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New York ISO Announces Solution to Major Seams Barrier

- Proposes to Eliminate Export Fees Between the NYISO and ISO-New England-

(Guilderland, NY) - On Monday June 21, 2004, the New York Independent System Operator (NYISO) and the New York Transmission Owners (TOs) filed with the Federal Energy Regulatory Commission (FERC) a proposal to eliminate export charges on electric power transactions between the NYISO and ISO New England (ISO-NE) control areas. Because export charges impose an additional cost to wholesale electricity trade between regions, often making such trades uneconomic, the FERC has encouraged both the NYISO and ISO-NE to work to eliminate these export charges between their respective regions.

The NYISO, the New York State Department of Public Service and the New York TOs have been working diligently to eliminate the fees charged in New York on Exports and Wheel-Through Transactions. The NYISO has received near-unanimous support for this action from its market participants. The filing is being made at this time since two conditions necessary for the elimination of these fees for transactions to the New England Control Area have been met or are expected to be met in the near future.

The Department of Public Service staff has agreed to take the appropriate actions to ensure the recovery in retail rates of the balance of the lost transmission revenues. The total charges on exports from New York to New England have been averaging approximately \$10 million per year.

Second, elimination of New York's export fees is explicitly conditioned upon the simultaneous elimination of the parallel charges imposed by New England on New York. The total charges on exports from New England to New York have been averaging approximately \$12 million per year. Subject to approval by FERC, it is expected that the elimination of the export charges will be in place by the end of this year.

"We have been working closely with the New York TOs and the New York Department of Public Service for many months and this represents a major milestone in resolving seams issues between NYISO and ISO-NE," said William J. Museler, President and CEO of the NYISO. "The leadership of New York Public Service Commission Chairman, William Flynn, in advancing this important issue with New England's regulators has been a key factor. This change will provide mutual benefits to consumers in both regions for years to come," stated Museler.

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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.