

For Immediate Release:

Contact:

Carol E. Murphy	518-356-7580
Steven C. Sullivan	518-356-7605
Ken Klapp	518-356-6253

The New York ISO Begins Registration Process for “Virtual Bidding”

- New Program Offers Increased “Hedging Opportunities” and Allows New Players Into Markets -

September 10, 2001, Guilderland, NY-- The New York Independent System Operator (NYISO) announced that on August 28, 2001 it began accepting registrations from market participants for a new service called “virtual bidding” (sometimes referred to as ‘virtual trading or “virtual transactions”).

Under this new program, which is slated to go into effect November 1 pending FERC approval, a virtual load would be allowed to buy energy in the Day-ahead market and sell it in the Real-time market. Alternately, a virtual supply participant would be permitted to sell “virtual energy” in the Day-ahead market and cover the sale in the Real-time market.

Virtual load and virtual supply transactions are financial transactions only and have no effect on Real-time physical energy consumption or the physical commitment of energy resources for purposes of system reliability. Instead, they help to even out price differences between markets as traders seek to arbitrage the price differences between markets.

The NYISO administers two energy markets, a Day-ahead market (where energy is purchased and sold a day in advance and over 90 percent of the wholesale energy is transacted) and a Real-time market (or “spot market”) where less than 10 percent of the wholesale energy is transacted. Currently the Day-ahead market only accepts bids from generators and load serving entities for internal New York zones. Virtual bidding allows any qualified Market Participant to buy and sell energy in the Day-ahead market.

“The NYISO has created this new program in response to many Market Participants seeking additional hedging mechanisms to help manage risk,” said NYISO President William J. Museler. “This service will allow new participants to enter New Y markets and will equalize opportunities among existing market participants.”

The program requires Market Participants to provide financial assurances proportional to the amount of virtual bidding they plan to exercise. The NYISO filed for tariff changes on September 4, 2001. If approved by the FERC actual virtual bidding will commence in the NYISO Day-ahead market on November 1, 2001.

- 30 -

The New York Independent System Operator (“NYISO”) www.nyiso.com— is a not-for-profit corporation established in 1999 to facilitate the restructuring of New York State’s electric industry. Based in New York’s Capital Region, 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 exceeded \$5.2 billion, more than all of the other Northeast markets combined.