



## **For Immediate Release**

**Contact:** Carol Murphy, New York ISO (518) 356-7580  
Steve Sullivan, New York ISO (518) 356-7605  
Ellen Foley, ISO New England Inc. (413) 535-4139  
Dominic Slowey, The Hubbell Group (781) 878-8882

## **New England and New York ISOs Agree to Jointly Develop Common Electricity Market and Evaluate a NE-NY RTO**

*- Move to "Common Electricity Market" Supported By Canadian Provinces -*

**Holyoke, MA / Guilderland, NY – January 29, 2002 –** ISO New England Inc. (ISO-NE) and the New York Independent System Operator (NYISO), which oversee the electric power and wholesale market systems in New England and New York, respectively, today executed an agreement to develop a common electricity marketplace for their adjacent regions based on a common market design. The two ISOs have also agreed to jointly evaluate the feasibility of creating a Northeast Regional Transmission Organization (NERTO). ISO-NE and NYISO believe that the common electricity market and eventual RTO will facilitate the seamless interchange of power within the northeast region, including the Canadian power systems.

The common electricity marketplace and the NERTO are intended to enhance reliability and provide market benefits in both regions, while meeting the Federal Energy Regulatory Commission's (FERC) objective of creating a seamless national marketplace and eliminating barriers to the freer flow of energy.

ISO-NE and NYISO are part of the Northeast Power Coordinating Council (NPCC), which is a natural electricity market of more than 125 gigawatts spanning the Northeast United States and Canada. The combined New England and New York market would serve 33 million people with a combined peak electrical load of 56,141 megawatts (MW) and include the Northeast cities of New York, Boston, Hartford, Providence, Buffalo, Syracuse, Rochester, Portland, Montpelier, Concord and Springfield. It would encompass seven states and the world centers of finance, communications and medicine and the East Coast's high-tech corridor.

"A common wholesale electricity market here in the Northeast is a logical step for both New York and New England," said Gordon van Welie, President and CEO of ISO-NE. "We both have strong, existing infrastructure, complementary sources of generation, similarly advanced stages of restructuring and generation divestiture, and a greater level of competition than other regions. We have been working closely together on standardizing the markets for almost a year, and this agreement represents another significant step forward." The next step is to obtain input from state regulators and market participants.

The agreement lays out a detailed roadmap for planning a common wholesale power market. With joint leadership from the CEOs and an oversight committee composed of board members from each ISO, the two ISOs would address a range of issues, including market design, transmission planning, technology assessment and a joint stakeholder process, with the goal of

obtaining FERC approval of their plan later this year. This process will also involve ensuring that the common market design is consistent with FERC's efforts to standardize market design.

The proposed comprehensive wholesale market program being developed by the two independent system operators combines salient features of the Standard Market Design (SMD) currently in advanced stages of development by ISO-NE and best practices from NYISO's existing wholesale market design. In addition to capitalizing on existing market similarities and natural flows of power, the NERTO and common market would help facilitate solutions to three of the Northeast's most severe transmission bottlenecks: Greater Boston, the New York City area and Southwestern Connecticut.

"This agreement is a realization of the vision we've long had for creating larger electricity markets," said William J. Museler, NYISO President and CEO. "A common market design that combines the best practices of current markets, the complementary size of our power systems and our joint expertise will allow us to create a common marketplace that works to the benefit of market participants while minimizing project risks and does so on an aggressive, yet realistic implementation schedule."

The agreement also contemplates that an eventual RTO will accommodate independent transmission companies (ITC) if formed in the Northeast. "Independent transmission companies would encourage much needed investment in transmission infrastructure," said van Welie.

In conjunction with the New England-New York agreement, the operators of the electric systems for the Canadian provinces of Ontario, Québec, New Brunswick and Nova Scotia have all expressed strong support for the proposed New England-New York NERTO. The provinces are all interconnected with the proposed NERTO region and already conduct a significant amount of electricity trading in the Northeast.

Although the Canadian systems are not under FERC jurisdiction, the Ontario Independent Electricity Market Operator (IMO), TransÉnergie (the Hydro-Québec division responsible for the operation of Québec's transmission system), NB Power and Nova Scotia Power expect to work closely with New England and New York, building on efforts already underway to improve inter-regional coordination.

"I am pleased with New York and New England's proposal to form a Northeast Regional Transmission Organization," said Dave Goulding, IMO President and Chief Executive Officer. "This development is an important step toward driving down costs in the region and benefiting customers."

Mr. Jacques Régis, President of TransÉnergie, said that "his organization supports the initiative to form the Northeast RTO by combining the New York and New England ISOs. This will facilitate inter-regional coordination and help in maintaining reliable operations in the entire region."

Stewart MacPherson, President and CEO of NB Power stated that "the NERTO proposal is a positive step towards enhancing the overall level of access among the electricity systems in the Northeast."

Chris Huskison, Chief Operating Officer of Nova Scotia Power Inc., said, "Nova Scotia Power congratulates the efforts of ISO-NE and NYISO in working together to advance a common market design and develop a Northeast RTO. We will work with them in their efforts to address market interface issues with a goal to achieve more compatible and seamless competitive markets."

Mr. Charles J. Durkin, Jr., Chairman of the NPCC, the regional reliability organization responsible for assuring international bulk power system reliability in Northeastern North America, indicated strong support for this agreement and stated that it will "enhance the Northeast's ability to use market mechanisms to maintain reliability in the Region."

According to Museler, a natural marketplace already exists between New England, New York and Canada. "We see a lot of synergies between the two ISOs and Canada. "

###

*ISO New England Inc. is the not-for-profit corporation responsible for the day-to-day reliable operation of New England's bulk generation and transmission systems with an installed capacity of more than 28,000 megawatts. In addition to operating the bulk power grid, ISO New England is the administrator of the region's wholesale electricity marketplace and the Open Access Transmission Tariff on behalf of the New England Power Pool.*

*The New York Independent System Operator (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.*