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## **NYISO Issues *Power Trends 2008***

***Report focuses on environmental concerns and global economic forces***

**Rensselaer, N.Y.** – The New York Independent System Operator (NYISO) today released *Power Trends 2008*, its annual analysis of forces and factors influencing the future of New York State's bulk electricity grid and its wholesale electricity markets.

"For the electric industry in New York State, the challenge is to chart a course that will meet environmental standards, increase the fuel diversity of the power generation sector and create opportunities for clean new generation to be built," the NYISO's report states.

"The complex intersection of energy and environmental concerns is made even more challenging by the sweeping economic impacts of expanding global energy markets. The NYISO offers *Power Trends 2008* in an effort to promote a better understanding of these issues and prompt further attention to the challenges they present to New York State," said Mark S. Lynch, the NYISO's President and CEO.

Significant issues and trends reported in the NYISO's 34-page study include:

- A dramatic increase in global energy demand has and will continue to impact the price of oil and gas, which are the fuels used in over 60 percent of New York's electric generating capacity.
  - *The largest portion (nearly 9,000 megawatts) of the proposed generation projects that have applied to interconnect to the grid in New York would rely on gas or oil. However, the next largest set of proposed generation (nearly 7,000 megawatts) is wind-powered.*
  - *Development of renewable resources and advanced technologies has made consistent progress, spurred on by the state's Renewable Portfolio Standard, and facilitated by non-discriminatory access to the bulk electricity grid.*
- Additional resources (generation, transmission, or demand side programs) will be needed by 2012-2013 to address the reliability needs of New York.
  - *The reliability need is driven by load growth in excess of two percent per year in the lower Hudson Valley, New York City and Long Island as well as generator retirements, and thermal transmission constraints into these same regions.*
  - *The NYISO's Planning Process has successfully identified resource needs for reliability purposes and the market has responded with project proposals to meet those needs. Currently, more than 3,000 megawatts of market-based projects submitted during the NYISO's first two Planning Process cycles are moving forward on schedule.*
- Concerns about climate change and urban smog have prompted programs, such as the Regional Greenhouse Gas Initiative (RGGI) and Ozone Transport Commission (OTC) efforts, that could have a significant impact on New York's electric industry beginning as early as 2009.

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- *Given the state's current fleet of power plants and normal conditions, electric system reliability will require that RGGI emission allowances of 52 million tons per year of CO<sub>2</sub> from New York's total RGGI allowance cap (64 million tons per year of CO<sub>2</sub>) be made available to New York generators.*
- *The proposed OTC target emission reduction goal of 50.8 tons of NOx per day on High Electric Demand Days (HEDD), if adopted, represents a 27 percent decrease from current levels. The power plants that would have to reduce their emissions are mostly the load following and peaking units that operate in southeastern New York on hot and hazy days when air quality is already poor but the demand for electricity is at its highest point to meet air conditioning needs.*
- The time frame for the identified reliability needs and the timetable for implementation of RGGI and OTC programs increase the urgency for reestablishing a streamlined siting process for power plants in New York.
  - *New York's aging fleet of power plants, a significant share (68%) of which was put into service before the 1980s, presents further need for efficient siting of new generation.*
  - *A technology-neutral siting law can avoid the need for continuous legislative amendment to any siting statute that too narrowly defines technical requirements.*

In addition to noting the urgent need for a streamlined power-plant siting law, the report urges attention to energy and environmental planning, stating that the “extensive scope of the electric power sector’s role in the implementation of various environmental initiatives requires a collaborative and coordinated effort among state and local government agencies, the NYISO and stakeholders throughout the electric industry so that environmental goals can be met in a manner consistent with the essential reliability requirements.”

*Power Trends 2008* cites the New York State Public Service Commission’s recent order on electricity reliability and infrastructure planning as “a timely and important venue that promises to make significant contributions in this regard” and commits the NYISO’s own analytical capabilities to assisting policy makers by continuing to provide reliable, objective analyses.

The NYISO’s report concludes, “More broadly, the intersection of global environmental and energy concerns will require enhanced energy efficiency as well as a greater emphasis on demand side resources. It will foster the deployment of new energy technologies and require a comprehensive approach to all sectors of the state’s economy that rely on increasingly costly carbon fuels. The NYISO is prepared to commit its resources, in cooperation with its stakeholders and state and federal agencies, to the collective effort to successfully manage the continued transformation of the state’s electricity industry.”

A copy of *Power Trends 2008* may be downloaded from the NYISO’s Web site: [www.nyiso.com](http://www.nyiso.com).

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The New York Independent System Operator (NYISO) – [www.nyiso.com](http://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.