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FERC APPROVES NYISO'S SMD2 PROJECT

Acceptance is a major milestone in the redesign of New York's energy market systems.

Guilderland, NY – The Federal Energy Regulatory Commission (FERC) has conditionally approved the New York Independent System Operator's (NYISO) state-of-the-art market design known as SMD2 – or Standard Market Design.

FERC's ruling means SMD2, which is set to be deployed by the NYISO in the fall, is on schedule to implement a program that better integrates New York's real-time and day-ahead energy markets on a common platform by utilizing new Real Time Scheduling (RTS) software.

The deployment of SMD2 will enable the NYISO to refine many vital functions. These include improved efficiency in committing and dispatching generation in real time, computing real-time pricing that more accurately reflects current system conditions, and improved regional pricing efficiency, which will further reduce barriers to energy trading across northeast markets. SMD2 also will serve as the foundation for all future improvements to the state's energy market.

“This is another major milestone in our plan to integrate our real-time and day-ahead markets on a platform that is efficient, forward-thinking and takes into consideration the needs of our market participants and the ultimate consumers,” said William J. Museler, President and CEO of the NYISO. “I applaud FERC Chairman Pat Wood and the Commission for giving us the green light on SMD2. Their commitment helps ensure the long-term efficiency and reliability of New York's energy markets.”

Most of FERC's conditions for approval of SMD2 relate to market monitoring issues such as limitations on mitigation rules and scheduling rules for off-dispatch generators. However, the conditions are not expected to delay the scheduled implementation.

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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. The NYISO's market volume was nearly \$7 billion in 2003.