

NEWS RELEASE

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IMO of Ontario, ISO-NE and NYISO Complete Planning and Market Development Agreement

Market Operators Coordinating Committee Will Tackle A Host of “Seams” and Market Standardization Issues

(Guilderland, NY; 7/17/2002) – The Independent Electricity Market Operator of Ontario (IMO), ISO New England, Inc. (ISO-NE) and the New York Independent System Operator, Inc. (NYISO) announced today that they finalized a System Operation, Planning and Market Development Agreement to resolve seams issues and harmonize electricity markets between the Northeastern United States and Ontario, Canada.

The agreement, which was signed by the presidents of the three market operators, establishes the Northeastern Independent Market Operators Coordinating Committee (Coordinating Committee). The Coordinating Committee will develop recommendations on complementary market design, business practices, system planning protocols, and other coordination activities that will improve reliability and broaden the Northeast electricity market by conforming market designs and reducing barriers to electricity trading in the region. The parties will work with interested market participants on issues of general regional concern.

The parties held a first formative meeting on May 16, 2002 in Toronto, to draft the agreement and lay out a schedule for work. This schedule includes a second meeting to be held on July 30, 2002 at which the parties will establish business processes and a regular schedule of meetings for the Coordinating Committee. The agreement also establishes a hard date of May 15, 2003 by which the Coordinating Committee will issue a set of joint recommendations and milestones for furthering cooperative efforts and for achieving Short-Term Market Development Initiatives.

Areas for harmonization in the markets include:

- Coordinating transactions procedures;
- Calculating, coordinating and publishing transfer capabilities;
- Operating reserve sharing arrangements;
- Maintenance coordination;
- Planning cooperation;
- Congestion management; and
- Enhancements to existing market features.

Additionally, the Coordinating Committee will consider mutually beneficial market enhancements to form a single Day-Ahead Market or compatible Day-Ahead Markets that will enable market participants to

engage in seamless Day-Ahead transactions between control areas. The committee will also seek to eliminate “border charges” for exports from U.S. or Canadian suppliers to facilitate competition over the larger region. All market rules will also be evaluated for their compliance with the Federal Energy Regulatory Commission’s Standard Market Design (SMD) practices and the Province of Ontario’s market requirements and regulations.

“This initiative is a key component of our desire to reduce costs to consumers by increasing the efficiency of utilization of the power facilities in the region,” said Dave Goulding, President and CEO of the IMO. The increased coordination will also enhance supply reliability by the removal of barriers which can exist due to differences in market rules and operating procedures. Over the year the benefits of coordinating planning and operations have been demonstrated time and time again and this is another step in enhancing that coordination,” he said.

“New York, New England and Ontario share the common goal of advancing regional coordination to reduce seams and eliminate inconsistencies across our markets,” said Stephen Whitley, ISO New England Chief Operating Officer. “By implementing plans such as this one, we can collectively consider the needs of the Northeast and implement meaningful changes that enhance the reliability and efficiency of our markets. Our collaborative efforts are essential and we look forward to working closely with our neighbors to continue the progress that has been made in evolving market design.”

“This plan is a giant step forward toward creating truly international electricity markets in the Northeast,” said William J. Museler, NYISO President and CEO. “The enhanced liquidity and increased trading between our three markets will pay significant reliability and savings benefits to the consumers within our markets. We are very excited to be working with our partners in Canada and New England to continue expanding the bounds of wholesale electricity markets in 2002.”

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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.

ISO New England, Inc., 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 Independent Electricity Market Operator (IMO) is responsible for operating and regulating Ontario’s wholesale electricity system and the new wholesale electricity marketplace -- linking buyers and sellers while directing the flow of electricity on Ontario’s transmission system from generators and suppliers to local distribution companies and wholesale buyers.