NEWS RELEASE

For Immediate Release:

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NYISO Issues Transmission Congestion Study

First Congestion Assessment and Resource Integration Study Completed

Rensselaer, NY – The New York Independent System Operator (NYISO) has issued a first-of-its-kind economic analysis of transmission congestion on the New York State bulk power system and the potential costs and benefits of relieving the congestion.

The first Congestion Assessment and Resource Integration Study (CARIS) is part of the NYISO's comprehensive planning process, recently expanded to address economic as well as reliability issues affecting the electric system.

Transmission congestion results from physical limits on how much power high-voltage power lines can reliably carry. Congestion adds to the costs of electricity by limiting the ability of lower-cost power to be transmitted to consumers. Solutions to congestion may include building or upgrading transmission, building a less expensive power source in closer proximity to an area needing supplies, or by reducing the demand for power.

"Reducing transmission congestion can provide economic and environmental benefits if the appropriate solutions are developed. The NYISO study serves as an invitation to developers of transmission, generation, and demand response projects to propose solutions that address the needs of New York's bulk power system and New York electricity consumers," said Stephen G. Whitley, NYISO President and CEO.

The study was developed with extensive stakeholder input. Following stakeholder reviews, the NYISO Board of Directors approved publication of the study for consideration by all New York stakeholders, including parties interested in developing potential projects.

The study results identify the three most congested parts of the New York bulk power system based upon historic data as well as estimates of future congestion. They are:

- The Leeds-Pleasant Valley 345 kV corridor between the Capital Region (NYISO Load Zone F) and the Lower Hudson Valley (Zone G);
- The Central-East interface between the Mohawk Valley Region (Zone E) and the Capital Region (Zone F); and
- The West-Central interface between the Genesee Region (Zone B) and the Central Region (Zone C).

The NYISO developed and reviewed generic solutions involving generation, transmission, and demand response projects for each of the three congested areas. No routing, siting, engineering, or other specific analyses were conducted for any of the generic solutions, as these details can best be addressed by project developers.

During the next phase of the CARIS process, developers are invited to propose specific transmission projects to address congestion on the New York bulk power system. The NYISO will perform a benefit/cost analysis for each specific proposed transmission project.

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If a project developer seeks regulated cost recovery under the NYISO tariff, the cost of an economic upgrade will be allocated based on a "beneficiaries pay" model. Transmission project beneficiaries are determined first by NYISO load zone and then are allocated to all load-serving entities in each zone on a load-ratio share basis. The economic cost allocation and cost recovery mechanism under the NYISO tariff will apply only if a super-majority of a project's beneficiaries – 80 percent of the weighted votes cast – agree that an economic project should proceed. If so, then all of the entities that economically benefit from the project will bear the costs of the project costs in proportion to their benefits.

The NYISO will conduct a public information session on the plan, at a date and location to be announced. The full 70-page study and appendices are available for download from the NYISO website (www.nyiso.com).

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The New York Independent System Operator (NYISO) 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 planning for the state's bulk electricity system.