

NEWS RELEASE



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FOR IMMEDIATE RELEASE

NEW YORK STATE'S SUMMER POWER FORECAST ISSUED; NY Independent System Operator urges generation, transmission enhancements

Guilderland, NY, May 17, 2000...As New York State approaches the peak season for electric power usage, the New York Independent System Operator (NYISO) forecasts that the power supply should be adequate to meet the traditional high summer demand. This summer the NYISO is forecasting a peak electric demand of 30,200 megawatts (MW), representing an increase of 1.7% over the 1999 forecast of 29,700 MW. The NYISO has just completed a successful Installed Capacity (ICAP) auction to secure enough ICAP generation to satisfy the reserve requirement of 35,636 MW set by the New York State Reliability Council (18% installed reserve above demand).

According to William J. Museler, President and CEO, "We exercise great care to produce accurate forecasts, but there are variables such as weather, unplanned outages and availability of power from neighboring systems that are beyond our control. The unusually hot weather of May 7, 8, and 9 provided clear evidence that nature defies prediction. As temperatures and humidity rise across the state, we encourage New York residents and businesses to conserve power whenever they can. Conservation will result in lower costs to consumers, provide benefits to the environment and assist the NYISO in ensuring the reliable operation of the New York electric system."

Extreme temperatures earlier in the month, during a period when routine maintenance makes some generating capacity unavailable, served as an early drill for summer conditions. Reliability was maintained throughout the New York Control Area with no loss of power.

Upon its formation in December of last year, the NYISO assumed responsibility for management of the state's electric grid from the former New York Power Pool. In the event that reserve supplies in New York and throughout the northeast become limited during peak periods this summer, the NYISO has operating procedures in place to take the necessary actions to maintain adequate reserves. Corrective actions could include the purchasing of reserve power from neighboring systems, if available, and initiating procedures to reduce demand. Voluntary curtailment of electric use, public appeals for individuals and businesses to reduce power use and ordering voltage reductions are among the procedures available to the NYISO.

Museler continued, "In 1999 New York adopted an open market system, and the basic laws of supply and demand indicate that near term wholesale prices will be higher as demand increases and supply does not. Higher prices should ultimately elicit investment in new generation; however, licensing new generators is not a smooth process. The peak demand is growing with New York's robust economy, while the building of new generation has remained stagnant. One outcome of those conditions could be a degree of volatility in wholesale electric prices this summer. In order to meet increasing demand, the NYISO encourages electric generation developers, electric customers and government to work together to gain approval of some of the growing number of generation facilities under study or proposed in New York, and to identify incentives to encourage expanded transmission capability." New generation would bring environmental advantages, as well. As new technology is introduced into the state, it is expected that dependence on electric power from older, less environmentally friendly facilities would diminish.

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Formed as part of the restructuring of New York State's electric industry, the NYISO assumed operation of the state's bulk power system in December of 1999. Its purpose is to maintain the reliable, safe and efficient operation of the power grid, while administering a competitive wholesale market for electricity.