

For Immediate Release:

April 8, 2009

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NYISO: Wholesale Power Prices Drop to Lowest Level Since 2003

Reduced fuel costs, lower demand, and competition contribute to power price decline

Rensselaer, N.Y. – The New York Independent System Operator (NYISO) reported today that wholesale electricity prices in New York State have dropped to their lowest level since 2003.

The average cost of wholesale electricity in the state was \$45.63 per megawatt-hour (MWh) in March. The last time wholesale electricity prices were this low was in November 2003 when the average cost was \$43.40/MWh. The March prices are down from \$73.28 in January of this year.

Because most power plants in New York burn fossil fuels to generate power, electricity prices are highly influenced by the cost of those fuels. The cost of natural gas, which is often the fuel that influences electricity prices, has dropped from \$9.55/MMBtu (one million BTUs) in January to \$5.00/MMBtu in March.

Lower demand for electricity permits a larger proportion of electricity to be generated by more efficient and less costly facilities. Average daily electricity usage in New York State was 422 gigawatt-hours per day (GWh/day) in March 2009, down from last month (447 GWh/day in February 2009) and below last year's levels (432 GWh/day in March 2008).

In New York's wholesale electricity markets, power producers compete to sell electricity to the companies that provide power to consumers.

"Prices in New York's wholesale electricity markets currently reflect the reduced cost of producing power, as well as the lessened demand for electricity resulting from the economic downturn," said NYISO President & CEO Stephen G. Whitley.

"Competition compels power producers to offer their electricity at prices that reflect their cost savings," Whitley explained.

From June 2008 to March 2009, natural gas prices declined 63% percent, with wholesale electricity prices dropping 64% percent.

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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 conducts comprehensive reliability and resource planning for the state's bulk electricity system.