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New York ISO Announces Successful Implementation of Emergency Demand Response Program (EDRP)

- Preliminary Estimates Suggest Program Reduced Demand By 400 MW Providing Critical Support On Consecutive Record Consumption Days -

(Guilderland, New York – August 9, 2001) – The New York Independent System Operator (NYISO) announced today that it successfully deployed its Emergency Demand Response Program (EDRP) during two days in which the New York State electric demand reached all time highs, and the program worked extremely well.

“While we won’t know the exact reduction in electricity demand until we receive data from the Curtailment Service Providers, there is no doubt that this conservation program worked magnificently during two days when it was absolutely essential,” said William J. Museler, President and CEO of the New York Independent System Operator. “On the two consecutive days during which New York State established consecutive new all-time peak demand records, the 400-or-so megawatts saved by this program provided the system with a much needed buffer to our reserves.”

The EDRP provides a mechanism for load reduction during emergency conditions. Commercial and industrial customers register for the program, then during times when the State’s electric system is experiencing a shortage in operating reserves or a major emergency, the program is invoked. Participants are asked to reduce their electricity consumption during a given period of time, for a minimum of four hours. Participants are paid the higher of \$500, or the clearing price of electricity for that hour, for every megawatt hour of reduced consumption. Participants can reduce consumption either by simply not using electricity (interruptible load) by switching over to on-site generation, or a combination of both.

Retail end users who agree to participate in the EDRP can be accommodated through one of four types of Curtailment Service Providers (CSPs):

- Load Serving Entities (LSEs), either that currently serving the load or another LSE,
- through NYISO-approved Curtailment Customer Aggregators
- as a Direct Customer of the NYISO
- as a NYISO-approved Curtailment Program End Use Customer

As of August 2001, there were 23 participants in the EDRP representing a total load reduction capability of 611 MW. Of this total, 467 MW is considered interruptible load, 107 MW is on-site generation, and 37 MW is combined interruptible load and on-site generation.

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“We have already received very positive feedback from participants who say they believe this is the best program of its kind in the nation,” said Museler. “Whether or not that is true remains to be seen. What we do know is that it worked precisely as it should have during a critical period. Both those who established this program and those who participated should be proud of the contribution they made the past two days, and are likely to make again today.”

New York State set all-time electricity consumption records on Tuesday, August 7, 2001 (30,509 MW) and August 8, 2001 (30,665 MW) and anticipates approaching another record today. The previous record for New York electricity consumption was 30,311 MW on July 6, 1999.

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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.