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Electricity Markets Cultivating Growth of Windpower

NYISO notes market innovations at congressional briefing

Rensselaer, N.Y.— Competitive wholesale electricity markets in New York state and other regions of the country are playing a vital role in the expanded production and delivery of wind energy, according to federal regulators and energy industry officials who spoke at a congressional briefing held today in Washington, D.C.

Rana Mukerji, senior vice president—market structures for the New York Independent System Operator (NYISO), was among several featured speakers at the briefing, “The Nexus between Wind Energy Development and Competitive Wholesale Electricity Markets,” co-sponsored by the American Wind Energy Association (AWEA) and the COMPETE Coalition.

Mukerji highlighted some of the key strategies the NYISO has implemented to help increase the amount of wind-generated electricity that can be integrated without undermining grid reliability.

“Wind and other renewable sources provide important environmental and economic benefits. However, the variable nature of the ability to supply electricity presents challenges for grid operators and energy markets that we are addressing through innovative market mechanisms,” Mukerji said. “In recent years, more than 1,200 megawatts of wind capacity have been added in New York, and we expect continued growth in wind generation in the New York market for the foreseeable future.”

In 2004, to help the state Public Service Commission implement a Renewable Portfolio Standard (RPS) for New York, the NYISO and the New York State Energy Research and Development Authority commissioned a joint study to evaluate the grid-reliability impacts of up to 3,000-megawatts of wind-generated electricity. One of the study’s key proposals—which the NYISO later implemented—was a centralized wind-generation forecasting system to enhance the integration of wind projects.

In 2010, the NYISO conducted a follow-up assessment of the potential impact of adding up to 8,000 MW of wind power to the grid, reflecting the steady growth in proposed wind farm projects since the first study was commissioned.

In addition to the wind forecasting initiative, the NYISO became the first grid operator to institute a wind dispatch system based on bids of individual generators and has implemented pioneering changes in market design to integrate new energy storage resources that complement renewable resources.

Coupled with the need to install more wind energy capacity to comply with the state’s RPS mandate, these market reforms are playing crucial roles in driving new research and investment in the energy storage field.

“The NYISO’s market innovations are allowing developers to evaluate new energy storage technologies that target the variable supply of renewable energy, which often is produced at times of the day or night when demand is lowest. By enabling the development of solutions to store more renewable energy until it is needed, we are showing how markets can help create the conditions for the growth of wind power and other renewable energy resources throughout the country,” said Mukerji.

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state’s bulk electricity grid, administering New York’s competitive wholesale electricity markets, conducting comprehensive long-term planning for the state’s electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.

A copy of Mukerji's presentation, [Balancing Wind](#), is available from the NYISO website, www.nyiso.com.

In a joint statement, AWEA and the COMPETE Coalition said, "The design, scope and independent operation of the organized markets are especially attractive to renewable and other innovative resources such as wind power. Wind power resource development has proven easier in areas with large regional organized markets than in balkanized regions, and this fact is confirmed by studies and experiences in Europe and the United States. Nearly 80% of U.S. installed wind capacity is located in regions with organized markets while these areas have only 44% of U.S. wind energy potential."

A copy of the [AWEA/COMPETE joint statement](#) is available from the COMPETE Coalition website, www.competecoalition.com.

The COMPETE Coalition is comprised of more than 500 electricity industry stakeholders, including customers, suppliers, generators, transmission owners, trade associations, environmental organizations and economic development corporations—all of which support well-structured competitive electricity markets for the benefit of the country.

The 2,500-member AWEA is the U.S. wind industry's trade association, representing wind power project developers, equipment suppliers, services providers, parts manufacturers, utilities, researchers, advocates and other stakeholders.

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