



News Release

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ISO New England and New York ISO Increase Regional Coordination and Efficiency through Shared Regulation Service

Guilderland, NY/Holyoke, MA – June 27, 2002 – ISO New England Inc. (ISO-NE) and the New York ISO (NYISO) today announced the implementation of shared regulation services across the seven state region that the ISOs serve. Executed to enhance coordination between the two power systems, the shared regulation service simultaneously reduces regulation requirements while promoting compliance with applicable industry standards for reliability set by the North American Electric Reliability Council.

ISO-NE and the NYISO's agreement to share regulation services – services used to provide moment-by-moment balancing of generation and demand on the system, eases the maintenance of this balance by linking the two systems more closely. The two ISOs will exchange regulation services using a process called ACE Diversity Interchange (ADI). ADI uses the Area Control Error measurement to determine the instantaneous mismatch of supply and demand in a "Control Area," or a bulk power system that is centrally dispatched within a specific location.

"Sharing regulation service underscores ISO New England and the New York ISO's longstanding efforts to improve coordination across our two regions," said Gordon van Welie, ISO-NE's President and Chief Executive Officer. "This new service advances our goal to enhance power system coordination in the Northeast, while preparing our infrastructures for a standardized marketplace."

In cases of either inadequate or excess instantaneous supply, generators within a Control Area increase or decrease generation to restore the energy balance within the Control Area. Through shared regulation service, ISO-NE and NYISO can assist each other in performing this task more efficiently. As a result, ISO-NE and the NYISO can achieve a mutual reduction in regulation services and generator output adjustments.

"New England and New York's power systems will benefit immediately from this procedure while leading the region in demonstrating the successful application of regulation coordination," said William J. Museler, President and CEO of the NYISO. "By managing system resources more efficiently, this new procedure addresses a significant seams issue and builds on our work to standardize our markets."

Each area will be responsible for the monitoring of its own system and for the determination of the amount of ACE diversity that it is able to provide, receive or transfer. Areas will respond to normal condition imbalances of generation and demand through their internal generation control or with scheduled purchases.

ISO New England, www.iso-ne.com, 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 almost 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 NYISO, located outside Albany, New York <http://www.nyiso.com/>, 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 \$5.6 billion.

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