

FOR IMMEDIATE RELEASE

FERC Approves Modified NYISO Temporary Bid Cap

July 27, 2000...The Federal Energy Regulatory Commission (FERC) yesterday approved the imposition of a bid cap of \$1000 per megawatt hour in the wholesale electric markets in New York State until October 28, 2000. The Board of Directors of the New York Independent System Operator had filed a proposal that would have capped the market at \$1300 per megawatt hour. Concurrent with the action on the New York request, FERC approved a cap of \$1000 in the New England Market when certain conditions exist. These two actions, taken with the existing \$1000 cap in the PJM market to the south, equalized electricity bid caps across the region, negating the need for a higher cap in New York.

"The FERC's action will ensure market stability throughout the Northeast as electricity markets mature," said William J. Museler, President and CEO of the New York Independent System Operator. "While the Board of Directors and the Market Participants are committed to competitive markets, this decision by the FERC will provide time to identify strategies to increase market liquidity, fine-tune some of the market's complexities and strengthen the ability of fledgling markets to work toward the benefits of deregulation."

In issuing its order, the FERC noted that the NYISO had made significant progress in addressing flaws and evolving its operations since the market began. The FERC further directed the NYISO to file a report by September 1 that will describe the status and results of market corrections. The NYISO will comply and is confident that the report will illustrate the considerable progress that has been made in addressing the issues of the new wholesale electric market.

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In a separate ruling, the FERC voted in favor of the NYISO's request to extend (until October 31, 2000) its right to invoke Temporary Extraordinary Procedures (TEP). The TEP are designed to address unanticipated market design flaws and transitional abnormalities, which occur during the start-up period. The FERC indicated that it does not wish to deny NYISO the use of these procedures during its first year of operation.

"These two, separate rulings, coupled with the continued oversight and support of the Federal Energy Regulatory Commission will make a significant contribution to the growth of the deregulated electric market in New York State." Museler concluded.

