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## **Revolutionary Move to Competitive Electricity Markets Saves New Yorkers Money, Improves System Reliability and the Environment**

### ***NYISO Report Highlights Market Transformation and \$7 Billion in Savings and Benefits***

Rensselaer, N.Y. — New York's transition to competitive electricity markets has contributed to dramatic benefits for consumers and the state's power grid, including nearly \$7 billion in savings and reduced costs and significant reductions in emissions, among numerous other impacts. The New York Independent System Operator (NYISO) today released its report detailing those benefits.

The report, [\*Powering New York – Responsibly\*](#), examines the 15-year period since the inception of New York's competitive market in 2000. It quantifies the major contributions made by the NYISO to help the state meet its future energy needs and achieve its goals for cleaner energy and improved efficiency.

"The federal and state policy decisions that produced electric industry restructuring were founded on the conviction that competitive wholesale electricity markets expeditiously and effectively facilitate evolution of the grid," said NYISO President and CEO Stephen Whitley. "Throughout its first decade and a half, New York's competitive marketplace for electricity has helped achieve that vision by sustaining and enhancing reliability, fostering efficiencies to reduce costs, and cultivating the growth of cleaner, renewable supplies of electricity."

"The story of New York's wholesale power markets is a successful one. The NYISO's competitive wholesale markets have provided consumers significant value in the form of dramatic cost savings, new investments in cleaner and more efficient technologies and improved electric grid reliability," said Senator Joseph Griffo, New York State Senate Energy and Telecommunications Committee Chair.

New York State Assembly Energy Committee Chair Amy Paulin said, "Over the past 15 years, the NYISO's competitive power markets have consistently provided the proper market signals to incentivize the use of new technology and greener sources of generation, significantly reducing New York's emissions profile."

"The NYISO is a prime example of the good that comes when government and industry work together to benefit the consumer," said Heather C. Briccetti, President and CEO of The Business Council of New York State, Inc. "This report highlights what we've all known for a long time; the NYISO works. Since its inception, the NYISO has dramatically reduced consumer costs, while at the same time increasing system reliability and ensuring New York is prepared for future changes in the generation and delivery of energy."

"Competition at the wholesale market level has resulted in tremendous benefits to ratepayers," said Gavin Donohue, President and CEO of the Independent Power Producers of New York, Inc. (IPPNY). "For more than a decade, New York's independent power producers have competed in the energy markets administered by the NYISO. The result has been lower wholesale electricity prices, significantly reduced emissions, an increase in the use of renewables, and greater private investment in areas of the state where power is needed most - all while maintaining reliability."

"The competitive power markets, combined with New York State's renewable energy policies, created fertile ground for cleaner electricity generation, especially wind power," said Anne Reynolds, Executive Director of the Alliance for Clean Energy New York. "We have high expectations that the competitive markets, combined with next-generation state renewable policy, will continue to evolve the electric grid towards the efficient, affordable, reliable -- and renewable -- system that New Yorkers deserve."

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.

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The NYISO, an independent and not-for-profit organization created by state and federal regulators to design, deploy, administer, and monitor New York's wholesale electricity markets, manages the flow of electricity by balancing the supply and demand throughout the state.

Many of the benefits from New York's market transformation in 2000 are derived from the competitive auctions of wholesale electricity that the NYISO conducts and monitors every five minutes throughout each day.

As a result, in the 15 years since the start of its competitive marketplace for wholesale electricity, New York has realized:

- **\$6.4 billion** in fuel cost savings due to increases in fuel efficiency in electricity generation from 2000 through 2013. This benefits consumers and exceeds national fuel efficiency gains by 300%.
- **\$540 million** in consumer cost savings as a result of reduced power resource reserve requirements.
- The dramatic reduction in annual carbon emissions associated with power generation, including the **elimination of nearly 25 million tons of carbon emissions** in 2013 when compared to 1999—a 41 percent reduction and the equivalent to taking 4.8 million passenger vehicles off the road.
- **The seamless integration of electricity generated by wind power, growing** from 103 gigawatt-hours in 2003 to 3,541 gigawatt-hours in 2013, enough electricity to power 490,000 New York homes.

Before 2000, investor-owned utilities and public power authorities generated and delivered most of New York's electricity to homes and businesses.

In the competitive market, utilities have sold most of their generators while retaining ownership of the transmission and delivery system. Electricity producers, which had previously received predictable revenues from utility rates, now compete for revenues in an open market.

The NYISO's report outlines several key areas where New York's transition to competitive markets has enhanced reliability, improved fuel efficiency, and delivered major gains to the electric system's environmental performance.

## Competition

Before 2000, New York's ratepayers assumed all risks when utilities invested in new generation because energy rates were set by state regulators and provided utilities with guaranteed returns on their investments.

Under the competitive markets operated by the NYISO, those risks shifted from the consumer to the generating companies' shareholders and created pressure on more costly, inefficient generators to leave the market. As a result, from 2000 through 2013, nearly 6,000 MW of older, noncompetitive generation retired from service, while private and public power suppliers added more than 10,400 MW of new, more efficient generation.

## Reliability

The NYISO operates under the nation's strictest reliability standards, with nearly 1,000 individual requirements to preserve reliability. The requirements are established, maintained, and enforced by North American, Northeast and New York State reliability organizations, and are overseen by the Federal Energy Regulatory Commission (FERC) and the New York State Public Service Commission (PSC).

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The NYISO has unfailingly delivered reliable grid operations for all New Yorkers since it assumed responsibility for managing the system in 2000. In its history of operating the transmission grid, independent audits have found the NYISO to be in full compliance with all reliability requirements.

### **Improved Generator Performance**

In the period from 2000 – 2013, the availability of New York’s generators, or percentage of time the generators were capable of producing electricity when needed, increased by roughly 5 percent. This increased performance from the state’s generation fleet produced the equivalent of more than 1,400 MW of new power from existing generators, which is enough electricity to supply approximately 1.4 million homes.

### **Renewables**

The NYISO is recognized as a global leader and model for its market design and operational protocols that integrate wind power into New York’s electric grid. The market and grid operation refinements put in place by the NYISO have increased the amount of electricity generated by wind power from 103 gigawatt-hours in 2003 to 3,541 gigawatt-hours in 2013 and supported the integration of a 32 MW solar project on Long Island – New York’s first grid-scale solar resource.

For more information, please see the [Powering New York – Responsibly](#) report, which is available on the NYISO website, [www.nyiso.com](http://www.nyiso.com).

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