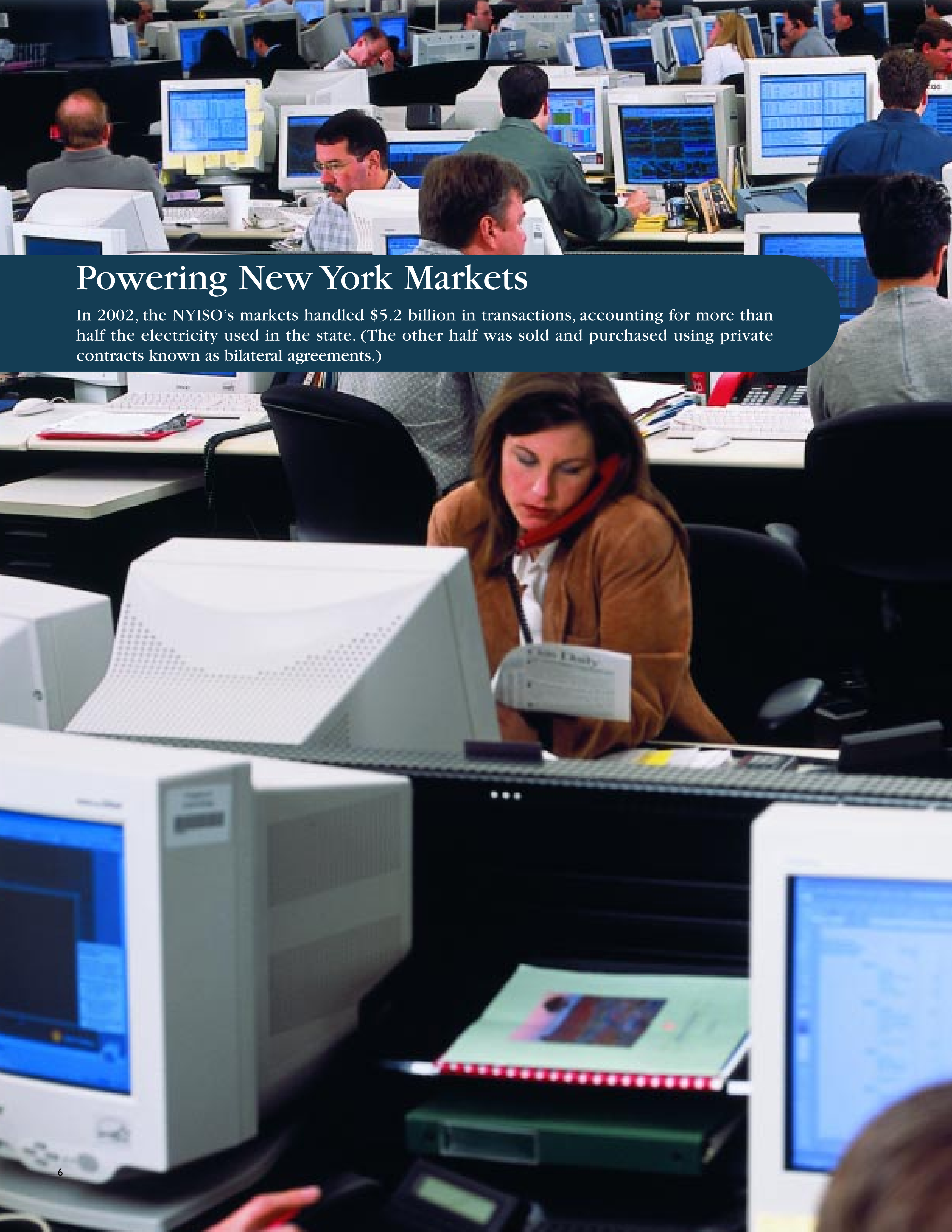
- Budget, Standards and Performance
- Bylaws
- Liaison
- Market Participant Audit

BUSINESS ISSUES COMMITTEE

- AMP/ICM
- Billing and Accounting
- Decision Support System
- Installed Capacity
- Market Structure
- Metering
- Price-Responsive Load
- Scheduling and Pricing

OPERATING COMMITTEE

- Communication and Data
- Interconnection Issues
- System Operations
- System Protection
- Transmission Planning



Powering New York Markets

In 2002, the NYISO's markets handled $5.2 billion in transactions, accounting for more than half the electricity used in the state. (The other half was sold and purchased using private contracts known as bilateral agreements.)

Working from trade floors like this one in Houston (Texas), Coral Energy operates as part of the global Shell Trading network in North America and provides a comprehensive portfolio of energy-related products and services associated with wholesale natural gas, and power marketing and trading. A Shell affiliate, Coral also does business from offices in Calgary (Canada), San Diego (California), Syracuse (New York) and Waterloo (Canada).

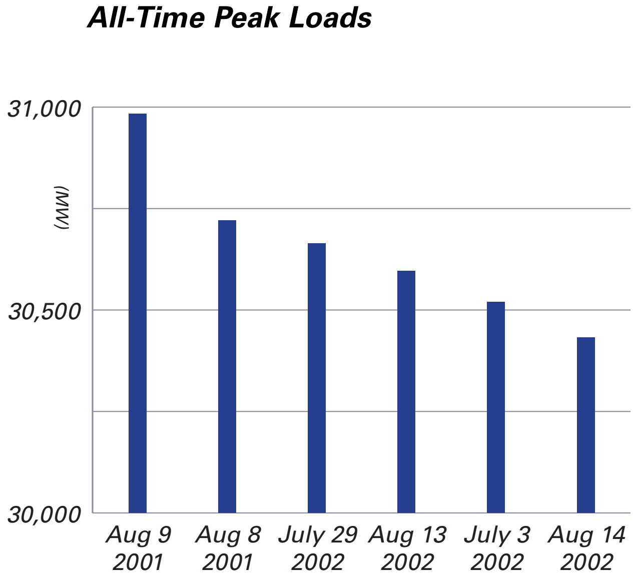
Despite not setting an all-time peak consumption record, 2002 was notable for reaching four of the six highest peak consumption days in New York's history. Experts attribute some of this strong demand growth to the rapid increase in the use of consumer electronics.

NYISO's markets handled $5.2 billion in transactions

The New York Independent System Operator (NYISO) was formed as a not-for-profit corporation in 1999 as part of the wholesale electricity restructuring in New York State and was approved under an Order issued by the Federal Energy Regulatory Commission.

The NYISO's mission is:

• to ensure the reliable, safe and efficient



operation of the state's major electric transmission system, and

- to administer an open, competitive and non-discriminatory wholesale market for electricity in New York.

Today, NYISO operates the transmission system formerly managed by a consortium of electric utilities (the New York Power Pool) and an open power market, similar to a commodity or stock exchange where suppliers and customers sell and buy the electricity needed by New York's individuals and organizations. The prime objective of the NYISO is to balance energy supplies and demands, while sustaining a robust and competitive market.

In 2002, the NYISO's markets handled $5.2 billion in transactions, accounting for more than half the electricity consumed in the state. (The other half was sold and purchased through private contracts known as bilateral agreements.) This market volume exceeds that of all the other markets in the Northeast.

Since 1990, electricity consumption has grown at accelerating rates as a consequence of:

- the increased use of information technology including computers, cell phones, PDAs, etc.
- improved living standards, and
- population growth (between 1990 and 2000, New York State's population increased by nearly 1 million people).

To serve these growing markets in a cost-effective manner, the NYISO has continued to make market enhancements as areas for improvement are identified and regional market coordination increases.

The NYISO constantly seeks opportunities to improve cost and time efficiency in both internal and external processes and functions. In 2002, the uplift costs (the portion of energy costs that accrue to the NYISO for administering the transmission and market systems, FERC fees and residual payment to generators not recovered in LBMPs from loads) were almost cut in half, a decline of 44 percent from the prior year, due to management improvements and more sophisticated market models. NYISO customers realized a $97 million reduction from June to August 2002 compared to the same time period in 2001.

Assuring Needed Power

In 2002, the NYISO completed what was essentially its start-up phase, inventing innovative solutions to challenges no one had faced before. Today, the NYISO is a recognized leader in developing the services essential to a deregulated, efficient electric market.

