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Contact:

Ken Klapp (518)356-6253

NYISO Issues 2008 Comprehensive Reliability Plan

Market-based solutions address reliability of New York's bulk electricity grid through 2017

Rensselaer, N.Y. – The Board of Directors of the New York Independent System Operator (NYISO) has approved the 2008 Comprehensive Reliability Plan (CRP) for New York's bulk electricity grid. According to the plan, proposed market-based solutions, together with implementation of planned upgrades to the bulk power system, meet or exceed reliability requirements through 2017.

The CRP is the product of the NYISO's Comprehensive Reliability Planning Process (CRPP), which provides a blueprint for meeting the reliability needs of the state's bulk electricity grid over a 10-year planning horizon.

In response to its 2008 Reliability Needs Assessment (RNA), released in December 2007 as the first stage of the CRPP cycle, the NYISO solicited and received proposals for market-based solutions to the reliability needs identified in the RNA. The market-based proposals submitted to the NYISO total 3,380 megawatts (MW), consisting of:

- 425 MW of demand-side management,
- 1,905 MW of generation, and
- 1,050 MW of transmission.

The 2008 CRP reports that resource adequacy and transmission security criteria will be met by development of at least 2,350 MW of the 3,380 MW proposed as market-based solutions. To address specific reliability needs within the state:

- 1,000 MW of new resources should be located in or available to serve New York City,
- 1,050 MW should be located in the lower Hudson Valley, and
- 300 MW can be located anywhere in New York State.

"Sufficient solutions to reliability needs are continuing to come from companies competing to provide electricity to New Yorkers and prepared to invest in the resources needed to serve consumer demand," said Stephen G. Whitley, NYISO President and Chief Executive Officer.

"The reliability plan provides assurance that we can keep the lights on for the foreseeable future. However, we face an array of emerging energy challenges. New York must maintain and enhance an aging bulk power system, develop ways to relieve our reliance on expensive fossil fuels, and address crucial environmental concerns. The NYISO is prepared to supply policymakers with the objective analysis and technical expertise necessary to make informed decisions for the future," he noted.

The NYISO received market-based proposals that are over 1,000 MW in excess of the minimum needed to meet resource adequacy and transmission security criteria. The NYISO does not choose which projects will be built. Rather, it is up to the proponents to proceed with, and the relevant state and federal siting and permitting agencies to approve, the specific projects. The development status of the proposals is monitored on a quarterly basis by the NYISO.

Other milestones identified in the 2008 CRP include actions to:

- Maintain the in-service date for Consolidated Edison's M29 transmission project, a new 345-kilovolt transmission line from an existing substation in the City of Yonkers to a new substation in Manhattan. In the 2008 RNA, this project was assumed to be in service for summer 2010. The planned in-service date is now

prior to summer 2011. Further delay could cause reliability concerns in New York City for 2011 in the absence of other improvements or additions.

- Implement the plans of transmission owners (Central Hudson Gas and Electric, Consolidated Edison, Long Island Power Authority, New York State Electric & Gas, National Grid, Orange & Rockland, and Rochester Gas and Electric) for transmission upgrades, firm external capacity delivered via the Neptune cable, and non-bulk power system projects.
- Maintain bulk power system voltage performance, including ongoing review of the factors that affect performance such as modeling of system loads, testing of generator reactive capability, metering, and load power factor.

The report also states that, at this time, New York does not have to implement “regulated backstop solutions” offered by transmission owners or “alternative regulated solutions” submitted by other developers. Market-based solutions are financed by investment dollars. Regulated solutions are funded by consumer electricity rates.

The CRP report identifies a number of factors that could affect the plan, including:

- the absence of a streamlined siting process for new generating facilities,
- fuel diversity and fuel supply infrastructure concerns,
- dependence on capacity from neighboring regions and the related impact of the forward capacity markets in those regions,
- the value of long-term price certainty for market-based projects,
- the potential for additional plant retirements due to economic or environmental factors,
- the results of regulations initiated to comply with ozone standards,
- the impact of the Regional Greenhouse Gas Initiative (RGGI) and its planned auctions of emission allowances, and
- the effects on electricity demand from implementation of New York State’s Energy Efficiency Portfolio Standard (EEPS) .

The NYISO will closely monitor all risk factors through its planning process.

Over 7,000 MW of new power plants and merchant transmission projects have come into operation in New York since the formation of the NYISO wholesale electricity markets. The new projects are predominantly located in the downstate region, where reliability needs have been the greatest.

The 2008 CRP is the culmination of the NYISO’s third planning cycle. In each cycle, the market has responded with project proposals to meet identified reliability needs. More than 3,000 MW of market-based projects, submitted during the NYISO’s first two planning process cycles, are moving forward on schedule.

The full report, *The Comprehensive Reliability Plan 2008: A Long-Term Reliability Assessment of New York’s Bulk Power System*, is available for download at www.nyiso.com.

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The New York Independent System Operator (NYISO) – www.nyiso.com – is a not-for-profit corporation that began operations in 1999. The NYISO operates New York’s bulk electricity grid, administers the state’s wholesale electricity markets, and performs comprehensive reliability planning for the state’s bulk electricity system.