
For Immediate Release:

December 21, 2005

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The NYISO Issues Reliability Needs Assessment

Report is a Significant Step in the Comprehensive Reliability Planning Process.

Guilderland, NY – The New York Independent System Operator (NYISO) Board of Directors this week approved the state’s first Reliability Needs Assessment – an important milestone in New York’s long-range Comprehensive Reliability Planning Process.

The Reliability Needs Assessment (RNA) evaluates generation adequacy and transmission reliability over a 10-year planning horizon, and identifies future needs of the New York electric grid. It is the first step in the NYISO’s Comprehensive Reliability Plan (CRP), which is a key component of the Comprehensive Reliability Planning Process (CRPP).

“This Reliability Needs Assessment is a blueprint for identifying future needs to maintain the reliable transmission and distribution of power to New Yorkers,” said Mark S. Lynch, President and CEO of the NYISO. “Along with the Comprehensive Reliability Plan, the RNA helps everyone, including regulators, market participants, lawmakers, investors and the public, understand what it will take for New York to provide a reliable electric system in the future.”

The NYISO operates the state’s bulk power transmission system and administered more than \$10 billion in transactions in the wholesale electric markets in 2005. The NYISO also is responsible for evaluating the impact of new generation and transmission projects in the New York Control Area.

The next step in the planning process is a request for proposed solutions to the identified needs, including preferred market-based solutions as well as regulated backstop solutions. The RNA process could result in new generation additions and transmission upgrades, as well as stepped-up demand response programs. If market-based solutions are insufficient, the NYISO will request that the appropriate transmission owner proceed with a regulated solution in order to maintain reliability.

According to the report, transmission and generation resources should be adequate through 2007. However, the report highlighted the following concerns:

- The RNA identified significant reductions in transfer capacity into and through southeastern New York because of diminishing system voltage performance, due primarily to load growth and scheduled unit retirements.
- Beginning in 2008, the lower Hudson Valley and south will need system reinforcements equivalent to 500 MW of capacity, which could consist of transmission reinforcements, additional generation, demand side management, or a combination of the three.

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- If the voltage constraint is resolved, then the Hudson Valley, New York City and Long Island will need 1,250 MW of electric capacity by the end of 2010 and 2,250 MW by 2015, which marks the end of the planning period. This capacity also could come from transmission reinforcements, additional generation, demand-side management, or a combination of the three.
- Although the RNA notes that the following projects are under construction (the 500 MW SCS Astoria Energy project, the Long Island Power Authority's 660 MW Neptune project, and the New York Power Authority's 500 MW project near the Poletti Station), these projects will be offset by plant retirements and an expected increase in demand. Demand – or load growth – increases an average 1.6 percent annually in southeastern New York. Statewide, it grows an average 1.2 percent per year.
- The issues identified in the RNA would be exacerbated by any additional plant retirements, especially in southeastern New York.

Electricity restructuring has led to decoupling of generation and transmission development. Maintaining reliability of the power system is dependent on a combination of market-driven and regulated solutions. The CRPP helps the NYISO determine whether the electric system resources provided by a combination of market resources and regulated entities are providing sufficient resources to ensure reliability in New York.

The RNA was developed within the NYISO's joint stakeholder process, which assures input from regulators and those who trade energy in New York's electric markets. The studies were conducted in accordance with existing reliability criteria of the North American Electric Reliability Council, Northeast Power Coordinating Council and the New York State Reliability Council.

The RNA will be updated and publicized annually. For a copy, please visit <http://www.nyiso.com>.

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The New York Independent System Operator (NYISO) – www.nyiso.com – is a federally regulated, 501(c)3 nonprofit corporation established in 1999 to facilitate the restructuring of New York's electric industry. The NYISO operates the state's high-voltage electric transmission system and administers the state's wholesale energy markets. The NYISO's market volume was \$7.3 billion in 2004 and it will exceed \$10 billion in 2005.