Expanding Demand Management and creating the next generation of Real-Time scheduling

To ensure that consumers have adequate energy supplies in times of high consumption, the NYISO operates demand response programs. These programs, which are voluntary, pay participating organizations to agree to reduce electricity use at specific times requested by the NYISO.

The NYISO, jointly with the New York State Energy Research and Development Authority (NYSERDA) and the New York State Department of Public Service, received the 2002 award for the best demand response programs in the nation from the Peak Load Management Alliance. In 2002, total megawatts enrolled in demand response programs increased approximately 700 percent while active customer participation increased more than five-fold. Currently, the NYISO offers three demand response programs:

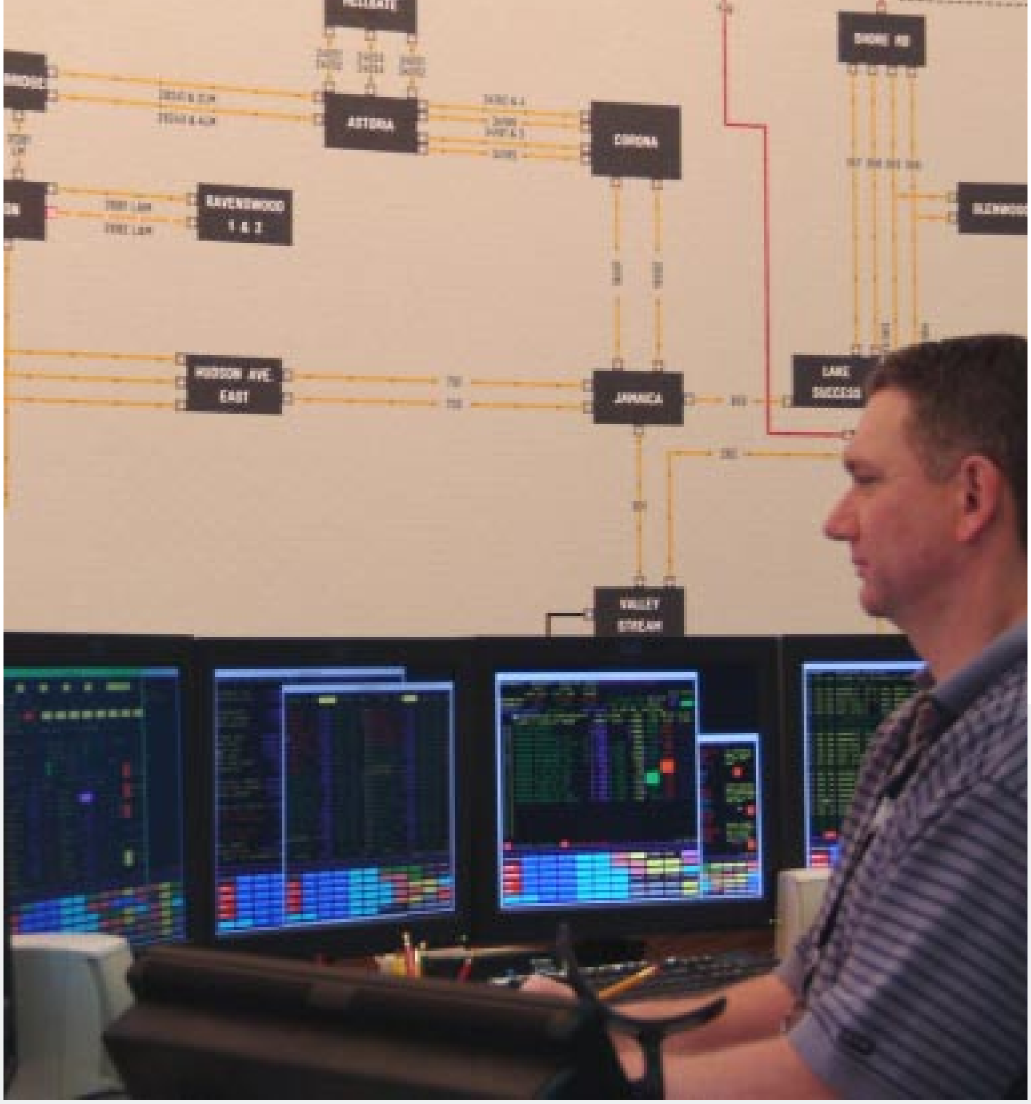
- The Installed Capacity (ICAP) Special Case Resources program (SCR) pays electricity customers an initial ICAP payment and then allows an additional payment to curtail usage when the system is overburdened. This is the first demand response program activated when supplies are tight.

- The Emergency Demand Response program (EDRP) pays pre-qualified participants to reduce energy consumption when notified of operating reserve shortages or in case of emergency.

- The Day-Ahead Demand Response program (DADRP) allows load reductions to be bid into the day-ahead energy market just as if they were supply.

In 2002, the NYISO activated the SCR and EDRP programs four times in response to severe energy shortages: twice in April (17 and 18), July 30, and August 14, saving as much as 850 MW during hot weather.

Also in 2002, the NYISO worked closely with market participants to design an ambitious project to create the next generation of real-time scheduling software to replace the 30-year-old system currently in use. This project, anticipated to cost nearly $50 million and come on line in April 2004, is the most ambitious undertaking since the start-up of the NYISO. It will provide a one-and-a-half hour "look-ahead" at energy transmission, generation and demand issues in five-minute intervals, which will allow the NYISO to



Patrick Shawver, Dispatcher, watches over the generation mix across New York State from his post in the NYISO control room.

more efficiently dispatch the system. It is projected that through greater efficiencies, this new Real-Time scheduling software will save energy consumers in the state hundreds of millions of dollars over the next decade.

In addition, to provide market participants with more relevant data and streamlined access to the market, the NYISO advanced an aggressive program to enhance its information technology structure, including the development of:

- Facilitated Checkout that supports near-term manually-facilitated checkouts and longer-term automation of facilitated checkouts for energy purchased from generators in neighboring states. This allows timely communication of transaction acceptance or denial back to market participants to help make better business decisions.
- The Decision Support System (DSS) that contains essential information about conditions at generating facilities for market participants desiring to purchase or sell electricity.
- A refined Market Information System that improves transactions in the Day-Ahead, the Hour-Ahead, and Real-Time markets. These markets account for one-half of all commercial electricity transactions each day in New York State.

Differing market rules that prevent the free flow of energy commerce among adjacent energy markets are called "seams." With its location as the "hub" of the Northeast, seams issues are a top priority for the NYISO. The NYISO and its neighboring ISOs/RTOs made significant progress toward eliminating seams in 2002 by establishing formal agreements and processes ("Interregional

Completed Northeast "Seams" Projects – 2002

Jan | Feb | Mar | Apr | May | Jun

1 • 2 • 3 • (Jan) 4 • (Feb) 5 • (Apr) 6 • 7 • 8 • 9 • 10 • 11 • 12 • 13 • (May) 14 • (Jun)

1 • ISO-NE and NYISO announce agreement to establish common market design and evaluate a single RTO
2 • PJM implements NYIS interface LMP
3 • PJM and MISO announce plan to develop a joint and common wholesale market
4 • NY transaction pre-scheduling
5 • PJM and Allegheny Power System form PJM West
6 • ISO-NE changes to ICAP rules
7 • ISO-NE rule changes to permit/facilitate SNETs from ISO-NE to NY
8 • MY transactions reinstatement
9 • NY hour-ahead closing time changed from 90 to 75 minutes
10 • Interim transaction checkout between NYISO and ISO-NE
11 • IMO seams initiatives

The NYISO steadily added employees in 2002 and maintained a low turnover rate of 5.6 percent. Above: Ivan Mercado signs in for Wendy Meyers while Jean DerGurahian looks on.

Coordination Agreements") for addressing seams with its neighboring markets in New England, Canada and the Mid-Atlantic regions.

During 2002, seams progress reports were made on a regular basis to the Federal Energy Regulatory Commission. As the chart above indicates, the ISOs resolved a significant number of seams issues in 2002.

In November, the Boards of Directors for ISO New England and the NYISO mutually agreed to withdraw their joint proposal to create a Northeast Regional Transmission Organization (NERTO) for the seven-state northeastern region. While continuing to believe in the efficacy of a regional northeastern market, this decision will allow both regions to focus on individual market development efforts and resolve remaining seams issues.

