NEWS RELEASE

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NYISO Approves Comprehensive Reliability Plan

Identifies System Reliability Risks and Solutions through 2022

Rensselaer, N.Y.—The Board of Directors of the New York Independent System Operator (NYISO) approved the 2012 *Comprehensive Reliability Plan* (CRP) for New York's power system, which concludes that additional transmission and generation resources will be needed during the study period (2013-2022) to meet system reliability criteria and that sufficient solutions have been proposed to meet those reliability needs.

"Given the expanding universe of potential risks to system reliability that are outside of our control, a robust planning process is absolutely critical," said NYISO President and CEO Stephen G. Whitley. "Factors such as extreme weather conditions, public policy revisions and dynamic economic trends can dramatically impact the electric system. We must be vigilant in monitoring a diverse array of risk factors and ready to adapt and respond should conditions change."

The *2012 CRP* is the product of the Comprehensive Reliability Planning Process conducted by the NYISO to provide a blueprint for meeting the reliability needs of the state's bulk electricity grid over a 10-year planning horizon. The multi-phased process includes an assessment of reliability needs prior to the development of the reliability plan.

In September, the NYISO issued the *2012 Reliability Needs Assessment* (RNA) identifying transmission security violations, which could manifest as soon as 2013, and resource adequacy violations, which could occur by 2020. To address these needs, the NYISO requested market-based, regulated backstop and alternative regulated solutions. Market-based solutions are the preferred means to meet future reliability needs with the other regulated solutions available for implementation if necessary.

The *CRP* reports that market-based, regulated backstop and alternative regulated solutions have been proposed to meet the reliability needs identified in the *2012 RNA*. Based upon its updated study model the evaluation of the market-based solutions and the most recent Local Transmission Plans (LTPs) from the state's transmission owners, the *CRP* made the following findings:

Transmission Security and Adequacy—The needs identified in the *2012 RNA* for the Rochester and Syracuse areas will be resolved by 2017 with permanent solutions identified in Rochester Gas & Electric's and National Grid's LTPs.

Resource Adequacy—The market-based solutions, if constructed, are fully sufficient to meet the resource adequacy needs for 2021 and 2022 identified in the *RNA*. Market-based solutions to the resource adequacy needs include: NRG's proposal to repower the Astoria plant and provide a net capacity increase of 405 megawatts (MW) of generating capacity in the New York City region (Zone J); Constellation NewEnergy, Inc.'s proposal to increase demand response by 30 MW in the New York City region (Zone J); and NRG's proposal to repower the Dunkirk plant with 440 MW of capacity in the Western New York region (Zone A), which would replace existing generation at the site and could address reliability issues in the area.

Risk Factors—While solutions studied in the *CRP* will result in the system meeting reliability criteria, there are uncertainties and risk factors that could adversely affect the implementation of the plan and system reliability over the 10-year planning horizon. These include: the need for transmission owners' LTPs to proceed on schedule; factors such as financing, future market conditions and interconnection requirements influencing the timely completion of market-based generation solutions; the retirement of additional generating units beyond those already considered in the *2012 RNA* for either economic or environmental reasons could raise additional, adverse impacts on reliability beyond those identified in the *CRP*; and if the Indian Point Power Plant licenses are not renewed and the plant were to retire by the end of 2015 or thereafter, this would result in immediate transmission security and resource adequacy criteria violations unless sufficient replacement resources are in place prior to retirement.

The NYISO will continue to monitor, evaluate and report, on a quarterly basis, the viability and timeliness of all submitted market-based solutions and will be prepared to trigger a gap or regulated backstop solution, if necessary.

The *2012 Comprehensive Reliability Plan* is available on the NYISO website, www.nyiso.com.

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