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## **NYISO APPLAUDS FERC'S LEADERSHIP IN DEFINING VISION FOR COMPETITIVE U.S. ELECTRICITY MARKETS**

### **- Commission Outlines Bright Future For America's Electric System, Says NYISO -**

(Guiderland, New York – July 31, 2002) – The New York Independent System Operator (NYISO) praised the Federal Energy Regulatory Commission (FERC) for the decisive leadership demonstrated at today's Commission meeting at which the Standard Market Design Notice of Public Rulemaking (NOPR) was unveiled.

Standard Market Design (SMD) is the uniform set of policies and regulations to which all U.S. electricity markets will have to adhere as the nation's electric restructuring efforts continue to mature. The NYISO said that the increased certainty and liquidity created by the standardization of markets is what the industry needs now.

"While there will obviously be areas of controversy about the details of the NOPR, the bold leadership demonstrated by FERC today is the prescription needed to restore market confidence in electric industry restructuring for market participants, investors and consumers, and paint a clear and compelling roadmap for our future," said William J. Museler, NYISO President and CEO in preliminary comments. "We were also very pleased and appreciative that the FERC has apparently embraced so many of the NYISO's existing practices and market rules in fashioning its vision."

Specific features of New York's highly-unbundled competitive markets cited today by FERC Commissioners as being key to the SMD proposal include:

- the Locational Marginal Pricing-based Day-Ahead and Real-Time markets utilized in New York and PJM and soon to be operational in New England;
- strong demand response and load management programs;
- advanced market monitoring and mitigation units including endorsement of the NYISO-developed Automated Mitigation Procedure (AMP);
- Security Constrained Dispatch; and
- Congestion revenue rights.

"With the actual 600-plus page NOPR still to be released, we obviously have much analysis to do before making any final assessment of each and every detail contained therein," said Museler. "FERC has allowed a 75-day comment period to ensure that the industry and State regulators have adequate time to provide their input prior to the order. However, based upon the preliminary high-level description we heard today from the Commissioners and staff, we feel positive about the direction in which this is headed and look forward to working closely in the months to come with the FERC, Market Participants and State regulators in bringing this vision to full fruition."

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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 \$5.6 billion, more than all of the other Northeast markets combined.*