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NYISO Issues Power Trends 2007

Report spotlights system improvements, identifies concerns, challenges to state's bulk electricity grid.

Rensselaer, N.Y. – The New York Independent System Operator (NYISO) today released *Power Trends 2007*, an annual study that addresses and assesses the state of New York's bulk electricity grid and its competitive wholesale electricity markets, now and in the future.

Power Trends points to significant gains made in opening access to the bulk electricity grid for competition and to innovative and renewable power sources, such as wind. The report details the growth of Demand Response programs to meet New York's growing energy needs, and discusses the Comprehensive Reliability Planning Process, the NYISO's annual evaluation of system resource adequacy over a 10-year period.

The 32-page study also confirms that there are sufficient supplies of electricity to meet this summer's expected peak electrical demands.

"*Power Trends* is a valuable document that evaluates the reliability of New York's bulk electricity grid, while considering issues that affect the state's power system and wholesale electricity markets," said Mark S. Lynch, the NYISO's President and CEO. "New York faces many challenges attracting investment in generation resources to diversify New York's energy supply, and new electric and gas system infrastructure. At the same time, there must be compliance with the state's environmental clean air and clean water initiatives."

Concerns and Challenges

Power Trends outlines issues in New York with the potential for impacting grid reliability, wholesale electricity prices and the state's economy. Among the more pressing are:

- The absence of a streamlined siting and permitting process for major power plants, which causes unnecessary risk, expense and uncertainty for potential investors at a time when the state needs that investment;
- The continued strengthening of the capabilities of the existing wholesale electricity market structure, necessary to attract the capital needed to develop large, baseload power plants and transmission facilities;
- The power generation sector's ever-increasing dependence on natural gas, which leaves the state's wholesale electricity markets vulnerable to price volatility and the security of its supply systems, whether domestic or international; and,
- The combined effect of several imminent state and federal environmental initiatives on the availability of and price of electricity, starting as early as 2009.

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Working with federal and state agencies and organizations in the private sector to formulate a coordinated approach to deal with energy, environmental and economic development issues would enhance system reliability and benefit power consumers across the state, according to the report.

Moreover, *Power Trends* acknowledges the strain that New York's growing dependence on natural gas will cause on the wholesale electricity markets and system reliability, and it discusses pipeline infrastructure enhancements that may help meet those needs. It states that additional liquefied natural gas facilities should be developed in the United States to provide additional natural gas supplies.

Reliability Needs Addressed in *Power Trends*

Power Trends points out that generation and transmission resources on the bulk electricity grid are expected to be adequate through 2010. However, potential resource deficiencies may occur in the state's southeastern region by 2011, particularly in New York City and on Long Island. If left unaddressed, these deficiencies would become acute by 2016.

These deficiencies were outlined in the Reliability Needs Assessment (RNA), a NYISO companion study to *Power Trends* issued in March. Solutions to longer-term bulk electricity grid needs identified in the RNA have been solicited by the NYISO and will be addressed in the NYISO's Comprehensive Reliability Plan, due out later this summer.

For a copy of *Power Trends* or the Reliability Needs Assessment, please visit the NYISO's Web site at www.nyiso.com.

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The New York Independent System Operator (NYISO) – www.nyiso.com – is a federally regulated, 501(c) 3 not-for-profit 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 electric markets. The NYISO's market volume was \$8.6 billion in 2006.