Stephen G. Whitley

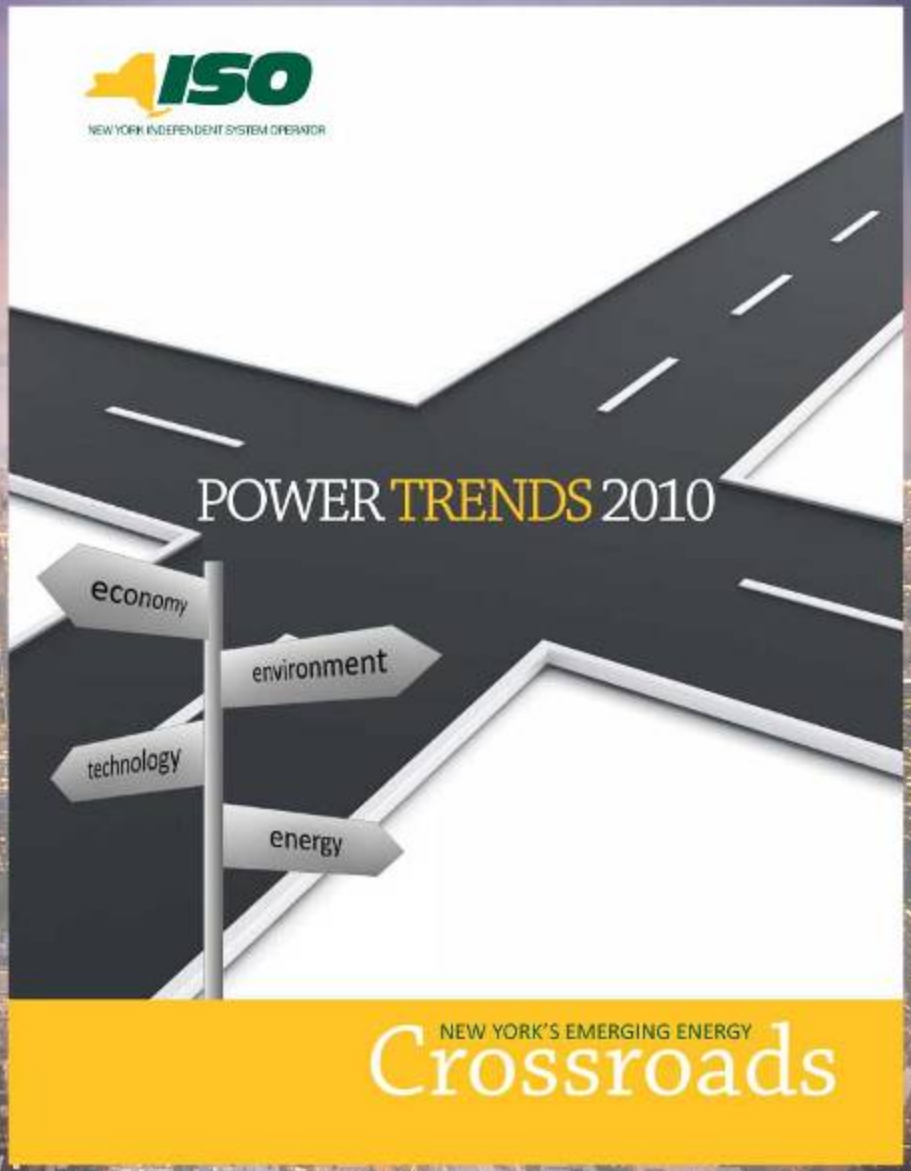
President & CEO

New York Independent System Operator

New York Association of Public Power Annual Meeting

Saratoga, NY

April 20, 2010



Power Trends

- Among the factors expected to influence New York's energy outlook:
  - ***Pace of economic recovery***
  - ***Fuel diversity of generating resources***
  - ***Energy efficiency policies and programs***
  - ***Advent of smart grid technologies***
  - ***Continued development of renewable resources***

