

For Immediate Release:

Tuesday, October 15, 2002

Contact:

Ken Klapp (518) 356-6253

NYISO Markets Continue To Improve In Key Areas, Says Independent Market Advisor's Summer 2002 Report

- Lower NYISO Uplift Costs, Price Convergence and More Accurate Pricing Highlighted As Key Improvements -

(Guilderland, New York – October 15, 2002) – The New York Independent System Operator (NYISO), the organization charged with managing New York State's electric power grid and wholesale electricity markets, saw enhanced market performance in a number of areas this summer relative to 2001, said the Independent Market Advisor, Dr. David Patton, in his third annual summer review presented today to the NYISO Board of Directors and Market Participants.

The key areas of improvement cited in Dr. Patton's report were:

- Substantially lower uplift costs;
- Improved convergence of Hour-Ahead and Real-Time prices;
- Improved convergence of Day-Ahead and Real-Time prices;
- Increased utilization of virtual trading and price-capped load bidding.

In addition, the report said that modeling of transmission constraints within New York City load pockets has resulted in more accurate locational prices; that several changes in transaction scheduling rules and procedures have improved the utilization of the interfaces with adjacent markets (ISO-NE and PJM); and that other improvements have been made to seams issues, though further improvement still need to be made.

The major finding in the report, the reduction of uplift costs, is evidenced by the fact that NYISO uplift costs were \$97 million, or two-thirds, lower in June to August 2002 than for the same time period in 2001. This reduction was comprised of an 80 percent--\$64 million—reduction in Real-time local reliability uplift; a 43 percent--\$25 million reduction in other real-time uplift; and a 58 percent--\$8 million—reduction in Day-Ahead uplift.

“Building these new wholesale electricity markets is a monumental undertaking that requires vision, perseverance and the courage to venture into uncharted territory,” said William J. Museler, NYISO President and CEO. “We are extremely pleased that less than three years into this process, we have made so much significant progress and we continue to trend in the right direction.”

A copy of Dr. Patton's report can be found on the homepage of the NYISO website at www.nyiso.com.

###

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.