

**For Immediate Release:**

Thursday, May 31, 2001

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## **NEW YORK ELECTRIC GRID OPERATOR RELEASES UPDATED OUTLOOK FOR SUMMER ELECTRICITY SITUATION**

### **- NYISO Chief Warns That Razor-Thin Margin of Reliability Should Not Decrease Efforts At Building New Facilities -**

New York, New York--Amidst a flurry of varying predictions by power industry groups about what New York can expect of its electric system this summer and weekly reports of rolling blackouts in California, the organization charged with maintaining the reliability of New York's bulk electric system and administering its wholesale electricity markets-- the New York Independent System Operator (NYISO)—today released its updated outlook for New York's electricity system this summer.

The NYISO forecast anticipates that because of the installation of approximately 400 megawatts (MW) of simple-cycle turbines by the New York Power Authority (NYPA); repairs and improvements to a number of existing facilities; and the implementation of new Demand Response programs by the NYISO and the utility companies that provide incentives to big power users to reduce demand during times of peak need, New York City and the State as a whole should manage to avoid blackouts even during the hottest months of 2001. New York City will have a razor-thin positive margin beginning in July, and the State as a whole should be able to squeak through.

"While no one can predict every eventuality, we are confident that the world-class reliability of New York's electric system can be maintained without any major disruptions this summer," said William J. Museler, NYISO President and CEO. "A lot of people have worked very hard during the past nine months to do everything possible to ensure New York has enough electric power to get through the dog days of summer, and we believe that this hard work is going to pay off."

The NYISO forecast incorporates a recently completed long-range weather forecast by its consultant, The Weather Bank, which predicts that the summer of 2001 will be hotter than the 10-, 20-, and 30-year "norms," but not as hot as the summer of 1999.

The installed capacity required for New York State for the months of May through October 2001 is 36,132 MWs per month. (Installed capacity refers to the total amount of electrical power that power suppliers commit to bidding into the New York State market.) During June, 35,955 MWs of installed capacity have been secured, which will leave a statewide deficit of 177 MW. By July, installed capacity will reach 36,240 MWs and eliminate this deficit, and will increase to 36,262 MWs for August through October.

For the New York City area, the installed capacity required for May-October is 8,428 MWs. The city's installed capacity during May has been 8,236 MWs, or 192 MWs short of this requirement. An installed capacity of 8,734 MWs has been secured for the city for July, and this figure rises to 8,778.2 MWs for the period August-October.

Despite this optimistic prediction, Museler emphasized that New York still needs to focus on getting new, efficient gas-fired baseload generators sited and built on an expedited basis.

"Make no mistake about it, New York's electric demand continues to rise and shows little sign of abating. Unless we get some strong support in the way of additional generating capacity—and soon—demand is going to overwhelm supply and reliability will be at serious risk," said Museler.

Museler said that without any new generation added to the system, current predictions anticipate that New York could be almost 2,000 MW short of supply within the next three years. Because of the 24-to-36 month lead time to build large baseload plants, if New York is to remedy this situation it needs to get plants approved and shovels in the ground immediately.

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*The NYISO is a not-for-profit corporation established in 1999 to facilitate the restructuring of New York State's electric industry. In addition to administering the State's wholesale energy markets, the NYISO operates the State's high voltage electric transmission system. Last year, the NYISO's market volume (including energy, ancillary services, ICAP and TCC auctions) exceeded \$5.2 billion, more than all of the other Northeast markets combined.*