

NEWS RELEASE



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NEW YORK ISO ANNOUNCES SUCCESSFUL FIRST WEEK OF VIRTUAL BIDDING

(Guilderland, New York, November 14, 2001) – The New York Independent System Operator (NYISO) today announced the successful completion of the first week of its new virtual bidding program. The program’s first Real-Time settlement day was Wednesday, November 7, 2001.

Under this program, companies with the appropriate credit qualifications are allowed to “virtually” buy and sell energy. A company takes a position in the Day-Ahead market by buying or selling “virtual” energy, then must cover its transaction in the Real-Time market in order to settle up. The difference between the prices in the Day-Ahead and Real-Time markets dictates the gain or loss experienced by the company doing the virtual trading.

For example, if a company, buys at a low price in the Day-Ahead Market then is able to sell at a higher price in the Real-Time Market, it makes money. Conversely, if it buys high and sells low, it loses money. Virtual traders can make bids as either virtual supply or virtual load.

Virtual supply and virtual load transactions are financial transactions only and have no effect on Real-Time physical energy consumption, nor do they compromise the physical commitment of energy resources for the purpose of system reliability. Instead, they help to even out price differences between markets as traders seek to arbitrage the price differences between markets. Virtual trading provides a means for companies outside the electricity industry, such as financial institutions to become involved in New York’s markets. It also provides a means for existing market players to hedge themselves against risk.

“Our market participants said they wanted virtual bidding as a feature of the New York market and now they have it,” said William J. Museler, NYISO President and CEO. “As a means for enhancing market liquidity; a tool to hedge against risk; and a mechanism to balance the prices in the Real-Time and Day-Ahead markets, virtual bidding is another significant step forward for New York’s rapidly evolving electricity markets.”

The NYISO received FERC approval for its virtual bidding program on October 25, 2001. Since the NYISO announced the virtual bidding program, 20 companies signed up to participate. The NYISO has held two training seminars on the new program with approximately 160 people involved and has another seminar booked with 80 more participants. The NYISO plans to hold additional virtual bidding training seminars early in 2002. For information on how to sign up, go to <http://www.nyiso.com/services/training/cinfo/index.html>.

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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.