The NYISO has always focused on its workforce as the key to developing the best wholesale market in the nation. Requests by market participants for the NYISO to add new products and services and continue to make market improvements has created a need for the NYISO to add significant numbers of additional employees to its staff at an accelerated rate during its start-up phase. During 2002, the NYISO added 34 employees, increasing the staff size from 282 employ-

Jul *Aug* *Sep* *Oct* *Nov* *Dec*

***15* • *16* • *17* • *18* • *19* • *20* • *21* •**

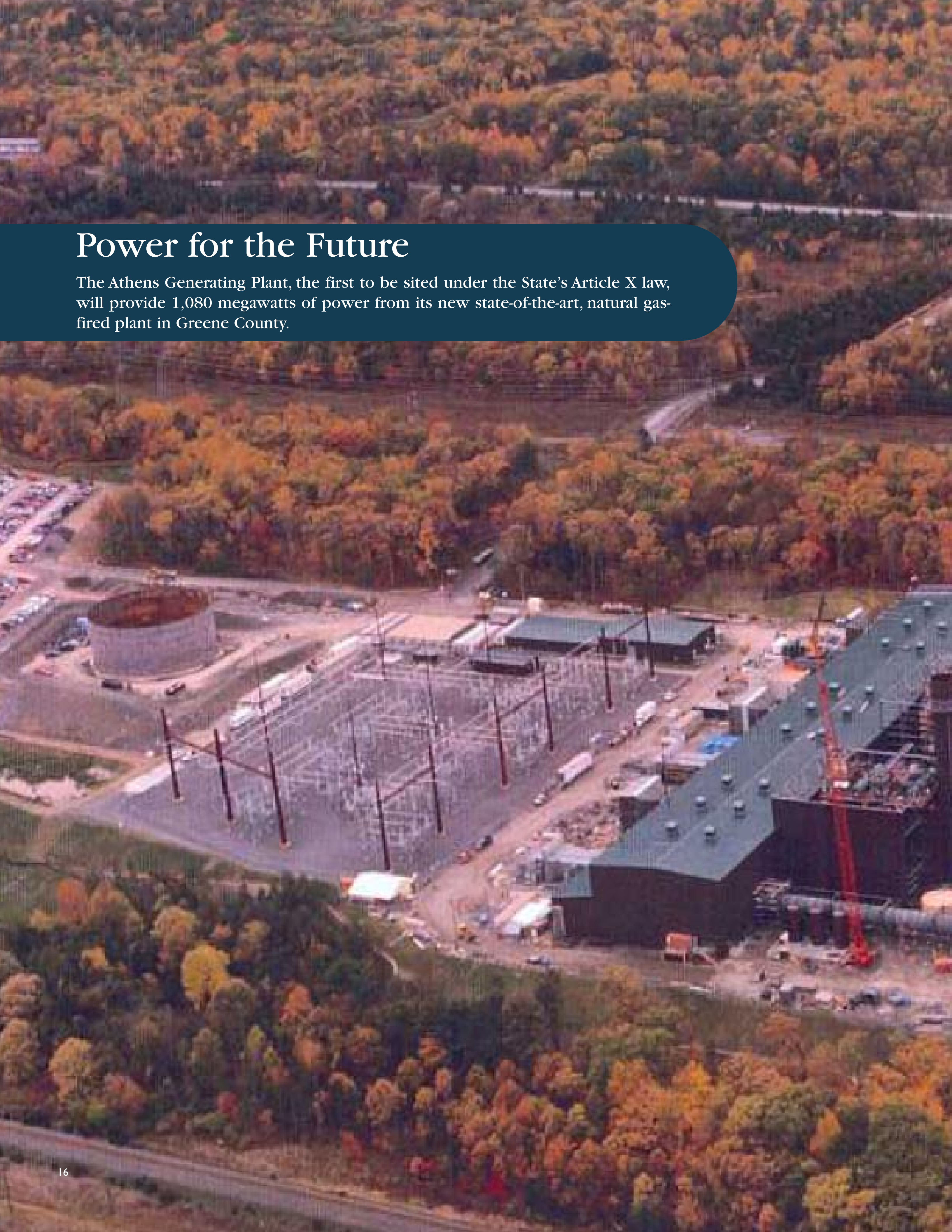
12 • *NY Emergency Transfer Agreement with IMO*
13 • *NYISO filing for ICAP deliverability to PJM*
14 • *IMO, ISO-NE, NYISO sign agreement to work cooperatively to harmonize market rules, eliminate seams issues and develop larger markets*
15 • *Display TTC/ATC for all interfaces on NPCC website*
16 • *NY/PJM implement plan to enhance congestion management*
17 • *NY and NE Area Control Error (ACE) diversity exchange initial deployment*
18 • *NY in-day commitment and scheduling enhancements*
19 • *NPCC enhancement/expansion of Lake Erie emergency redispatch*
20 • *NY interconnection agreement with HQ/TE*
21 • *PJM implements spinning reserves market*

ees in January 2002 to 316 employees in January of 2003. The NYISO Board of Directors and senior management team place a very high value on attracting and retaining the best possible talent from within and outside the industry. As such, the NYISO created the "Employer of Choice" program to attract and retain top-level talent. During 2002, the NYISO maintained a very low employee turnover rate of 5.6 percent, which is a testament to the positive work environment and competitive employee benefits provided to NYISO employees.

NYISO senior staff, back row: John Adams, Steven Sullivan, Carol Murphy, Vincent Budd, Robert Fernandez, Charles King, Andrew Ragogna. Front row: Ken Fell, Belinda Thornton, Sandra Sanford, William Museler, Michael Calimano, Mary McGarvey.

Power for the Future

The Athens Generating Plant, the first to be sited under the State's Article X law, will provide 1,080 megawatts of power from its new state-of-the-art, natural gas-fired plant in Greene County.



Seen as a source of power since Native Americans named it, the 70-foot-high Cohoes Falls has provided tourists and industrialists alike with a sense of awe and beauty. Today, Reliant operates the hydro site overlooking the falls on the Mohawk River. Bob Ricketts, NYISO Customer Relations Associate, and Jeffrey Chatterton, Supervisor for Reliant Energy, chat during a visit to the School Street site, which provides 36 MW of renewable power into New York's energy system.

Generation and new transmission facilities must be built

Today, energy supplies are only marginally adequate to meet the State's growing needs. The development of many of the facilities that would improve supply has been stalled by difficulty in obtaining financing. The lack of new energy supply makes the capacity-tight energy system more vulnerable to adverse weather conditions and to a variety of potential infrastructure and equipment failures, including failures resulting from older equipment. New York State needs at least 5,000 MW of additional capacity over the next five years to assure reliability and security, maintain competitive prices, and improve environmental conditions.

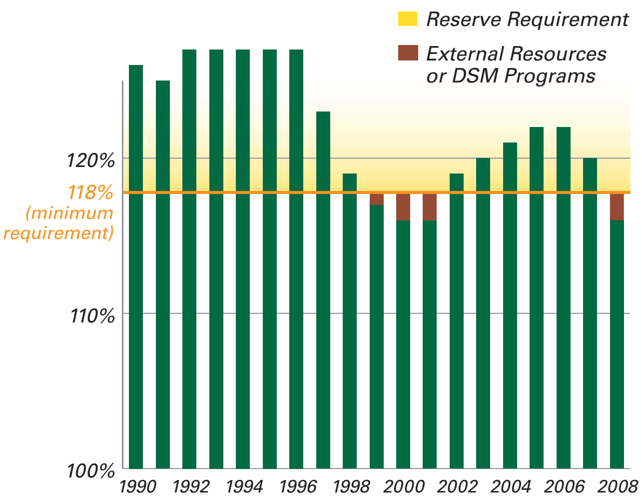
As New York's independent market operator, the NYISO has a unique role in advocating for State and Federal policies that will help improve the overall state of the industry. For the second year in a row, in March 2002, the NYISO issued its *Power Alert* report which highlighted the importance of both renewing the State's expiring Article X electric power plant siting law and stimulating new investment in New York's electric infrastructure.

