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**NYISO TESTIFIES BEFORE NEW YORK STATE ASSEMBLY
COMMITTEE ON ENERGY**

**CEO William Museler Details State's Successful Restoration Efforts,
Outlines Recommendations to Prevent Future Outages**

Guilderland, N.Y., August 27, 2003 – William J. Museler, President and CEO of the New York Independent System Operator (NYISO), testified at length about the organization's response to the August 14th blackout at a special hearing of the New York State Assembly Standing Committee on Energy here today. NYISO operates New York's statewide high-voltage electric transmission system.

The NYISO President and CEO detailed the sequences of events leading to the blackout and the timely restoration of power to New York State. He testified at the request of Assembly Speaker Sheldon Silver and Energy Committee Chairman Paul Tonko, who sought insights into events and circumstances of the August 14th blackout.

Mr. Museler pointed out that the exact causes of the outage are still unknown and that NYISO will not speculate at this time. However, he noted, it is clear that New York and Ontario were directly in the path of massive power flows and oscillations that took down major portions of the system in seconds. He added that NYISO is cooperating with the Federal International Commission's investigation and expects the Commission to provide the most definitive assessment of what happened.

"The NYISO is also conducting its own investigation to determine a precise sequence of events within fractions of a second during which the events took down the New York system. We are comparing the actual performance of our system with what we have studied in past simulations, and with the NERC and NPCC operating and design requirements. We will also review our own operations and designs to determine how to improve system reliability in the future," Mr. Museler said.

In his testimony, Mr. Museler also focused on the issue of power restoration to New York City: "The restoration process followed NYISO's pre-arranged plan and it worked well. In order to balance generation and load, it was necessary at one point to briefly shed load to avoid another blackout, and to defer restoration for a short time to await availability of generation."

He stressed that, from the outset of the emergency, the NYISO gave high priority to the restoration of power in New York City, where health and welfare concerns posed a severe threat.

Mr. Museler said the blackout should serve as a warning that many actions need to be taken now to avoid future problems, including:

- Making mandatory current voluntary reliability standards set by the North American Electric Reliability Council (NERC).
- Strengthening the transmission grid in New York State and surrounding areas. Current incentives for building transmission capabilities are inadequate.
- Re-enacting the State power plant siting law, allowed to lapse a year ago, since it is now virtually impossible to license power plants in New York.
- Encouraging long-term contracts among prospective generators and Load Serving Entities (LSEs) to provide a basis for investment.

He cautioned the hearing committee that, while some of the items on his list of recommendations had nothing to do specifically with the August 14th blackout, they are clearly related to potential future problems.

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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 was \$5.2 billion.