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**NEW REPORT ILLUSTRATES VALUE OF INDEPENDENT MANAGEMENT
OF REGIONAL ELECTRICITY SYSTEMS**

CARMEL, Ind. – The ISO/RTO Council (IRC) today released an all-inclusive report that highlights the collective benefits and value that regional transmission operators bring in managing the flow of electricity to two thirds of the U.S. population.

The IRC, which includes seven U.S. Independent System Operators and Regional Transmission Organizations, undertook a comprehensive effort to analyze the origin and purpose of ISO/RTOs, track the development and progress of the power grids and markets they operate, and spell out the benefits they bring consumers. The report is available at <http://www.nyiso.com>.

“This paper demonstrates the collective value of what we do every minute of every day,” noted James P. Torgerson, chairman of the ISO/RTO Council. “I would like to express my sincere thanks to the CEOs of our member organizations whose assistance and leadership in providing the information contained in this report was outstanding.”

The paper explains the core functions and key benefits of ISOs and RTOs. It also notes many of the financial benefits of increased reliability and more efficient use of the grid, reduced reserve requirements and coordinated planning for new generation and transmission resources.

Load on the electric grid in the regions covered by the IRC has grown from 1.1 billion megawatt hours (MWh) in 1999 to a projected 2.5 billion MWh in 2006. The development of new competitive markets to serve this load required sophisticated new information technology. Costs incurred in building out these information systems have now stabilized and the industry average cost per MWh has been flat since 2003, the report concludes. The cost for ISO/RTO services to the average customer is about \$5 per year. Several new initiatives will contribute to further reductions in ISO/RTO costs.

The existence of ISO/RTOs has resulted in greater coordination of generation and transmission assets and has encouraged intra-and inter-regional planning to improve the efficient operation of regional power systems. This has produced a significant amount of investment in new power plants, market systems, information technology and critically needed transmission projects.

The report found that more than 54,000 megawatts (MW) of new efficient generation has been built since the creation of ISO/RTOs. And more than \$16 billion of new transmission investment has been built or planned in ISO/RTO controlled regions over the past five years.

The report adds to a growing body of evidence about the value of ISO/RTOs. The Global Energy Decisions study released in July concluded that wholesale electric customers in the regions operated by ISO/RTOs in the Eastern U.S. realized \$15.1 billion in savings from wholesale electric competition between 1999 and 2003.

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The newer, cleaner power plants that have been built within regions served by ISO/RTOs have also produced environmental benefits, lowering emissions of harmful pollutants, such as sulfur dioxide, mercury, nitrogen oxide, particulates and carbon.

After electricity markets were deregulated in the 1990s, ISOs and RTOs were created to impartially oversee regional power systems to ensure their reliable operation and foster their expansion. Today, the seven ISO/RTOs in the U.S. coordinate the generation and transmission of two-thirds of the electricity consumed by two-thirds of the population.

The ISO/RTO Council (IRC) is an industry organization that includes nine Independent System Operators and Regional Transmission Organizations in the United States and Canada. The U.S.-based members are responsible for delivering two-thirds of the electricity consumed in the United States to two-thirds of its population. The group members are:

- Alberta Electric System Operator (AESO)
- California Independent System Operator (California ISO)
- Electric Reliability Council of Texas (ERCOT, an ISO)
- ISO New England (ISO-NE, an RTO)
- Midwest Independent Transmission System Operator (Midwest ISO, an RTO)
- New York Independent System Operator (NYISO)
- Ontario's Independent Electricity System Operator (IESO, an ISO)
- PJM Interconnection (PJM, an RTO) and
- Southwest Power Pool (SPP, an RTO)

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The New York Independent System Operator (NYISO) is a not-for-profit corporation established in 1999 to facilitate the restructuring of New York State's electric industry. 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 \$7.3 billion.