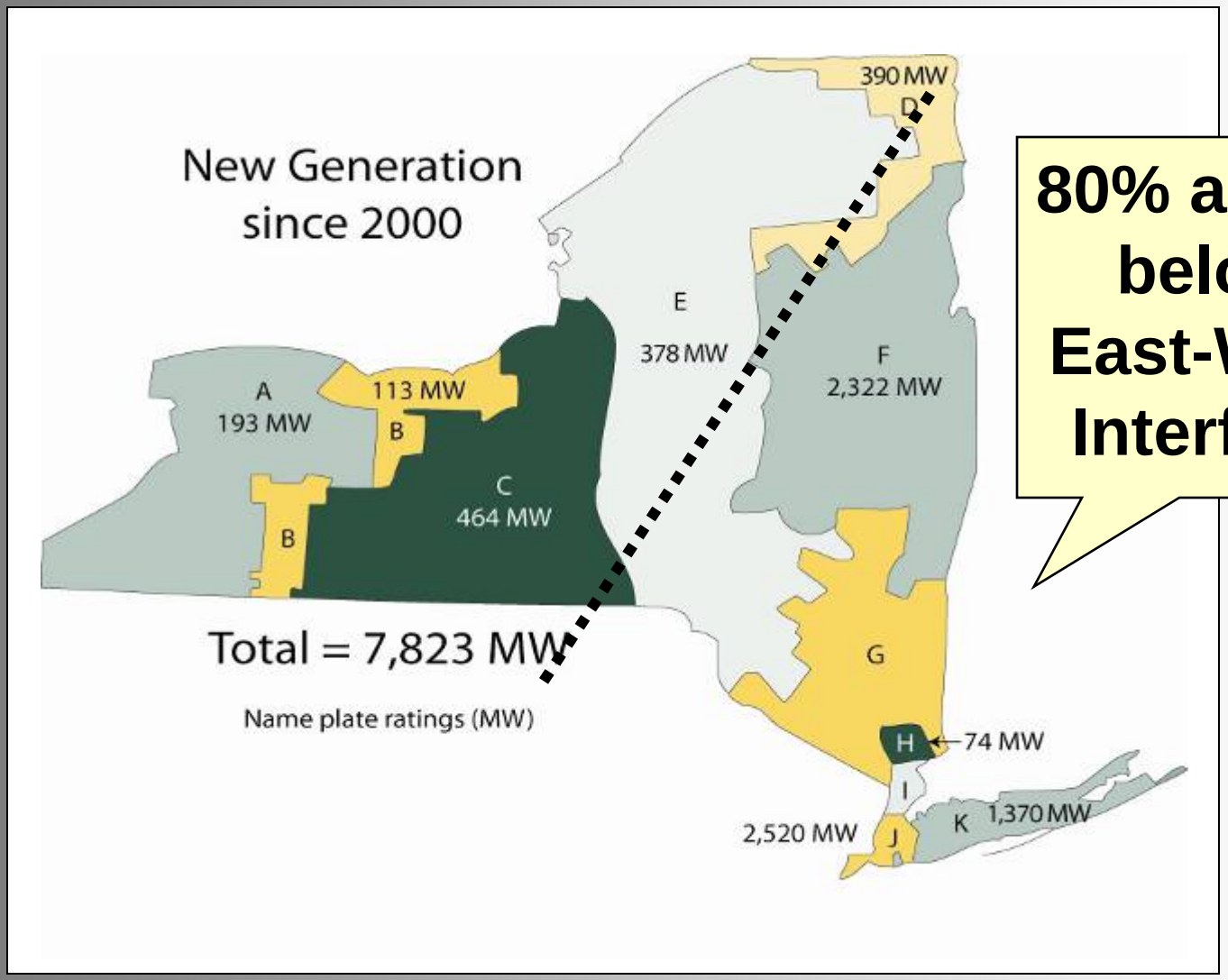
Challenges Met

- **In 2001, the NYISO issued *Power Alert*, which warned:**
  - ***"New York faces a growing disparity between electricity demand and in-State supply… With no major new generating plants in downstate New York fully approved for construction at this juncture, this gap will continue to widen…"***
- **Today, resources available to meet the electricity needs of New York State are expected to continue to exceed demand through the next decade.**

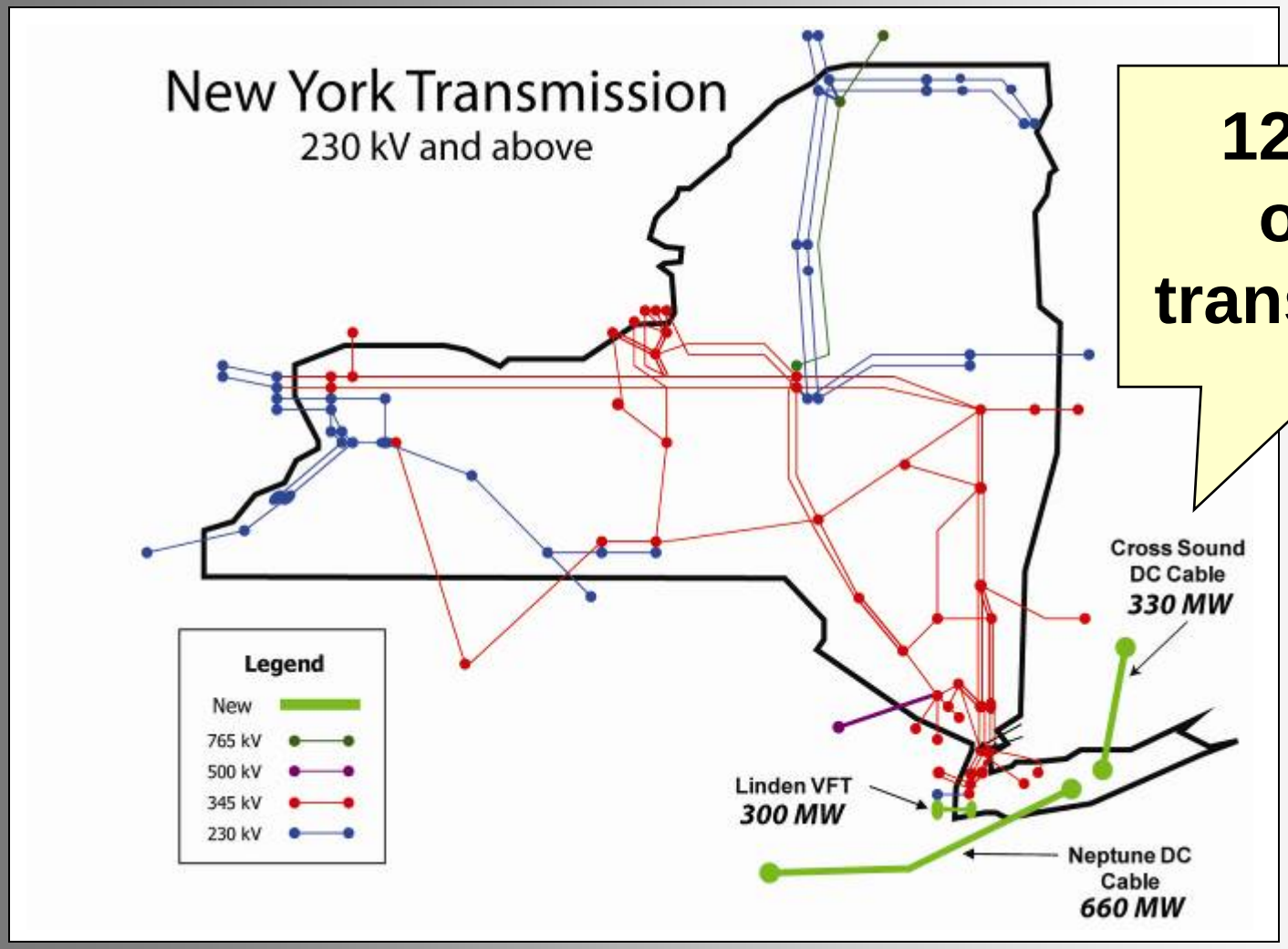
Positive Trends

- **Since 2000, New York added**
  - *Over **7,800 MW** of new generation*
  - *Nearly **1,300 MW** of new transmission*
  - *Nearly **2,400 MW** of demand response*
- **In 2010, New York has**
  - *Over **43,000 MW** of total resources*
    - **38,970 MW** resource requirement
    - **33,025 MW** forecasted peak

