

For Immediate Release:

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NYISO: Wholesale Power Prices Dropped to Historic Low in 2009

2009 Electric Energy Prices Nearly 50 Percent Lower than 2008

Rensselaer, N.Y.—New York State’s average wholesale electric energy price for 2009 was the lowest in the 10-year history of New York’s marketplace for electricity.

The New York Independent System Operator (NYISO) reported that the average annual price of wholesale electric energy in the state was \$48.63 per megawatt-hour (MWh) in 2009. The 2009 average was below the previous low of \$49.90 per MWh set in 2002 and 49 percent below the 2008 average of \$95.31 per MWh.

“This is further evidence that New York’s competitive marketplace for electricity is working as designed,” said NYISO President & CEO Stephen G. Whitley. “Since 2000, competitive markets in New York have contributed to an 18 percent reduction in fuel-adjusted wholesale power costs.”

The declining wholesale electricity energy prices in 2009 were largely attributable to reduced power consumption and reductions in the cost of natural gas, which is used to fuel a significant portion of New York State’s electricity supply.

“New York’s competitive markets motivate power producers to pass their cost savings onto the market. The results speak for themselves, as cost savings from lower natural gas prices and reduced demand for electricity translate into lower wholesale electric energy prices,” Whitley explained.

Demand

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 down significantly in 2009, averaging 435 gigawatt-hours per day (GWh/day), down 3.7 percent from the 2008 average of 452 GWh/day.

While the slowing economy and expanded conservation programs reduced energy usage, unseasonably cool summer weather also played a role in decreasing power consumption by New Yorkers in 2009.

Fuel costs

A prominent portion of power plants in New York burn fossil fuels to generate power, and the costs of such power plants are highly influenced by the prices of natural gas and oil. The average annual cost of natural gas was \$4.87/MMBtu (one million BTUs) in 2009, down from \$10.13/MMBtu in 2008.

Power plants fueled by natural gas or dual-fuel units that use natural gas or oil provide two-thirds of the electric generating capacity in New York State.

Energy taxes

The NYISO has estimated that the fuel-adjusted cost of wholesale power (both energy and capacity) in New York has declined by 18 percent since 2000. However, a recent report from the Public Policy Institute (PPI), the research

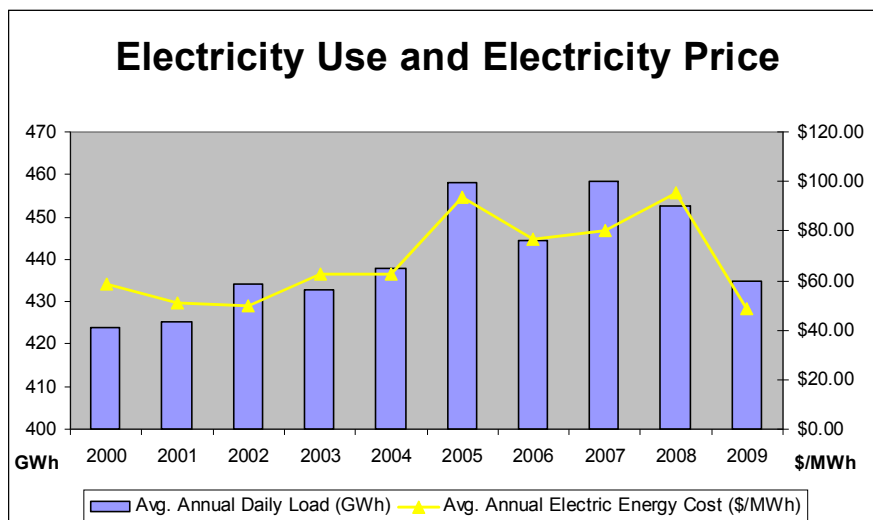
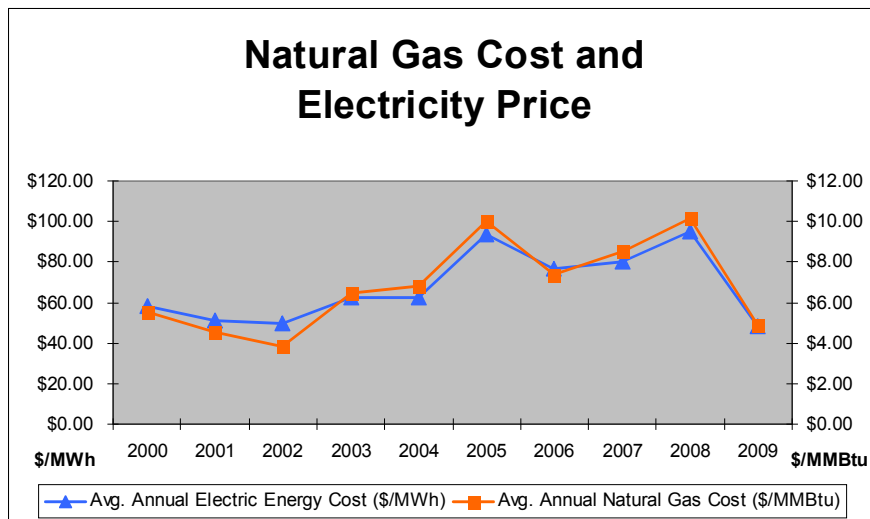
affiliate of the Business Council of the State of New York, suggests that the impact of the savings from market efficiencies has been diminished by rising taxes, fees and assessments on electricity.

According to the PPI report, *Short-circuiting New York's Recovery - How Energy Taxes Contribute to High Electric Rates in New York*, taxes and other levies on electricity in New York State are the largest in the nation.

New York's power industry paid an estimated \$6.367 billion in state and local taxes, assessments and fees in 2009, a 15 percent increase over 2008, the PPI report states.

“On average, more than one-quarter of customers’ electric bills in New York is made up of state and local taxes. Increased taxes and fees have more than made up for the 18 percent drop in wholesale electricity costs since 2000,” the Business Council of the State of New York said in a March 4 news release announcing the energy tax study.

The following charts and table show the trends in electricity usage (load), electricity costs and natural gas costs from 2000 through 2009.



	Avg. Daily Load (GWh)	Avg. Electric Energy Cost (\$/MWh)	Avg. Natural Gas Cost (\$/MMBtu)
2000	428	\$58.26	\$5.52
2001	430	\$51.22	\$4.54
2002	435	\$49.90	\$3.85
2003	433	\$62.58	\$6.48
2004	438	\$62.80	\$6.80
2005	458	\$93.83	\$10.01
2006	444	\$76.45	\$7.36
2007	458	\$80.29	\$8.50
2008	452	\$95.31	\$10.13
2009	435	\$48.63	\$4.87

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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.