While New York State and New York City's electricity supply complies with reliability requirements in the short term, more generating capacity is needed so that robust competition might protect consumers from price increases. New York had enjoyed abundant generation resources for many years, but this surplus ended in 1999. While we are in marginal compliance with our near-term reliability requirement that generation capacity must be 118 percent of the peak load forecast on a statewide basis, New York needs to take more steps to maintain adequate power in the long term.

With or without the rapid completion of new generating facilities, upgrading the bulk electric transmission system serving New York is of great importance. Transmission congestion now costs New Yorkers approximately $1 billion annually (see graph on facing page).

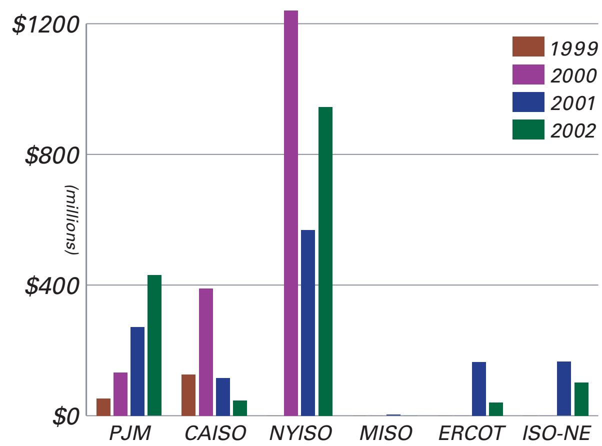
The last major bulk transmission line built was the New York Power Authority's Y-49 Sprainbrook-East Garden City Cable Project, completed in the early 1990s. Of 10 transmission projects proposed for New York State during the past five years, only one has been built, the Cross Sound

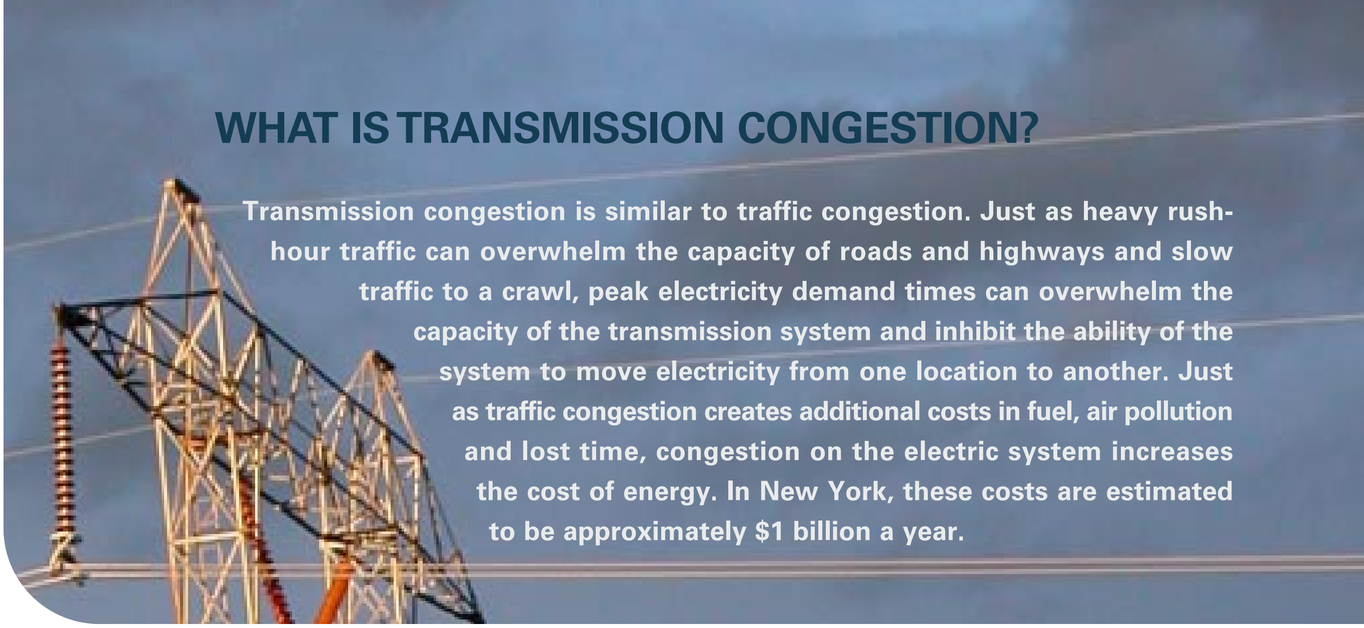
New York In-State Energy Supplies



Transmission Congestion Costs

(Annual cost to customers due to transmission "bottlenecks")





WHAT IS TRANSMISSION CONGESTION?

Transmission congestion is similar to traffic congestion. Just as heavy rush-hour traffic can overwhelm the capacity of roads and highways and slow traffic to a crawl, peak electricity demand times can overwhelm the capacity of the transmission system and inhibit the ability of the system to move electricity from one location to another. Just as traffic congestion creates additional costs in fuel, air pollution and lost time, congestion on the electric system increases the cost of energy. In New York, these costs are estimated to be approximately $1 billion a year.

Cable (from New Haven, CT to Shoreham, NY), and that project has not been energized because of permit issues. The NYISO and state and federal regulators recognize that New York should consider modifying existing transmission facilities to reduce congestion costs to customers and improve the system's overall efficiency.

As supply issues continue to be confronted, so must demand-side challenges. In addition to the demand response programs employed by the NYISO, the market needs incentives for more businesses and homeowners to make rational decisions about energy consumption. At the core of an effective and efficient market is the need for customers to be exposed to real-time electricity prices and alter their behavior accordingly.

Simple, affordable metering technologies need to be developed and installed, and real-time electricity rate tariffs need to be put in place. Consumers need to understand that real-time pricing can give them greater control over their electricity bills and more competitive choices.

Not all customers need to be enrolled in real-time pricing programs to achieve the benefits of real-time pricing. The NYISO's evaluation of the supply side impacts of price responsive load programs over the past two years suggests that 20 percent of load subscribed to real-time pricing programs would capture a large percentage of the reliability and savings from demand response.

In 2002, the NYISO accomplished much, aggressively developing the systems and procedures that will assure reliable and affordable electricity supplies for New Yorkers for years to come. In so doing, they have also fashioned models for the development of a comprehensive and efficient energy system for our region.

Financial Statements

New York Independent System Operator, Inc.

Contents

Independent Auditors' Report

To the Board of Directors of
New York Independent System Operator, Inc.

We have audited the accompanying statements of financial position of New York Independent System Operator, Inc. ("NYISO") as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of NYISO's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of NYISO as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 18, 2003

	2002	2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 33,552,160	$ 51,744,667
Accounts receivable, net (Note 2)	31,678,822	16,747,398
Prepaid expenses	5,289,445	2,387,963
Restricted cash	107,301,025	48,442,287
Total current assets	177,821,452	119,322,315
Noncurrent Assets:		
Regulatory transition asset, net (Note 3)	21,976,978	32,965,466
Property and equipment, net (Note 4)	29,549,070	14,023,962
Other noncurrent assets	2,685,976	1,554,087
Total noncurrent assets	54,212,024	48,543,515
Total Assets	$ 232,033,476	$ 167,865,830

See notes to financial statements.

	2002	2001
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 16,306,479	$ 16,825,805
Market participant security deposits	82,303,164	35,126,966
Long-term debt - current portion (Note 6)	15,299,241	11,618,351
Capital lease obligations - current portion (Note 9)	116,602	287,391
Working capital reserve (Note 10)	48,422,459	47,668,383
Deferred revenue - current portion (Note 11)	17,664,042	1,232,000
Regulatory liabilities - current portion (Note 12)	6,827,565	13,962,072
Other current liabilities	2,088,223	1,685,682
Total current liabilities	189,027,775	128,406,650
Noncurrent Liabilities:		
Capital lease obligations (Note 9)	-	104,333
Accrued pension liability (Note 8)	1,260,094	478,422
Deferred revenue (Note 11)	19,955,431	11,094,354
Regulatory liabilities (Note 12)	2,704,815	1,601,209
Other noncurrent liabilities (Note 8)	595,067	574,660
Long-term debt (Note 6)	18,490,294	25,606,202
Total noncurrent liabilities	43,005,701	39,459,180
Commitments and Contingencies (Note 13)	-	-
Total Liabilities	$ 232,033,476	$ 167,865,830

See notes to financial statements.

