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Comprehensive Reliability Plan Released by the NYISO

Study is a key step in grid operator's ongoing planning process.

RENSSELAER, N.Y. – The New York Independent System Operator (NYISO) today issued its Comprehensive Reliability Plan (CRP), a milestone study that recommends solutions to meet New York's future electric power needs and maintain the integrity of the state's bulk power grid.

The CRP, approved by the NYISO's Board of Directors, identifies generation and transmission needs in New York over a 10-year span (2006-2015). It is part of the NYISO's ongoing, year-round process to evaluate the state of the grid.

"The CRP is a tool to help meet the future needs of New York's electric power grid and maintain the safe and reliable transmission of power to New York residents," said NYISO President and CEO Mark S. Lynch. "It's extremely important to note, however, that NYISO's assessment of the power grid is a dynamic process, and the current reliability plan represents the best currently available information. We will be making regular adjustments to this and other plans as project proposals come on line, are removed from consideration, or as the existing transmission system and local requirements change."

The CRP is part of the NYISO's Comprehensive Reliability Planning Process (CRPP), which consists of two studies: a Reliability Needs Assessment (RNA), which identifies potential problems, and the CRP, which recommends specific solutions and outlines whether there is a need for regulated solutions.

According to the annual RNA, first published last December, the state's transmission and generation resources should be adequate through 2007. However, the RNA identified significant transfer capability reductions through southeastern New York starting in 2008 due to increased power demand and the scheduled retirement of several generating units. Those shortfalls could reach 2,250 megawatts (MW) by 2015 if no action is taken.

In the CRP, market-driven solutions and updated project plans by Transmission Owners (TOs) are expected to maintain reliability of the state's electric grid through 2010. Resource additions planned by private developers – or those already under development – for the New York Control Area (NYCA) are necessary to meet system reliability needs for this time period. Regulated backstop and alternative regulated solutions by New York's utilities were not required at this time, according to the study.

While the CRP recommends capacity solutions by private investors and regulated utilities, those projects will be closely monitored for their progress. If needed, the NYISO's Board of Directors can intercede to recommend any number of regulated solutions.

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“The heat of this summer showed us how quickly conditions can change on New York’s bulk power system,” said Mr. Lynch. “As part of our commitment to be prepared for all contingencies, we will be watching the progress of all proposed projects in our pipeline. If our evaluations conclude that these generation or transmission projects will not be complete as outlined in the CRP, then we have the ability to update the next RNA and recommend regulated solutions to be built by the utility companies.”

The NYISO expects to issue its second annual RNA by the end of 2006.

The CRP was developed by NYISO staff in cooperation with market participants, who buy and sell energy in New York’s electric markets. The report was compiled in accordance with current reliability criteria of the North American Electric Reliability Council, the Northeast Power Coordinating Council and the New York State Reliability Council.

CRP recommendations

To meet reliability needs cited in the RNA, the CRP recommends the following actions:

- Defer retirement of the New York Power Authority’s Charles A. Poletti generating unit in Astoria, Queens for one year, from 2008 until 2009.
- Deploy transmission projects, including upgrades, reactive resource additions and capacity additions (466 MW); import 990 MW of generation from neighboring control areas committed to the NYCA; and implement voluntary demand reduction programs (449 MW). This results in total resource additions of 1,905 MW through 2010.
- The development of 1,200 MW of merchant generation in New York City and Long Island – the 400 MW Astoria repowering project (NRG Power Marketing Inc.); the 550 MW Oak Point Energy Center (Key-Span Ravenswood, LLC); and the 250 MW Spagnoli Energy Center in Long Island (Key-Span Ravenswood, LLC). It is imperative this generation be in service no later than summer 2011.
- The planned resource additions noted above total 3,105 MW by 2015.

Findings, Conclusions and Recommendations

The CRP makes several findings to aid the NYISO and its stakeholders when compiling and assessing information for future RNA and CRP studies. The items were identified by NYISO staff and stakeholders as information was compiled and assessed for the RNA and CRP.

- The New York State Legislature should reinstate the Article X power plant siting law, which expired at the end of 2002. The lack of a project siting process could delay the construction and operation of new generation plants necessary for future system reliability needs.

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- The construction of planned resources and transmission upgrades must stay on schedule. It is important for the NYISO, along with its stakeholders, to approve and deploy a process to monitor the viability of solutions and assess when regulatory solutions should be triggered.
- The impact, reliability and price of fuel diversity on the power supply system should be continually monitored.
- New York must monitor its capacity markets to determine if they are competitive and can attract enough investment to maintain system reliability.
- The comprehensive reliability planning process must stay on schedule. Environmental factors that could lead to the retirement of generating units must be identified and addressed in the RNA and CRP.
- Conforming New York's reactive power planning and voltage control practices to the best practices identified in the North American Electric Reliability Council's (NERC) Blackout Recommendation 7a.
- A review of NERC blackout recommendations related to voltage is also advisable.

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The New York Independent System Operator (NYISO) – www.nyiso.com – is a federally regulated, 501(c) 3 nonprofit corporation established in 1999 to facilitate the restructuring of New York's electric industry. The NYISO operates the state's high-voltage electric transmission system and administers the state's wholesale energy markets. The NYISO's market volume was \$10.7 billion in 2005.