Generation

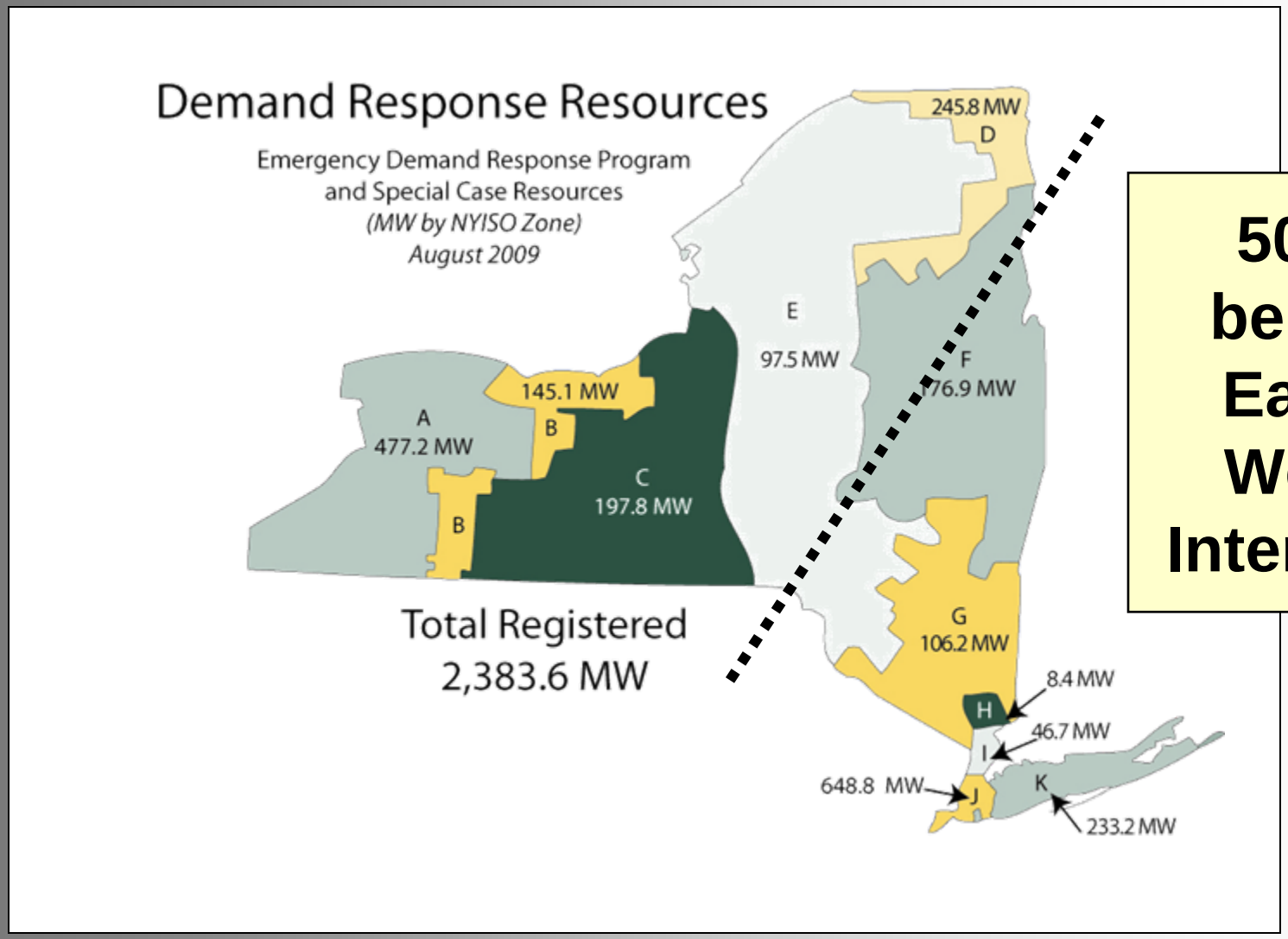

New Generation
since 2000
390 MW
D
E
378 MW
F
2,322 MW
A
193 MW
113 MW
B
C
464 MW
B
Total = 7,823 MW
Name plate ratings (MW)
G
H
74 MW
I
2,520 MW
J
K
1,370 MW
80% added below East-West Interface