	2002	2001
Revenues:		
Rate Schedule 1 tariff charge	$ 98,379,113	$ 87,048,756
Fees and services	839,089	1,842,693
Interest income	192,729	1,152,507
Total revenues	99,410,931	90,043,956
Operating Expenses:		
Compensation and related benefits	28,867,814	25,211,177
Pension expense (Note 8)	1,713,107	1,604,907
Professional fees and consultants	20,564,584	18,560,605
Rent, equipment leases and other facility costs	12,502,943	16,948,038
Telecommunications	2,236,580	2,009,198
Training, travel and meeting expenses	2,574,766	2,239,703
Depreciation and amortization	8,420,385	4,781,676
Amortization of regulatory transition asset (Note 3)	10,988,489	10,988,488
Northeast Power Coordinating Council fees	1,374,043	1,503,343
Federal Energy Regulatory Commission fees	6,234,908	-
Administrative and other expenses	1,705,233	3,204,983
Total operating expenses	97,182,852	87,052,118
Interest Expense	$ 2,228,079	$ 2,991,838
Net Results of Activities	$ -	$ -

See notes to financial statements.

	2002	2001
Cash Flows from Operating Activities:		
Net results of activities	$ -	$ -
Adjustments to reconcile net results of activities to net cash provided by operating activities:		
Depreciation and amortization	8,420,385	4,781,676
Amortization of regulatory transition asset	10,988,489	10,988,490
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(17,832,906)	(7,349,967)
Accounts payable and accrued expenses	(519,328)	(15,916,654)
Restricted cash	(58,858,738)	19,861,019
Working capital reserve	754,076	45,106,385
Other assets	(1,131,889)	(30,620)
Market participant security deposits, deferred revenue and other liabilities	67,643,037	(16,308,271)
Net cash provided by operating activities	9,463,126	41,132,058
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(23,945,493)	(10,567,408)
Net cash used by investing activities	(23,945,493)	(10,567,408)
Cash Flows from Financing Activities:		
Net repayment of revolving credit facilities	-	(6,500,000)
Repayment of term loan	(11,018,351)	(10,493,548)
Proceeds from equipment term notes	8,700,000	1,800,000
Repayment of equipment term notes	(1,116,667)	(50,000)
Decrease in capital lease obligations	(275,122)	(1,346,168)
Net cash used in financing activities	(3,710,140)	(16,589,716)
Net (Decrease) Increase in Cash and Cash Equivalents	(18,192,507)	13,974,934
Cash and Cash Equivalents, Beginning of Year	51,744,667	37,769,733
Cash and Cash Equivalents, End of Year	$ 33,552,160	$ 51,744,667
Supplemental Disclosure of Cash Flow Information –		
Cash paid during the year for interest	$ 2,266,334	$ 3,104,922

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description - The New York Independent System Operator, Inc. ("NYISO") was formed in April 1997 and commenced operations on December 1, 1999. NYISO is incorporated in the State of New York as a not-for-profit organization. NYISO assumed the responsibilities of its predecessor, the New York Power Pool ("NYPP"), which had coordinated the reliability of New York's electric power grid for more than 30 years. Formed as a result of Federal Energy Regulatory Commission ("FERC") policies, NYISO monitors a network of more than 10,775 miles of high-voltage transmission lines and serves approximately 180 market participants.

NYISO's principal objective is to ensure the reliable, safe and efficient operation of the New York State transmission system and to administer an open, competitive and nondiscriminatory wholesale market for electricity in New York State. NYISO facilitates fair and open competition in the wholesale power market and creates an electricity commodity market in which power is purchased and sold on the basis of competitive bidding. NYISO utilizes a bid process for electricity and transmission usage, which enables New York State's utilities and other market participants, to offer electricity at competitive prices, rather than regulated rates. Billing invoices are issued to each market participant by NYISO each month to settle transactions occurring in the previous month.

NYISO is governed by an independent board of directors as well as a committee structure consisting of market participant representatives.

Basis of Accounting - The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Revenue Recognition - Monthly settlements of market participants' energy transactions are not reflected in NYISO's Statement of Activities since they do not represent revenues or expenses of NYISO as NYISO merely acts as an intermediary in the settlement process. In this role, NYISO receives and disburses funds to/from market participants in the month following the month transactions occurred. See Note 15 for a summary of transactional volume occurring in 2001 and 2002.

NYISO's two FERC-approved tariffs, the Open Access Transmission Tariff ("OATT") and the Market Administration and Control Area Services Tariff ("Services Tariff"), allow recovery of NYISO's operating expenses through a surcharge assessed to market participants. The revenue from this surcharge, Rate Schedule 1, is earned when energy is scheduled and dispatched. Market participants are then billed for such charges in the subsequent month.

Cash Equivalents - NYISO considers short-term marketable securities with original maturities of three months or less to be cash equivalents. The cash equivalents at December 31, 2002 and 2001 were held in short-term United States government obligations. NYISO's cash and cash equivalents consist primarily of funds accumulated for the working capital reserve and for general operating purposes.

Restricted Cash - Restricted cash consists primarily of market participant security deposits held in escrow accounts, amounts prepaid by market participants in advance of settlements billing dates, amounts retained by NYISO pursuant to setoff, amounts due to market participants for overcollections on the voltage market, and amounts reserved for funding employee benefit plans.

Property, Equipment and Capital Leases - Property and equipment are recorded at cost. NYISO capitalizes property and equipment additions in excess of $1,000 with a useful life greater than one year. Depreciation is computed on the straight-line method over the assets' estimated useful lives of three to five years. Building improvements are depreciated on a straight-line basis over forty years. When assets are retired or otherwise disposed of, the cost and related depreciation are removed, and any resulting gain or loss is reflected in income for the period. Repairs and maintenance costs are charged to expense when incurred.

In accordance with Statement of Position 98-1, *Accounting for Costs of Computer Software Developed or Obtained for Internal Use,* labor, overhead, consulting and related costs incurred to acquire and develop computer software for internal use are capitalized and amortized using the straight-line method over three years. Costs incurred prior to the determination of feasibility of developed software and following the in-service date of developed software are expensed.

Capital lease obligations are recorded at the present value of future minimum lease payments. Assets under capital leases are amortized on the straight-line method over the life of the leases, which approximates their useful lives of three to five years.

Long-lived assets are recorded at cost, and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Management is not aware of any events or changes in circumstances that would necessitate a review of any long-lived assets as of December 31, 2002.

Working Capital Reserve - In order to maintain the liquidity and stability of NYISO's markets, NYISO has accumulated a working capital fund through amounts charged to market participants under Rate Schedule 1. Any additional working capital needs would be billed to market participants in future Rate Schedule 1 charges.

Deferred Revenue - Amounts collected from market participants through Rate Schedule 1 for capital purchases are deferred and recognized over the depreciable period of the assets' lives. Such amounts are included in deferred revenue - long term.

Amounts received from certain market participants who do not provide an alternate form of financial assurance and must prepay their obligations to NYISO in advance of settlements billing dates, and amounts retained by NYISO pursuant to setoff are recorded as deferred revenue.

Fees for participation in the NYISO governance process are billed to market participants in advance of the year for which they apply and are amortized over the related governance period.

Regulation - NYISO's financial statements are prepared in accordance with generally accepted accounting principles for rate-regulated entities. Statement of Financial Accounting Standards ("SFAS") No. 71, *Accounting for the Effects of Certain Types of Regulation*, requires an entity that is rate regulated on a cost-of-service basis, to recognize regulatory assets and liabilities for amounts, which would otherwise be included in earnings, when authorized to do so by FERC.

Income Taxes - NYISO is not subject to income taxes because it is operating as a corporation described in Section 501(c)(3) of the Internal Revenue Code, exempt under Section 501(a) of the Internal Revenue Code.

Fair Value of Financial Instruments - The carrying amount of current assets and liabilities, and long-term debt approximates their fair values. See additional details in Note 7.

