

NEWS RELEASE



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New York ISO Welcomes FERC ALJ's Support of Its Approach To Northeast RTO Market Integration

- However, NYISO Also Emphasizes Governance Remains A Major Question Mark -

(Guilderland, New York – September 18, 2001) – Commenting on Monday's report to the Federal Energy Regulatory Commission (FERC) by Administrative Law Judge (ALJ) H. Peter Young on recently-completed Northeast Regional Transmission Organization (RTO) integration discussions, the New York Independent System Operator (NYISO) said today, that in general, it was very pleased with Judge Young's strong support of the NYISO's approach to market integration.

Specifically, the NYISO pointed to Judge Young's endorsement of the plan supported by the NYISO and ISO New England as his preferred market implementation alternative and the special emphasis he placed upon "Best Practices" and implementation of interim market improvements, something for which the NYISO has strongly advocated. Judge Young also supported the NYISO's call for an independent technology assessment at the beginning of the integration process to determine the extent of software improvements needed to run a super-regional system.

"From day-one of this process, the NYISO has asserted that the complexity and potential impact of creating the largest single electricity market in the world demands thorough assessment and planning at the beginning of the process and incorporating essential 'Best Practices' of each market. We believe this kind of approach is imperative to avoid problems that could make California's energy woes look almost insignificant by comparison," said William J. Museler, NYISO President and CEO. "However, not everyone agreed with our approach. Some parties advocated rushing head-long into the integration process without the kind of planning we believe is prudent and necessary. We are very pleased that, in the end, Judge Young agreed with our approach."

While praising Judge Young's support of thorough assessment and planning at the beginning of the process, the NYISO also cautioned that perhaps the most important aspect of the whole RTO integration effort, governance, remains unsolved.

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“The NYISO and ISO New England strongly believe that the most important aspect of this whole endeavor is that all three ISO’s are equally represented within the governance process going forward,” continued Museler. “We believe an equal voice is needed to represent the interests of consumers.”

Museler pointed out that while the NYISO represents the largest electricity market of the three by far (Market volume for the NYISO during FY 2000 was \$5.2 billion as compared to \$1.7 billion for PJM and \$0.6 billion for ISO-NE), each of the other two markets have areas in which they lead the Northeast region. For example, PJM leads the region in total load served and ISO-NE leads the region in the number of states represented. Thus, contends the NYISO, none of the three ISOs should have undue influence over a larger RTO of which they are all part.

The NYISO will closely monitor any additional input the FERC will entertain on these issues and remains hopeful that a collaborative solution can be crafted.

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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.