Transmission



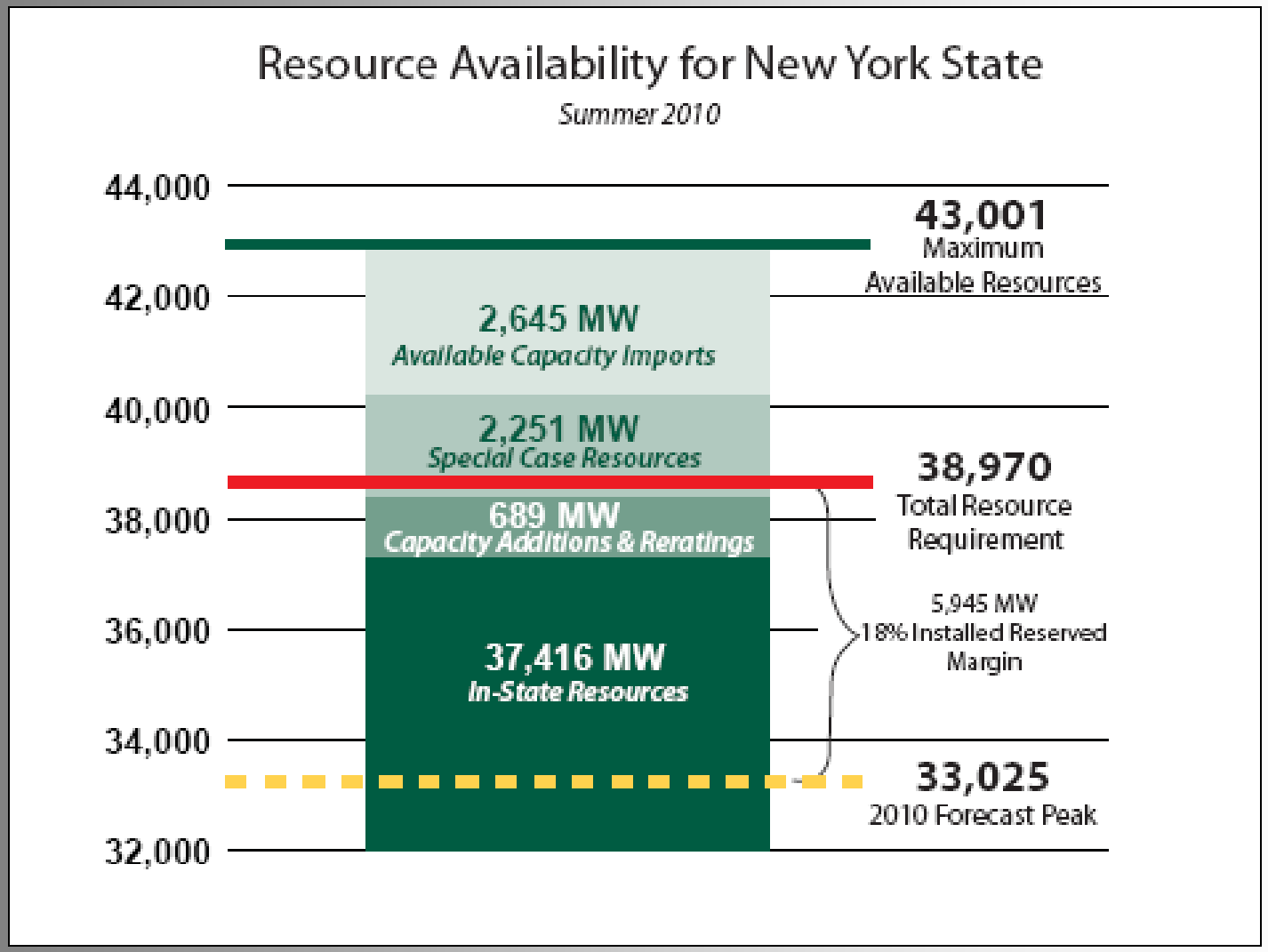
1290 MW of new transmission

Demand Response

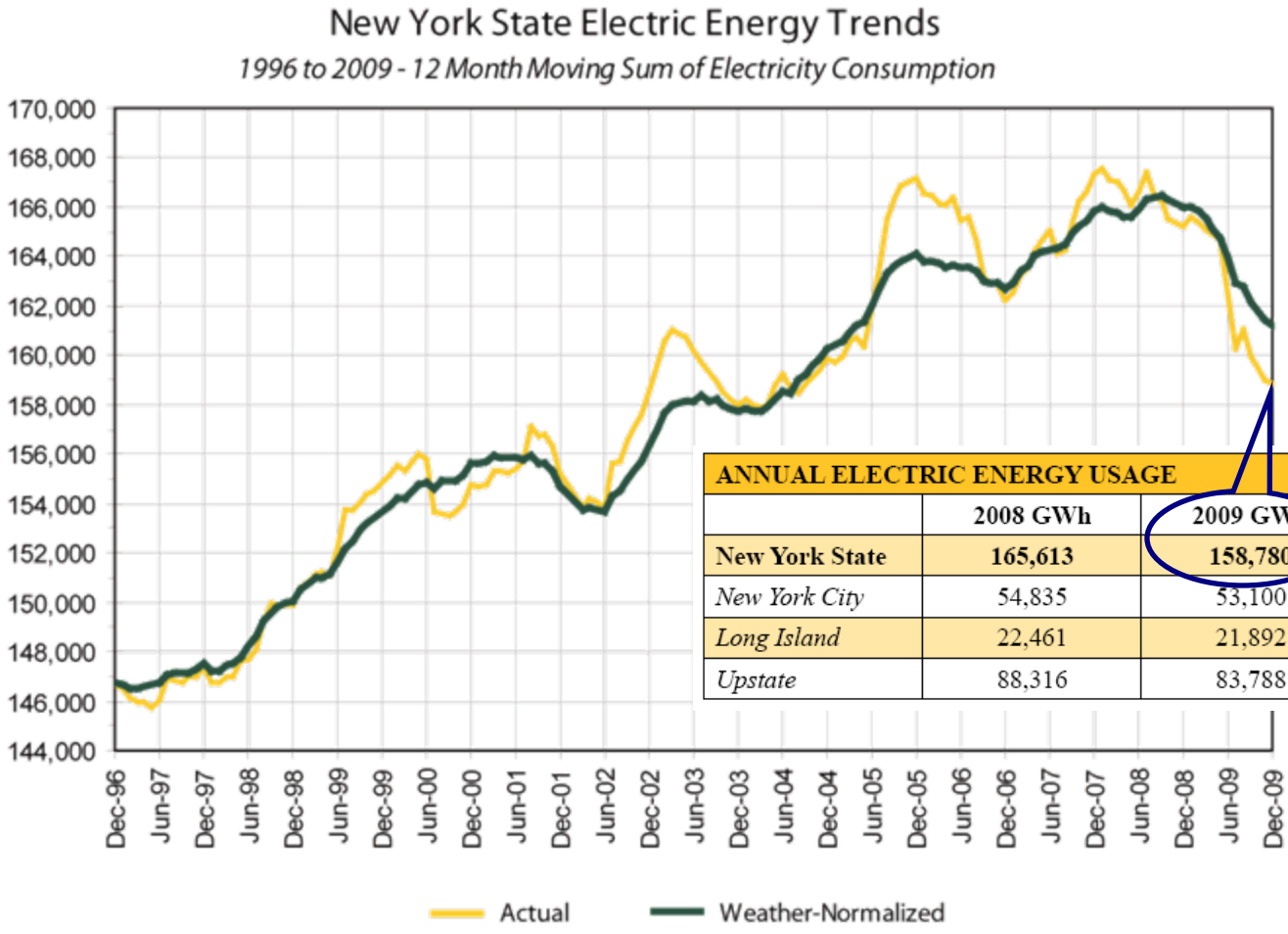


50% below East-West Interface

Resource Outlook

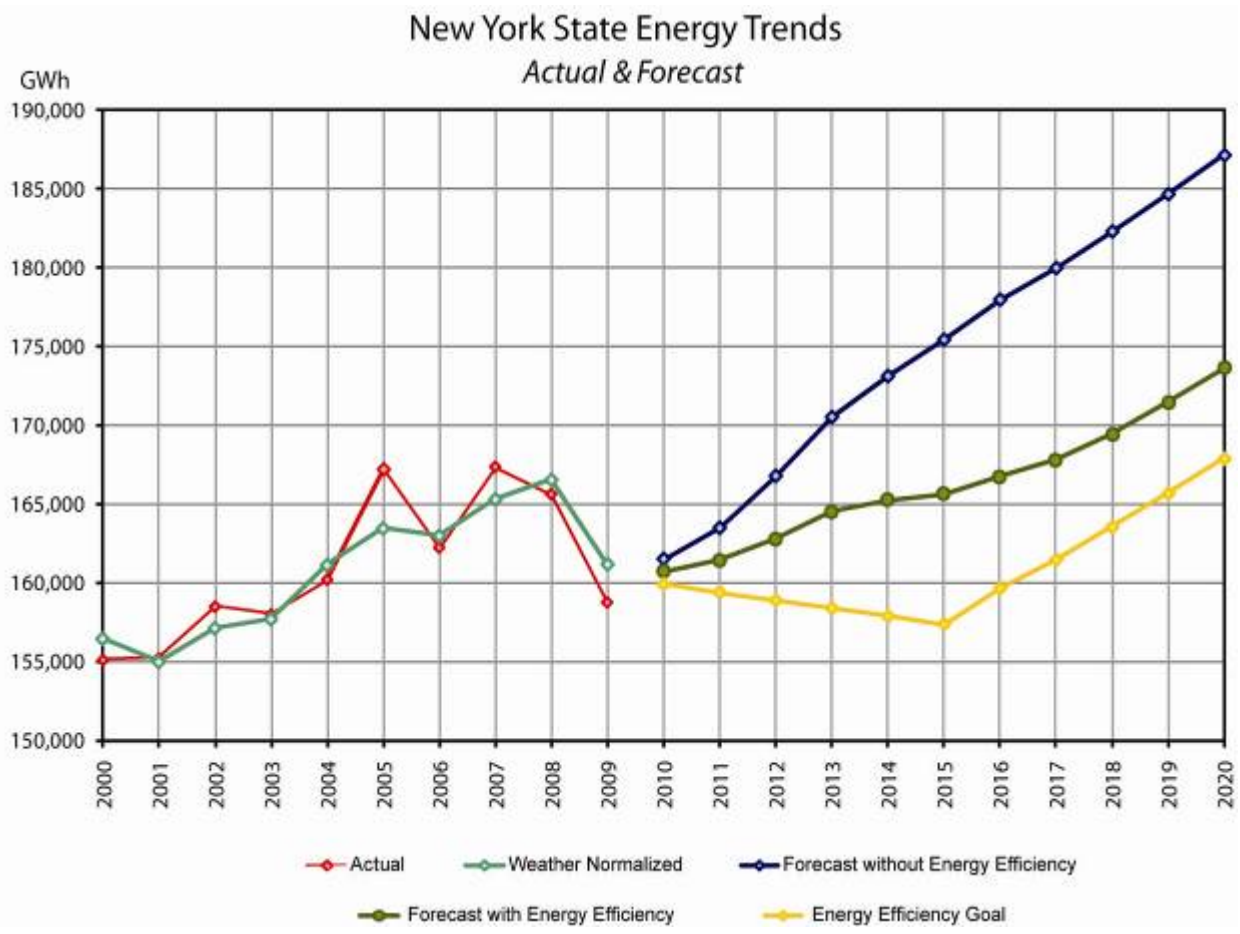


Past Trends



ANNUAL ELECTRIC ENERGY USAGE			
	2008 GWh	2009 GWh	Change percent
New York State	**165,613**	**158,780**	**-4.1**
New York City	54,835	53,100	-3.2
Long Island	22,461	21,892	-2.5