Concentration of Credit Risk - Financial instruments that subject NYISO to credit risk consist primarily of accounts receivable billings due from market participants. As provided in the OATT and Services Tariff, market participants are required to either maintain approved credit ratings, to post specified financial security in an amount sufficient to cover their outstanding liability to NYISO, or to prepay their obligations in advance of settlement billing dates. In 2002, certain NYISO market participants experienced a deterioration of their credit standing, thereby requiring these market participants to post financial security or prepay their obligations to NYISO. NYISO also mitigates credit risk by procuring credit insurance on receivables for certain market participants.

NYISO's tariffs establish a two-year period for the adjustment of settlement invoices as originally billed to market participants. Beginning with the October 2002 invoice, this settlement adjustment period will be reduced from two years to one year. Subsequent invoices issued during the settlement adjustment period "true up" amounts previously billed to market participants. After all true-up invoices are issued during the settlement adjustment period, market participants have one year to challenge the amounts billed for a particular service month. If NYISO agrees with the provisions of the challenge, a final invoice is issued for that service month. As a result, NYISO is exposed to credit risk until all settlement adjustment and final invoices for each service month are finalized and liquidated. However, Rate Schedule 1 of the OATT allows NYISO to recover bad debt losses from remaining market participants in future billings.

Use of Estimates - Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications of prior period data have been made to conform with the current year presentation.

Derivative Financial Instruments - On January 1, 2001, NYISO adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. SFAS No. 133 requires that all derivatives be recognized as either assets or liabilities, measured at fair value. The accounting for changes in fair value of derivatives (i.e. gains or losses) depends on the intended use of the derivative and the corresponding designation. NYISO did not have a transition adjustment upon adoption of SFAS No. 133. In January 2001, NYISO entered into a derivative instrument. See additional details in Note 7.

Recently Issued Accounting Pronouncements - In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS No. 144"). SFAS No. 144 supercedes SFAS No. 121, but retains SFAS No. 121's fundamental provisions for: (a) recognition and measurement of impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. Effective January 1, 2002, NYISO adopted SFAS No. 144, which adoption had no effect on its results of operations.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities,* which requires that a liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. This statement also established that fair value is the objective for initial measurement of the liability. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002.

2. ACCOUNTS RECEIVABLE

NYISO's accounts receivable at December 31, 2002 and 2001 consisted of the following:

	2002	2001
Billed:		
Past due settlement invoices	$ 11,390,024	$ 1,962,600
Miscellaneous billings	401,380	475,827
Reserve for doubtful accounts - past due settlement invoices	(11,305,465)	-
	$ 485,939	$ 2,438,427
Unbilled:		
Bad debt loss recoverable from market participants	$ 11,305,465	$ -
Other unbilled receivables	10,675,327	2,480,586
Operating expenses for December	9,212,091	7,968,333
Working capital reserve	-	3,860,052
	31,192,883	14,308,971
Total	$ 31,678,822	$ 16,747,398

In 2002, NYISO recorded a reserve for doubtful accounts of $11,305,465 against past due receivables on settlement invoices, primarily from two subsidiaries of Enron Corporation. Rate Schedule 1 of the OATT allows NYISO to recover bad debt losses from market participants and provides guidance on the provisions of such recoveries. At December 31, 2002, NYISO had not recovered any amounts for bad debt losses. As such, NYISO recorded an unbilled receivable of $11,305,465 at December 31, 2002 to reflect the amount recoverable from remaining market participants in connection with such bad debt losses.

Other unbilled receivables relate to payments made by NYISO out of the working capital reserve primarily for interest on true-up invoices and timing differences on the recovery of certain transmission service agreements. These unbilled receivables are recoverable from market participants via future Rate Schedule 1 charges.

NYISO recovers its operating expenses via Rate Schedule 1 in the month following the month of service. Therefore, the unbilled operating expenses for December are billed and recovered in January of the subsequent year.

3. REGULATORY TRANSITION ASSET

The regulatory transition asset represents costs incurred and paid by the member companies of the NYPP to prepare NYISO for initial operations. In accordance with NYISO's tariffs, such costs are recovered from market participants through Rate Schedule 1 over a five-year period, and are amortized over such same period, beginning in January 2000.

At December 31, 2002 and 2001, the regulatory transition asset was comprised of:

	2002	2001
Computer and software development	$24,363,819	$ 24,363,819
Administrative and organizational development	29,356,643	29,356,643
Power control center building and land	1,221,982	1,221,982
	54,942,444	54,942,444
Accumulated amortization	(32,965,466)	(21,976,978)
Regulatory transition asset, net	$21,976,978	$ 32,965,466

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2002 and 2001 consisted of the following:

	2002	2001
Computer hardware, software and accessories	**$24,477,631**	$ 11,051,301
Software developed for internal use	**13,243,636**	3,906,644
Assets under capital leases	**3,636,205**	3,646,775
Furniture and fixtures	**1,521,742**	1,351,172
Machinery and equipment	**1,271,117**	650,696
Building and leasehold improvements	**1,187,065**	785,315
	45,337,396	21,391,903
Accumulated depreciation and amortization	**(15,788,326)**	(7,367,941)
Property and equipment, net	**$29,549,070**	$ 14,023,962

5. SHORT-TERM DEBT

NYISO has a $50 million Revolving Credit Facility that expires on October 26, 2005. The proceeds from this facility are to be used for working capital purposes. Interest on borrowings under this agreement is based on NYISO's option of varying rates of interest tied to either the prime rate or the London Interbank Offering Rate ("LIBOR"). At December 31, 2002 and 2001, respectively, there were no amounts outstanding on the Revolving Credit Facility.

6. LONG-TERM DEBT

On September 8, 2000, NYISO borrowed $48,460,444 under a Term Credit Loan to reimburse NYPP member companies for their investment in the transition of the NYPP to the NYISO, and for the purchase of certain NYPP assets. Principal and interest payments are due monthly until December 2004. Under the Term Credit Loan, interest is variable based on the 30-day LIBOR plus 125 basis points. The interest rate on the Term Credit Loan at December 31, 2002 and 2001 was 2.63% and 3.39%, respectively. In January 2001, NYISO entered into an interest rate swap agreement on the Term Credit Loan, which fixed the interest rate on this loan at 6.99%. See additional information in Note 7.

On November 1, 2001, NYISO entered into a $6.5 million line of credit facility to be utilized for the purchase of information technology equipment. This facility was subsequently increased to $10.5 million on November 8, 2002. Borrowings against this facility are converted into Equipment Term Notes with principal and interest payable over three years. Interest on borrowings under this facility is based on NYISO's option of varying rates of interest tied to either the prime rate or LIBOR. As of December 31, 2002, the entire $10.5 million on the line of credit facility was drawn and converted into Equipment Term Notes, with interest varying based on the 30-day LIBOR plus 125 basis points. At December 31, 2002 and 2001, the interest rate on the Equipment Term Notes ranged from 2.63% to 2.69% and 3.39%, respectively. Computer hardware, software and accessories with a book value of $10.5 million was pledged as collateral for the Equipment Term Notes.

At December 31, 2002, the following amounts were outstanding on the Term Credit Loan and the Equipment Term Notes, respectively:

	Term Credit Loan	Equipment Term Notes	Total
Outstanding balance	$ 24,456,202	$ 9,333,333	$ 33,789,535
Less: Current portion	11,799,241	3,500,000	15,299,241
Long-term portion	$ 12,656,961	$ 5,833,333	$ 18,490,294

At December 31, 2002, scheduled maturities of the Term Credit Loan and the Equipment Term Notes are as follows:

	Term Credit Loan	Equipment Term Notes	Total
2003	$ 11,799,241	$ 3,500,000	$ 15,299,241
2004	12,656,961	3,450,000	16,106,961
2005	-	2,383,333	2,383,333
Total	$ 24,456,202	$ 9,333,333	$ 33,789,535

7. DERIVATIVES AND HEDGING ACTIVITIES

On January 10, 2001, NYISO entered into an interest rate swap agreement with a commercial bank to fix the interest payments on its variable rate Term Credit Loan. The notional amount of the swap on the date of the agreement was $45,157,860. Under the swap agreement, NYISO pays a fixed interest rate of 6.99% on the outstanding principal amount of the Term Credit Loan on payments from February 2001 through December 2004. NYISO is exposed to credit loss in the event of nonperformance by the commercial bank. However, NYISO does not anticipate nonperformance by the commercial bank.

