NEWS RELEASE

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New Control Center Highlights 15th Year of Evolving Grid Operations and Markets

Market Enhancements to Save Consumers over $400 Million Annually

Rensselaer, N.Y.— Completion of the New York Independent System Operator's (NYISO) new $38 million primary power control center came as the company celebrated its 15th year of operations. The new control center serves as a firm foundation for the NYISO's continuing efforts to enhance reliability, maximize the efficiency of wholesale markets and plan the power system of the future.

"From the first days of the electric grid in the late 19th century to the state-of-the-art, 21st century smart grid technology we employ today, New York continues to pioneer the electric system of the future," said NYISO President and CEO Stephen G. Whitley. "As we continuously strive to improve, the new control center stands as a testament to the NYISO's commitment to provide sound stewardship of New York's power grid and wholesale electricity markets for many years to come."

The new control center was immediately pressed into service in January 2014 when extremely cold weather produced challenges to electric system conditions across large parts of the nation. Following several days of frigid temperatures, New York state set a new winter record peak demand for electricity of 25,738 megawatts (MW) on Tuesday, January 7. The previous record winter peak demand of 25,541 MW was set on December 20, 2004.

The NYISO successfully addressed the challenges and maintained system reliability thanks to the capabilities of the new control center, excellent regional cooperation and coordination, operator expertise and effective market signals that provided incentives for the strong performance of New York's generation owners, electric utilities and demand response partners.

Opening the control center was just one of the NYISO's several key accomplishments and highlights in 2014.

Potential Project of the Year Draws Record Number of Visitors

Among the many accolades the new control center has received, it was named one of two finalists in the Smart Grid category of POWERGRID International magazine's Projects of the Year awards. Winners will be announced February 2, 2015, during the Electric Light & Power and POWERGRID International Awards Dinner.

With the attention generated by the new control center, tours of the state-of-the-art facility have brought more individuals to the NYISO in 2014 than the previous three years combined. A total of 1,548 people toured the facility last year. In September, the NYISO hosted nearly 200 visitors in one week. From 2011 to 2013, 984 visitors came to the NYISO.

In addition to the completion of the control center, there were a number of other significant accomplishments in 2014.

Generation Investments Enhance Reliability

Market developments in 2014 demonstrated that the new capacity zone in southeastern New York is playing a significant role in bolstering system reliability through needed investment in power generation. Those investments are expected to provide $400 million in capacity cost reductions, starting in 2015.

In November, the NYISO announced that more than 1,900 MW of power resources that were not included in the data used to prepare the 2014 Reliability Needs Assessment (RNA) will be added in southeastern New York and elsewhere. Based on these additions, the NYISO withdrew its request to market participants, stakeholders and regulators seeking market-based and regulated solutions to the needs identified in the RNA.

The additional resources include the 495-MW Danskammer Generating Station in Newburgh, New York, and the restoration to full capability of the 557-MW Bowline Generating Facility in Haverstraw, New York. The owners of both units have stated that the decision to invest in refurbishment and return the plants to service was in response to market signals resulting from the creation of the new capacity zone in the lower Hudson Valley.

Several other projects also announced plans to return to service, including the 185-MW Astoria 20 Power Plant in Queens and the 435-MW Dunkirk Generating Station in western New York. In addition, the 348-MW Selkirk Cogeneration Project withdrew its retirement notice and will remain in service.

In addition to reliability benefits, the additional power resources are expected to reduce costs associated with bringing power to regions with limited electric power capacity. At a joint technical conference conducted by the New York Public Service Commission and the Federal Energy Regulatory Commission in November, NYISO testimony estimated that capacity costs in New York state will decline by approximately $400 million in 2015 over costs that had been projected without the new investment in additional power resources.

Strengthening Efficient Markets

As part of its continuing work with neighboring regions to optimize resources and improve energy transaction scheduling, the NYISO and the PJM Interconnection streamlined the flow of electricity across their mutual borders to reduce energy production costs. After extensive planning and testing the two grid operators activated a new Coordinated Transaction Scheduling (CTS) system in November. CTS improves the scheduling of wholesale electricity sales between the New York and PJM control areas where they border in Pennsylvania and New Jersey. This enables market participants to access the least-cost source of power within the two regions and helps lower the combined energy production cost of the two systems.

By coordinating energy flow schedules, CTS will provide benefits to consumers in New York and the 13 states served by PJM. Estimates, including one from the market monitor for the NYISO, found that CTS potentially could reduce production costs between $9 million and $26 million annually.

The NYISO also improved its commitment and dispatch capabilities with the addition of Mixed-Integer Programming (MIP) optimization for its day-ahead and real-time energy markets and expanded the virtual trading capability within the day-ahead market. The MIP capability will allow the NYISO to pursue important future energy market improvements such as efficiently committing and dispatching energy storage resources. Separately, the expanded virtual trading capability has been in use since the summer and has improved day-ahead market liquidity.

Looking Deeper into the Grid

To inform energy industry stakeholders, regulators and policymakers, the NYISO issued a report assessing the state of Distributed Energy Resources (DER) technologies and their prospects for growth in the coming years.

Prepared by international energy advisory and testing organization DNV GL (formerly DNV KEMA), the report, *A Review of Distributed Energy Resources*, evaluates the outlook for several key DER technologies. The study also highlights market drivers and regulatory and environmental policies governing such systems and shows how other utility regions manage such resources.

The study underscores the NYISO's commitment to work with state government leaders and the electric utility industry to improve the resiliency of the electric system as well as to help customers to be more engaged in energy markets by efficiently integrating DER with the centralized power grid.

"Distributed Energy Resources represent a new frontier for the NYISO," said NYISO President and CEO Stephen Whitley. "We are now looking deeper into the system, at the so-called behind-the-meter arena, to understand the role distributed energy resources can play in further improving the efficiency of wholesale markets. We see distributed resources at the nexus of the bulk power and local distribution systems as well as the nexus of retail and wholesale markets."

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