Upstate	88,316	83,788	-5.1

Looking Ahead

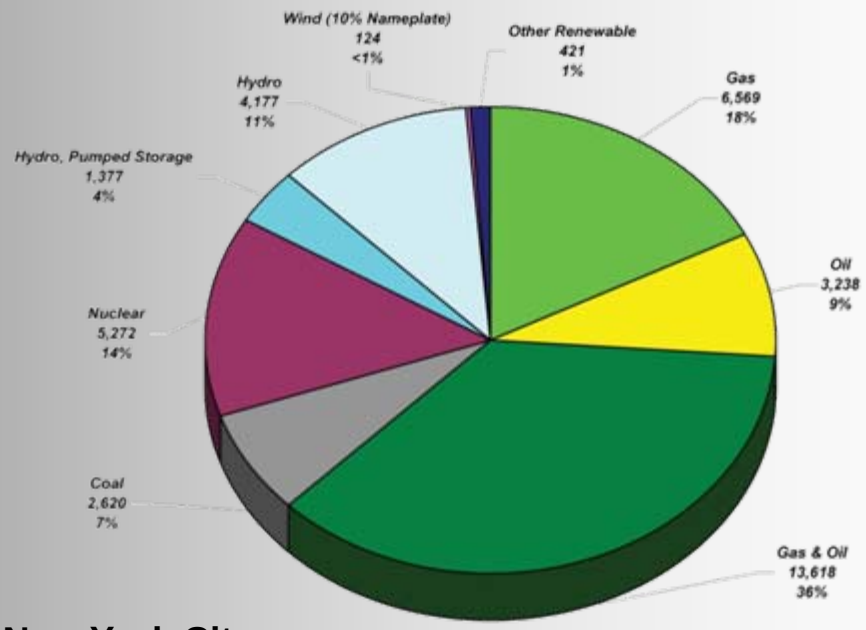


- ***Reduce Growth in Electricity Use***
- *Implement New York State's* ***"45 x15"*** *strategy*
- *Continue development of* ***demand response***

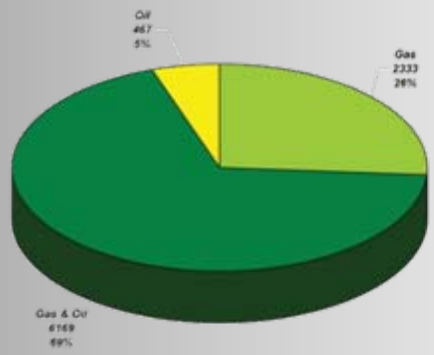
New York Fuel Mix

- ***Fossil-Fueled Generating Capacity***
  - **Statewide – 70%**
  - **Long Island – 98%**
  - **NY City – 100%**