The fair value of derivative instruments is quoted by an external source. As of December 31, 2002, NYISO recorded a liability of $1,096,388 to reflect the fair value adjustment of the interest rate swap. For the years ended December 31, 2002 and 2001, respectively, NYISO recorded revenue/(expense) of $250,806 and ($1,347,794) related to this derivative instrument. Due to NYISO's regulated rates, regulatory liabilities are adjusted to offset this increase in expense.

8. EMPLOYEE BENEFIT PLANS

Pension Plan - NYISO has a defined benefit pension plan covering substantially all employees. Plan benefits are based on employee compensation levels and years of service, including service for certain employees previously employed by an NYPP member company. Employees become vested in pension benefits after five years of creditable service.

The schedules that follow show the benefit obligations, the plan assets, and the funded status as of December 31, 2002 and 2001, and the change in benefit obligations and the components of net periodic pension costs for the years ended December 31, 2002 and 2001.

For the year ended December 31,	2002	2001
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 7,509,131	$ 5,126,114
Service cost	1,213,271	979,118
Interest cost	553,360	440,211
Actuarial loss	1,077,321	1,010,947
Benefits paid	-	(47,259)
Benefit obligation, end of year	$10,353,083	$ 7,509,131
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 3,570,159	$ 1,000
Actual return on plan assets	(302,808)	35,362
Employer contributions	1,868,638	3,594,710
Benefits paid	-	(47,259)
Expenses paid	(41,594)	(13,654)
Fair value of plan assets, end of year	$ 5,094,395	$ 3,570,159
Funded status	$ (5,258,688)	$ (3,938,972)
Unrecognized prior service cost	2,846,089	3,141,415
Unrecognized loss	3,192,478	1,421,905
Additional minimum pension cost	(2,039,973)	(1,102,770)
Total accrued pension liability	$ (1,260,094)	$ (478,422)

Amounts recognized in the Statement of Financial Position consist of:

	2002	2001
Benefit obligation	$ (1,260,094)	$ (478,422)
Intangible asset	2,039,973	1,102,770

The components of net periodic pension cost are as follows:

Service cost	$ 1,213,271	$ 979,118
Interest cost	553,360	440,211
Expected return on plan assets	(402,303)	(149,439)
Amortization of unrecognized prior service cost	295,326	295,895
Amortization of unrecognized loss	53,453	39,122
Total	$ 1,713,107	$ 1,604,907

The following table shows the assumptions used to calculate the pension benefit obligations as of December 31, 2002 and 2001:

	2002	2001
Discount rate	6.50%	7.25%
Rate of compensation increases	5.56%	5.56%
Expected return on plan assets	9.00%	9.00%

Postretirement Plan - NYISO has committed to sponsor a defined benefit postretirement medical and life insurance plan for eligible employees and their beneficiaries. The terms of the plan have not been finalized yet. However, the plan is expected to be finalized during 2003. NYISO recovered $1,103,606 and $930,169 through Rate Schedule 1 for postretirement benefits during 2002 and 2001, respectively. These amounts are included in Regulatory Liabilities on the Statement of Financial Position, pending plan formation and approval. See additional information on Regulatory Liabilities in Note 12.

401(k) Plan - NYISO has a 401(k) Retirement and Savings Plan open to all nontemporary employees. This plan provides for employee contributions up to specified limits. NYISO matches 100% of the first 3% of employee contributions, and 50% of the next 2% of employee contributions. Employees are immediately vested in NYISO's matching contributions, which were $849,523 and $761,544 for 2002 and 2001, respectively.

Long Term Incentive Plan - In 2001, the NYISO Long Term Incentive Plan was adopted to provide certain members of senior management with deferred compensation benefits. The amount of benefits deferred for each performance year of a three-year performance cycle are based upon the achievement of performance goals established by the Board of Directors. Participants become fully vested in these deferred amounts after the completion of a three-year performance cycle. Distributions from the Plan are payable in the year following the completion of each three-year performance cycle. The first performance cycle is retroactive to 2000, with annual distributions beginning in 2003. Accrued Long Term Incentive Plan benefits included in Other Noncurrent Liabilities at December 31, 2002 and 2001, respectively, were $595,067 and $574,660. The short-term portion of such liability at December 31, 2002 was $507,333.

Trust Share Option Agreement - NYISO has entered into a nonqualified share option agreement with a key officer whereby NYISO has granted to such officer the right to acquire debt and equity securities held by NYISO in a trust for an amount equal to 25% of the fair value of such securities. The options are immediately vested and are subject to certain restrictions of transferability. At December 31, 2002 and 2001, respectively, the fair market value of securities held by the trust was $646,003 and $451,317. Options outstanding at December 31, 2002 expire from November 16, 2009 through February 19, 2012. NYISO records compensation expense for 75% of the fair value of the options granted at the date of grant. A corresponding liability is established until such time as the options are exercised. No options were exercised as of December 31, 2002. In 2002 and 2001, respectively, NYISO recorded compensation expense of $146,014 and $131,900 in connection with this agreement.

9. LEASE COMMITMENTS

Operating Leases - NYISO has obligations under operating lease agreements primarily for rental of office space in Altamont, NY and Albany, NY. The lease agreements for the Altamont and Albany facilities expire in February 2006 and January 2006, respectively. NYISO has the option to renew both leases for two additional five-year periods at the current lease rate. Rent expense amounted to $727,144 and $706,460 in 2002 and 2001, respectively. The future minimum lease payments under these operating leases at December 31, 2002 are as follows:

2003	$ 734,236
2004	$ 734,236
2005	$ 734,236
2006	$ 81,986
Total	$ 2,284,694

Capital Leases - Certain lease obligations assumed from NYPP for computers, furniture and fixtures include provisions, which at the termination of the lease, either transfer ownership of the leased property to NYISO or allow NYISO the option to purchase the leased equipment for a nominal cost. Accordingly, the cost of these agreements has been recorded as capital leases.

At December 31, 2002, the future minimum capital lease payment for these agreements, which end in 2003, is $116,602.

10. WORKING CAPITAL RESERVE

At December 31, 2002 and 2001, the working capital reserve consisted of:

	2002	2001
Market participant contributions through Rate Schedule 1	**$46,446,627**	$ 46,475,169
Interest on market participant contributions	**1,975,832**	1,193,214
Total	**$48,422,459**	$ 47,668,383

Market participants are entitled to interest on their principal contributions to the working capital reserve. Each market participant is allocated interest based on the ratio share of each market participant's principal contributions to the total working capital fund.

11. DEFERRED REVENUE

Deferred revenue at December 31, 2002 and 2001 consisted of the following:

	2002	2001
Amounts collected from market participants, for capital purchases, net	**$19,955,431**	$ 11,094,354
Payments received from market participants	**17,316,742**	900,000
Governance participation fees	**347,300**	332,000
Total	**37,619,473**	12,326,354
Less: current portion	**(17,664,042)**	(1,232,000)
Long-term portion	**$19,955,431**	$ 11,094,354

12. REGULATORY LIABILITIES

Certain amounts recovered under NYISO's ratemaking mechanisms are based on estimates. The difference between actual results and such estimates result in over collections or under collections and are reflected as due from/to market participants. In 2002 and 2001, respectively, NYISO refunded approximately $2.9 million and $1.9 million to market participants. At December 31, 2002 and 2001, respectively, NYISO recorded the following amounts as regulatory liabilities:

	2002	2001
Due to market participants - Rate Schedule 1	**$ 4,820,370**	$ 7,085,976
Future funding of post-retirement plan	**2,704,815**	1,601,209
Voltage (reactive power) market	**2,007,195**	6,584,664
Installed capacity market	**-**	291,432
Total	**9,532,380**	15,563,281
Less: current portion	**(6,827,565)**	(13,962,072)
Long-term portion	**$ 2,704,815**	$ 1,601,209

13. COMMITMENTS AND CONTINGENCIES

NYISO is routinely involved in regulatory actions. In the opinion of management, none of these matters will have a material adverse effect on the financial position, result of operations or liquidity of NYISO.

The most significant legal proceeding affecting the NYISO is a civil suit, filed by New York State Electric and Gas, seeking recovery of $6.6 million in compensatory damages and unspecified punitive damages, associated with alleged excessive payments for reserves of electricity during the period January to March 2000.

