

For Immediate Release:

April 20, 2005

Contact:

Carol E. Murphy 518-461-1436(cell)

James J. Smith 518-470-6835(cell)

Kenneth M. Klapp 518-356-6253

NYISO Releases *Power Trends 2005*

*Annual Electric Industry Report Highlights System Improvements,
But Raises Caution for Future Downstate Supply.*

New York, N.Y. – The New York Independent System Operator (NYISO) today released its annual state-of-the-grid report, which highlights five years of improvements to the system while striking a note of caution about potential downstate supply deficiencies in the near future.

Power Trends 2005 confirms that since the creation of the NYISO in 1999, significant steps have been taken to identify and resolve important industry issues. These range from planning for adequate electric generation, encouraging demand side management, breaking down barriers to the regional trade of electricity and developing renewable resources.

Since the issuance of the NYISO's first report in March 2001, there have been many positive changes in New York's supply portfolio with over 3,000 MW of new generation built, primarily in downstate areas where it was needed most, another 2,038 MW under construction, two new controllable transmission lines (one in operation and one approved), 1,500 MW of demand-side resources, and proposals for significant amounts of renewable power (wind generation).

However, a warning must be issued about potential future supply deficiencies in New York City and Long Island, according to the NYISO, whose charge is to administer New York's wholesale energy markets and operate the 10,775-mile high voltage electric transmission system. With the decommissioning of existing plants and underinvestment in new generation, this expected shortfall could begin to seriously impact downstate capacity between 2008 and 2011.

“As confirmed by today's report, the NYISO and its stakeholders have achieved a great deal to maintain the safety and reliability of the grid, and to ensure fair and transparent markets,” said Mark S. Lynch, the newly appointed President and CEO of the NYISO. “Nonetheless, lessons learned from both the blackout of 2003 and data included in today's report indicate that we cannot ignore the major issues that we face. The increase in demand and the lack of new generation, along with the failure of state and federal lawmakers to pass important energy legislation, pose great risks to reliability.”

-more-

Peak demand growth in New York continues to be modest, with the summer peak demand estimated to be 31,960 MW, up from 31,400 MW (weather adjusted) in the summer of 2004. Due to increased installed generating capacity and new regional links, such as the Cross Sound Cable (330 MW), supply is expected to exceed forecasted demand. However, supply-side deficiencies downstate are expected to impact capacity as early as 2008 if new generation projects are not commenced immediately.

In *Power Trends 2005*, the NYISO makes the following recommendations:

1. The NYISO and its stakeholders should use the new Comprehensive Reliability Planning Process and market mechanisms to ensure the development of needed generation, transmission, and demand-side resources when and where appropriate, especially in New York City and Long Island.
2. In order to have sufficient in-state generation, New York must site significant generation additions, commencing immediately, to meet its capacity requirements between the years 2008 and 2011.
3. The New York State Legislature should promptly re-enact the Article X power plant siting law. Without a streamlined permitting process, it will be very difficult for new generation to be built in a timely manner to meet future needs.
4. The nation in general and the Northeast in particular, must fashion an effective fuel-diversity strategy for dealing with the increasing use and dwindling domestic reserves of natural gas. Such a policy will have to include increased use of renewables, improved incentives for efficiency and utilization of other domestic fuels.
5. Congress should act promptly to pass electric reliability legislation that includes mandatory reliability standards.

###

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 \$7.3 billion in 2004.