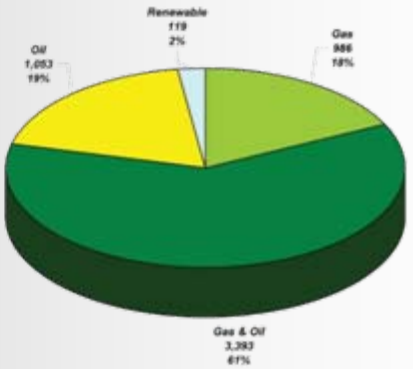
Statewide
37,416 MW



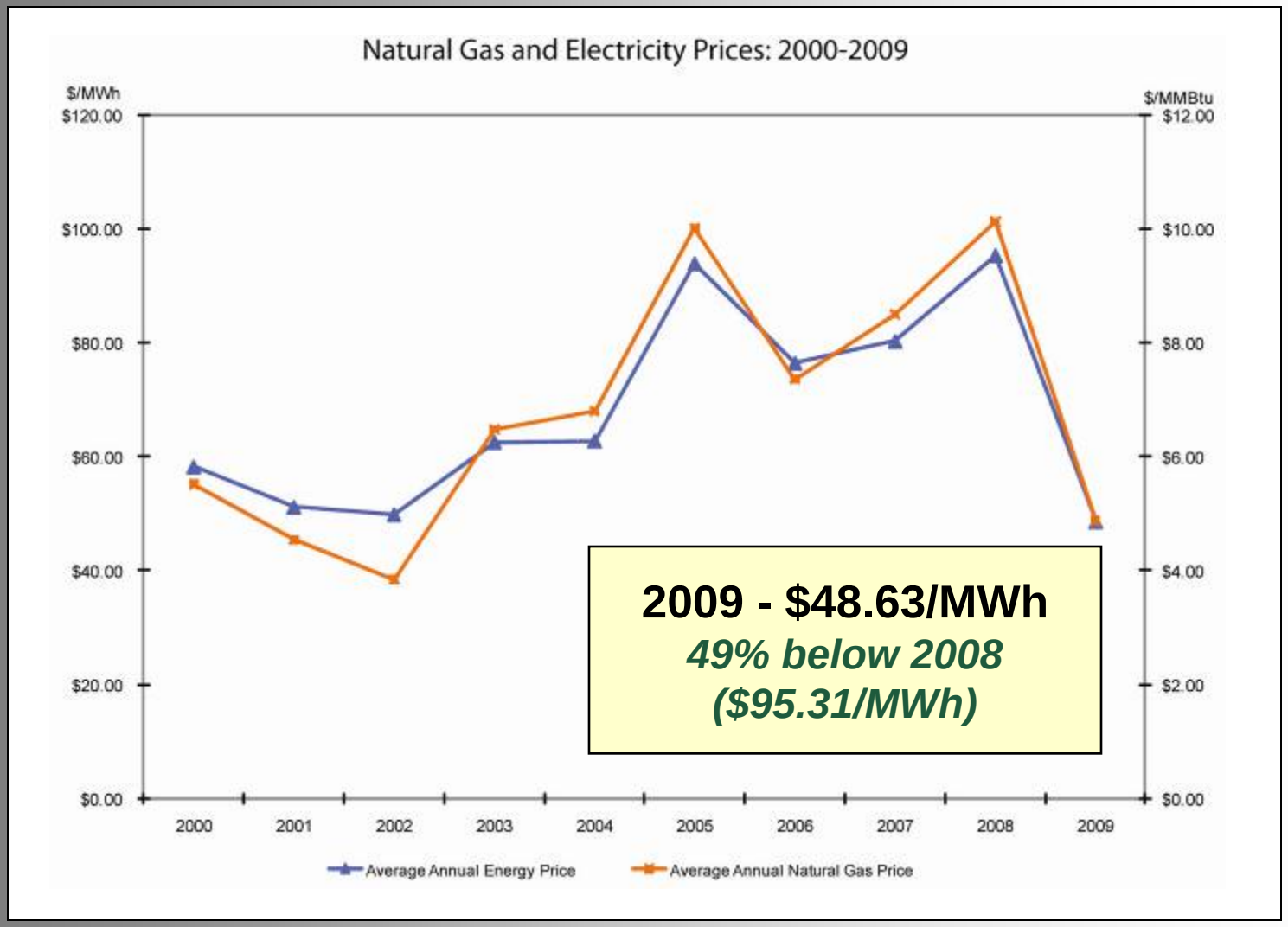
New York City
8,969 MW



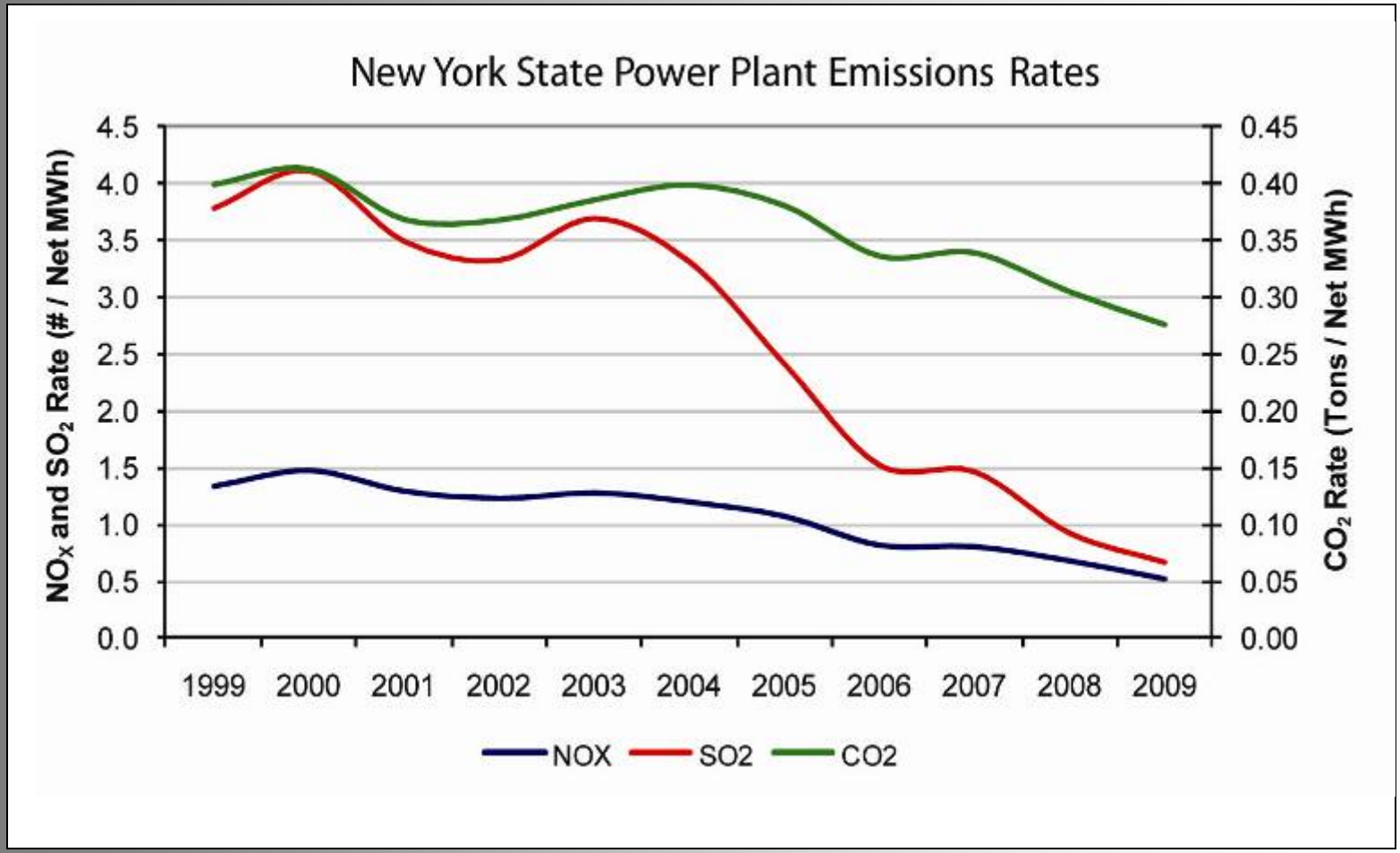
Long Island
5,551 MW



Gas & Energy Prices

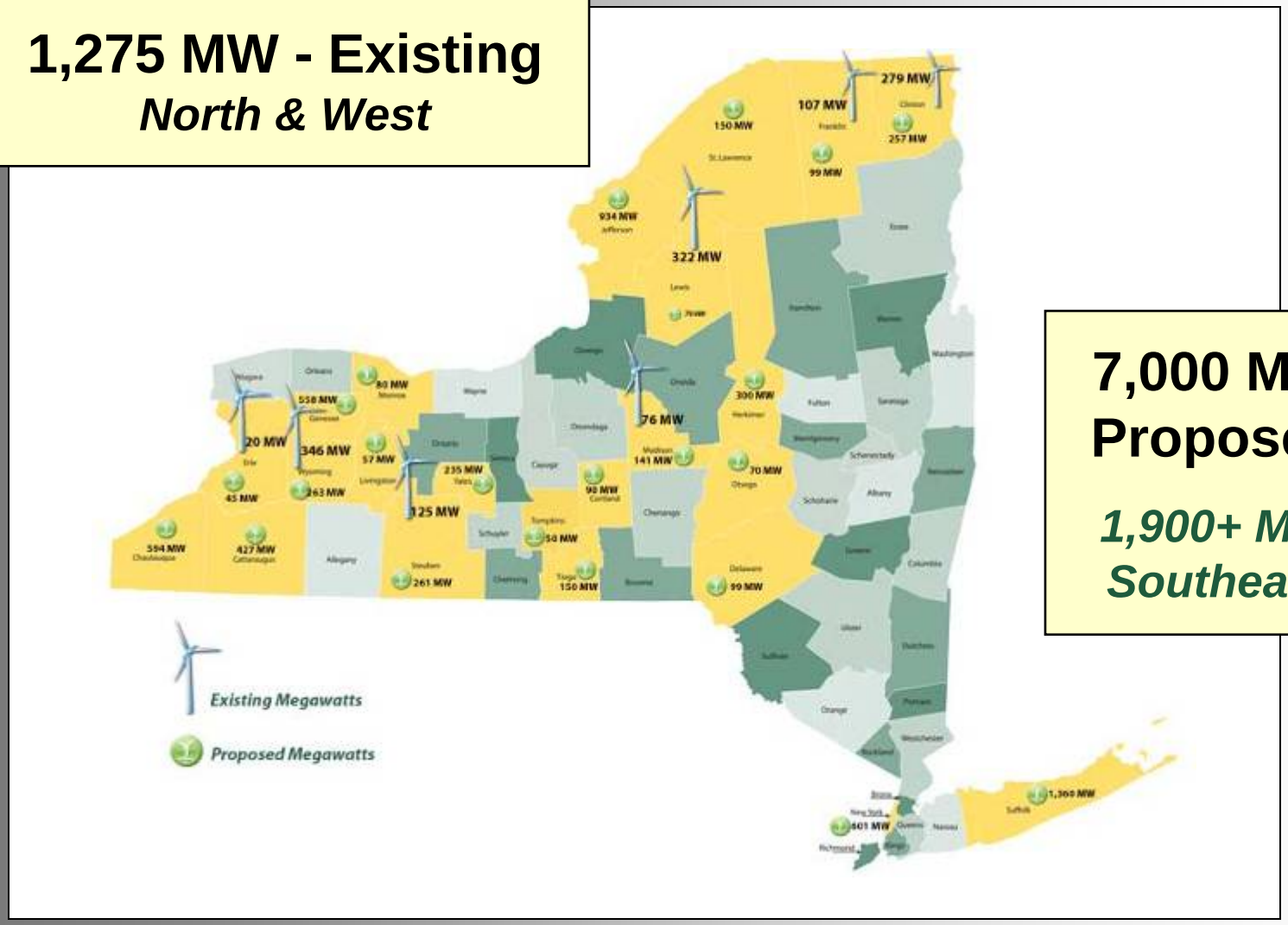


Emissions


New York State Power Plant Emissions Rates
NOX and SO2 Rate (# / Net MWh)
CO2 Rate (Tons / Net MWh)
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
0.45
0.40
0.35
0.30
0.25
0.20
0.15
0.10
0.05
0.00
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
NOX
SO2
CO2

