

NEWS RELEASE



For Further Information Contact: Ken Klapp / (518) 356-6253

FOR IMMEDIATE RELEASE

June 28, 2000

FERC RULES ON TWO NEW YORK INDEPENDENT SYSTEM OPERATOR FILINGS

Today, June 28, the Federal Energy Regulatory Commission (FERC) ruled on two separate complaints regarding the NYISO filed on March 8, 2000 and April 10, 2000 respectively.

First, FERC rejected NRG Power Marketing's complaint against the NYISO (EL00-49) in its entirety. The original complaint dealt with the timing of price corrections in a period shortly after the wholesale electric markets became operative. Significantly, FERC held that "under these circumstances involving the erroneous calculation of a formula rate, the NYISO did not have to rely on any temporary authority, or interim procedures to correct energy clearing prices. The NYISO has the authority, and is required, to correct all prices that do not reflect operation of the ISO market rules (which are the filed rate.) This ensures that both buyers and sellers are protected if the ISO makes computational errors and thus fails to fully follow the market rules."

Second, in a separate ruling involving several issues raised in a filing (EL00-67) by Strategic Power Management (SPM), FERC:

- refused to declare the NYISO liable for high reserve market prices (the FERC, in today's Order, stated that "Although we noted that there were features of the New York ISO operation and design that had exacerbated problems in reserves markets, we did not make a finding that these problems were attributable to the New York ISO.")
- denied SPM's request to initiate an investigation of the NYISO
- rejected SPM's request for a \$2.22 rate for all of its ancillary services
- refused to bar the NYISO from varying its Schedule I charges by more than 10% absent a Section 205 filing
- denied SPM's request for an alternative method of financing the NYISO's working capital account.

-30-