14. SUBSEQUENT EVENT

On February 13, 2003, NYISO entered into an unsecured $59.3 million line of credit facility the proceeds of which may be drawn until February 29, 2004, to fund the development of significant information technology projects. Principal repayment of borrowings under this facility will be made over four years, beginning in March 2004. Interest on borrowings under this facility is based on NYISO's option of varying rates of interest tied to either the prime rate or LIBOR. Interest payments on borrowings are due quarterly during the draw period, and monthly thereafter.

15. MARKET ACTIVITY (UNAUDITED)

The following amounts represent the transactional volume of energy and energy-related products in NYISO's markets during the years ended December 31, 2002 and 2001 (in $ billions).

	2002	2001
Energy	**$ 4.5**	$ 4.6
Installed capacity	**0.6**	0.7
Transmission Congestion Contracts	**0.1**	0.1
Total	**$ 5.2**	$ 5.4

SENIOR STAFF

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President and Chief Executive Officer

Robert E. Fernandez
General Counsel

Mary McGarvey
Controller

Michael C. Calimano
Vice President, Operations and Reliability

S. Kennedy Fell
Vice President and Chief Information Officer

Charles A. King
Vice President, Market Services

Carol E. Murphy
Vice President, Government Affairs and Communications

Andrew R. Ragogna
Vice President and Chief Finance and Compliance Officer

John M. Adams
Director, Analysis and Planning

Vincent Budd
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Sandra L. Sanford
Director, Human Resources

Steven C. Sullivan
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Market Participants

1st Rochdale Cooperative Group, Ltd.
3M Purchasing and Packaging
ACN Power, Inc.
Advantage Energy, Inc.
AES Creative Resources, L.P.
AES Eastern Energy, L.P.
Agway Energy Services
AIG Energy, Inc.
Aleph One, Inc.
Allegheny Energy Supply Company, LLC.
Allegheny Power
Allied Utility Network
Amerada Hess Corporation
American Electric Power Service Corp.
Amherst Utility Cooperative
Aquila Energy Power Marketing
Astoria Generating Company, L.P.
Athens Generating Company
Automated Energy, Inc.
Bank of America, NA
Bethlehem Steel
Black Oak Energy
Boralex Chateaugay
BP Energy Company
Brascan Energy Marketing, Inc.
Calpine Energy Service, L.P.
CAM Energy Products
Canadian Niagara Power, Inc.
Canastota Wind Power, LLC
Cargill Power Markets, LLC
Central Hudson Enterprises Corp.
Central Hudson Gas & Electric Corp.
Cinergy Capital and Trading, Inc.
Cinergy Services, Inc.
Citadel Energy Products
Conectiv Energy Supply, Inc.
Con Edison Company of New York
Con Edison Energy
Con Edison Solutions
Constellation NewEnergy, Inc.
Constellation Power Source, Inc.
Consumerpowerline.org
Coral Canada US, Inc.
Coral Power, LLC
Core Equities, Inc.
County of Niagara
Crucible Specialty Metals
Cummings, Inc.
Delphi Automotive Systems
Direct Commodities Trading
Dominion Energy Marketing
DTE Energy Trading, Inc.
Duke Energy Trading and Marketing.
Dynegy Energy Services
Dynegy Power Marketing, Inc.
East Coast Power, LLC
ebidenergy, Inc.
ECONnergy Energy Company, Inc.
Edison Mission Marketing & Trading
Electrotek Concepts
El Paso Merchant Energy, L.P.
Empire Natural Gas
Energetix
Energy Analytics. Inc.
Energy Conservation & Supply, Inc.
Energy Cooperative of New York, Inc.
Energy Curtailment Specialists
Energy Enterprises, Inc.
Energy New England
Energy Procurement Services Alliance
Energy Services Provider
Energy Solutions USA
Energy Systems North East, LLC
Engage Energy America, LLC
Engage Networks, Inc.
Enron Power Marketing, Inc.
Entergy Koch Trading, L.P.
Entergy Nuclear Fitzpatrick
Entergy Nuclear IP2
Entergy Nuclear IP3
EnviroGen
EPCOR Merchant & Capital (US) Inc.
Erie, County of
Exelon Generation (Formerly PECO Energy Company)
Finger Lake Utilities
FirstEnergy Solutions Corp.
Florida Power & Light Company
Fortis US Energy Corp.
FPL Energy, LLC
Freeport, Inc., Village of
General Electric Plastics
Glens Falls Lehigh Cement Company
Great Bay Power Corp.
Hess Energy Power and Gas Company, LLC
Horizon Power, Inc.
HQ Energy Services US
HSBC Bank USA
Hudson Energy Systems, LLC
Indeck – Corinth, L.P.
Indeck – Ilion, L.P.
Indeck – Olean, L.P.
Indeck – Oswego, L.P.
Indeck – Silver Springs, L.P.
Indeck – Yerkes, L.P
Innovative Energy Systems
International Paper
J Aron and Company
Jamestown, Board of Public Utilities
Kaleida Health
Keyspan Energy Services
Keyspan Ravenswood
Lafarge Building Materials, Inc.
Legacy Energy Group
Liberty Power Corporation
Lockport Energy Associates
Long Island Power Authority
Merrill Lynch Capital Services, Inc.
MetroGen Enterprises, LLC.
Mirabito Gas & Electric, Inc.
Mirant Americas Energy Marketing, L.P.
Model City Energy, LLC
Monroe County
Morgan Stanley Capital Group, Inc.
National Fuel Resources, Inc.
New York Municipal Power Agency (NYMPA)
New York Power Authority
New York State Electric & Gas Corp.
Niagara Mohawk Power Corporation
Nine Mile Point Nuclear Station, LLC
Nissequogue Cogen Partners
Northeast Expense Reduction Services, Inc.
Northeast Utilities
Northern States Power Company
NRG Power Marketing, Inc.
NYSEG Solutions, Inc.
O-AT-KA Milk Products Cooperative, Inc..
Occidental Chemical Corp.
Onondaga Cogeneration, L.P.
Ontario Power Generation, Inc.
Orange & Rockland Utilities, Inc.
Pepco Energy Services
PG&E Energy Trading - Power
Powerex Corporation
PPL EnergyPlus, LLC
Praxair, Inc.
Preferred Utilities Energy Services Corp.
Primary Power Marketing, LLC
Pro-Energy Development, LLC
Pro-Energy Marketing, LLC
Project Orange Associates, L.P.
PSEG Energy Resources & Trade, LLC
PSEG Energy Technologies, Inc.
Public Service Company of Colorado
Public Service Electric & Gas Co.
Quark Power
Rainbow Energy Marketing Corp.
Reliant Energy Services
Rochester Gas & Electric Corp.
Rockville Center, Village of
RS Environmental Solutions, Inc.
RWE Americas, Inc.
Schools & Municipal Energy Co-Op of Western NY
Service Resources, Inc.
Select Energy, Inc.
Select Energy New York, Inc.
Selkirk Cogen Partners, L.P.
Sempra Energy Solutions
Sempra Energy Trading Corp.
Seneca Energy II
Sesco Enterprises
Singer Holding Co. (DBA Robinson Oil)
Sithe/Independence Power Partners, L.P.
Sithe Energy Marketing
Sithe Power Marketing, L.P.
SmartEnergy, Inc.
SourceOne
Split Rock Energy, LLC
State University of NY
State University of NY at Buffalo
Statoil/Hess Energy (SESI)
Strategic Energy LLC.
Strategic Power Management
The May Department Stores Company
Tops Markets, Inc.
Total Gas & Electric, Inc.
Tractebel Energy Marketing
Tractebel Energy Services
TransAlta Energy Marketing (U.S.) Inc.
TransCanada Power Marketing, Ltd.
Trigen-Syracuse Energy Corp.
TXU Energy
UBS AG, London Branch
UniGridEnergy, LLC
University of Rochester
Virginia Electric and Power Company
Webgen Systems
Wegmans Food Markets, Inc.
Western New York Wind Corp.
Wheelabrator Westchester, L.P.
Williams Energy Marketing & Trading Co.
WPS Energy Services, Inc.

New York Independent System Operator, Inc.
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