Windpower

1,275 MW - Existing
North & West



7,000 MW Proposed

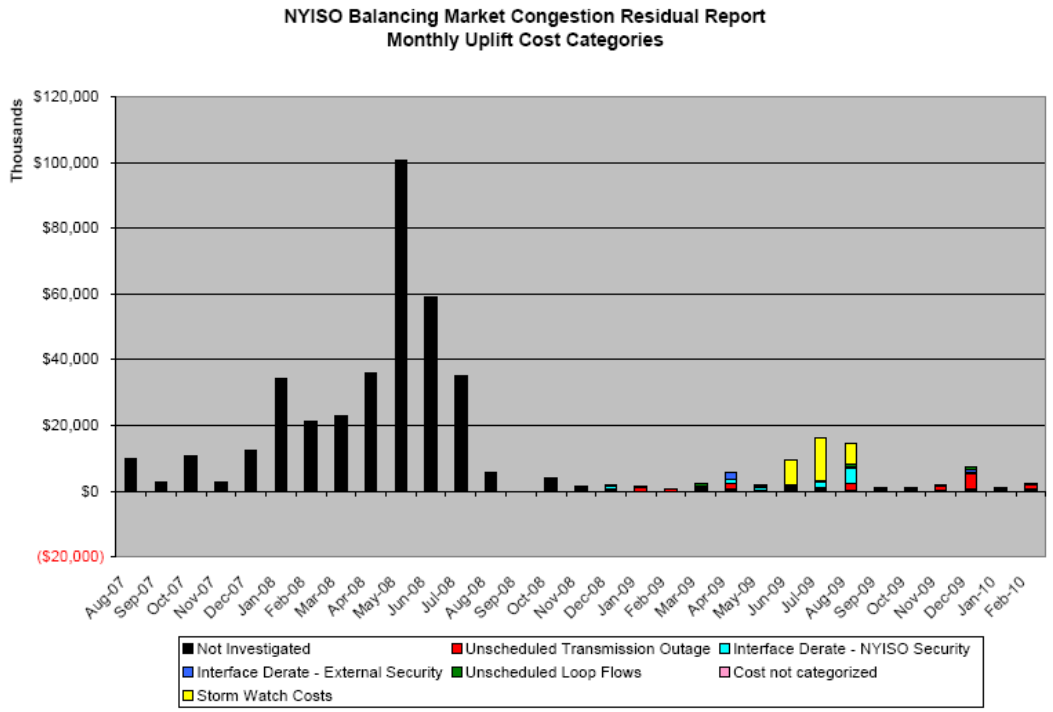
1,900+ MW Southeast

Transmission Congestion

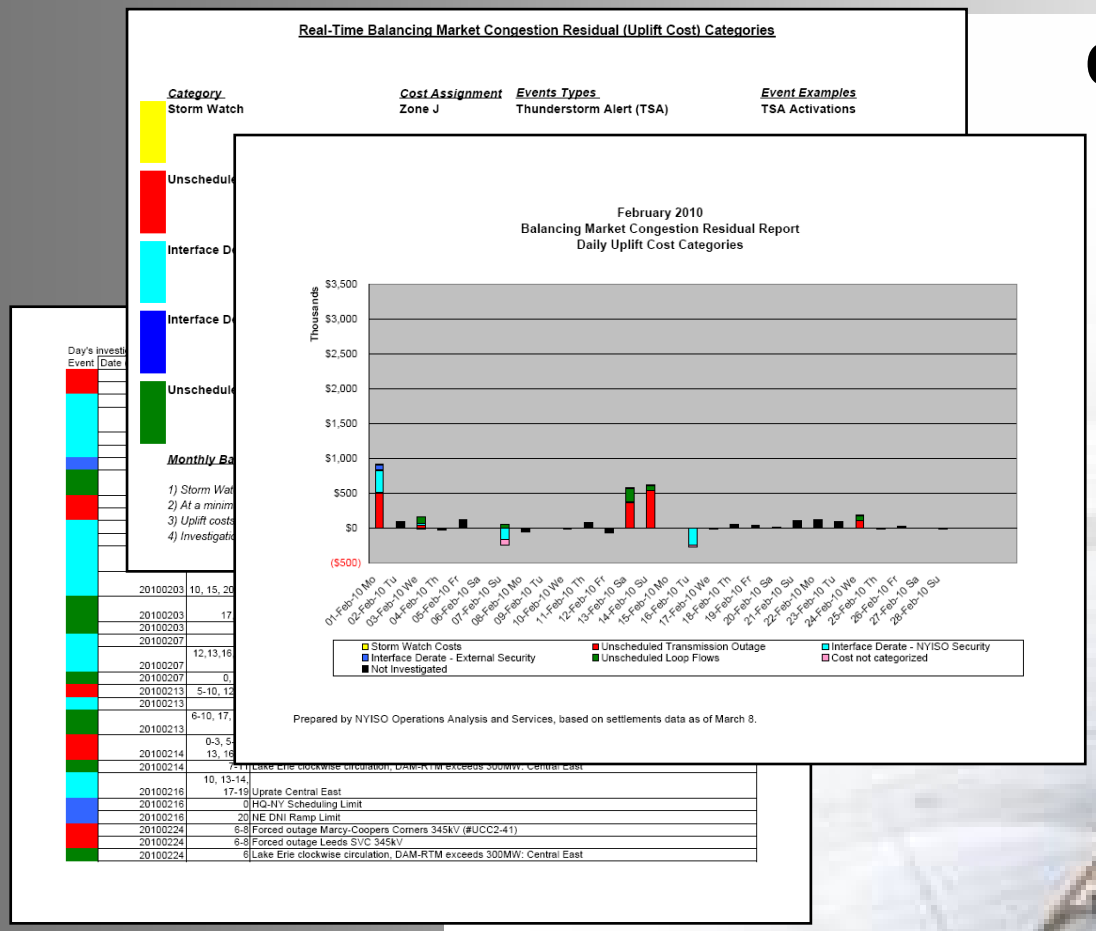
Addressing Issues to Improve the Markets

- **NYISO action on "Lake Erie Loop Flow" led to:**
  - ***Enhanced monitoring and analysis to reduce uplift and congestion costs by an estimated $44 million annually***
  - ***Development of Broader Regional Markets initiatives that offer savings estimated at over $200 million annually to New York***

Reduced Uplift Costs



Transparent Reporting

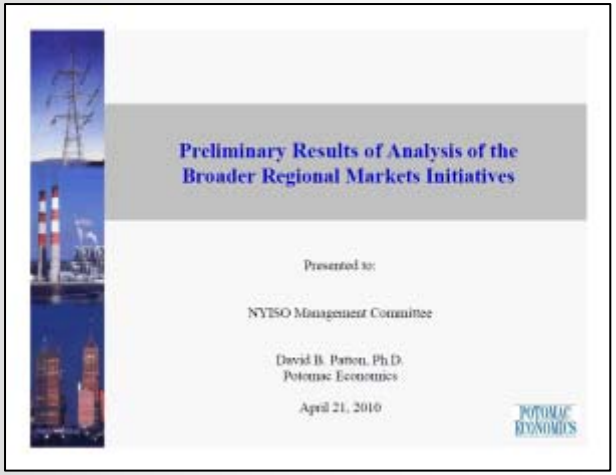


Granular breakdown of cost components

- ***Unscheduled Transmission Outages***
- ***Interface Deratings (NYCA & External)***
- ***Unscheduled Loop Flows***
- ***Storm Watch (TSAs)***

Broader Regional Markets

- ***"Significant potential economic efficiencies"*** **– Dr. David Patton**
- **At normal natural gas prices, estimated annual production cost savings of:**
  - ***$217 million – NYISO***
  - ***$368 million – Total***



Policy Trends

- **"45 x 15"**
  - ***30% renewable electricity supply***
  - ***15% reduction of demand from forecast levels by the year 2015***
- **Environmental**
  - ***Carbon controls***
  - ***Nitrogen oxide emissions limitations***
  - ***Ozone standards***
  - ***Water quality protections***

Greener Grid

- **Variable nature of renewable resources requires:**
  - ***Innovative technology***
    - **Smart grid**
    - **Energy storage**
    - **Plug-in electric vehicles**
  - ***Progressive collaboration***
    - **Mending seams - Broader Regional Markets**
    - **Enhanced interregional planning - Eastern Interconnection Planning Collaborative**

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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