

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn, (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

08062/06-M-1017

ADEQUATE SUMMER ELECTRIC SUPPLY ANTICIPATED -Commission Implements Summer Outreach and Education Efforts-

Albany, NY—05/21/08—The New York State Public Service Commission today received an update from the Staff of the Department of Public Service (Staff) outlining electric utilities' summer preparedness in terms of addressing transmission and distribution reliability needs, and mass market or residential and small commercial and industrials customers' price volatility for customers who take electric supply service from the utilities.

“Addressing the state’s electric system’s reliability and supply needs has been a priority concern of the Commission,” said Commission Chairman Garry Brown. “The Commission’s assessment of the State’s utilities’ preparedness to meet the upcoming summer loads indicates that the system is ready to provide adequate and reliable service for the 2008 summer.”

Chairman Brown added: “However, despite the adequate supplies, I have directed Staff to work with the utilities, service organizations and other State agencies on a statewide outreach and education program to inform the public that through energy efficiency and other measures they can better manage their energy bills this summer.”

Update on Summer Preparedness

In preparation for the summer capacity season and the needs of the electric transmission system, Staff did a review of all the transmission owners and conducted meetings with operating managers at the New York Independent System Operator and Consolidated Edison Company of New York, Inc.

Transmission owners were requested by Staff to respond to inquiries about the performance of the transmission system last summer, repairs and new construction completed since last summer, current status of the transmission system, the adequacy of the system to serve load, the availability of spare equipment, inspection and patrol of lines and substations, performance of scheduled maintenance, emergency operation measures available for use by their operators including demand response measures, and whether any known problems exist on the system that could affect their ability to reliably serve load this summer.

Based upon the information received from transmission owners, Staff believes that there will be adequate electric supply to meet the demands of New York customers this summer and that the transmission system should be adequate to deliver the power to all parts of the State.

In New York State, the most severe peak load conditions on the electric system occur during the summer periods. As a result, utilities focus on preparing for the upcoming summer, particularly in areas where growth rates are high. Utilities use load flow analysis and computer aided modeling tools to provide accurate impacts on the distribution systems based on increased load forecasts.

Staff monitors utility preparation efforts, reviews status reports, and conducts onsite visits of new equipment installations to ensure that the utilities adequately address the summer preparedness of electric distribution systems. Overall, Staff is satisfied with the reinforcement work being performed by the utilities to ensure that the electric system is prepared to handle the summer peak load for 2008. In particular, Con Edison has taken several steps under its summer preparedness program to ensure that the networks serving New York City can meet the upcoming summer loading requirements.

In its 2007 Supply Portfolio Order, the Commission decided that electric utilities should engage in hedging practices (fixed price contracts for energy procured) intended to reduce the volatility of the commodity prices they charge mass market customers electing to take supply service from them instead of alternative providers. At that time, the Commission indicated that

mass market customers generally find the restraints on electric commodity price volatility that utilities are able to achieve beneficial, because those customers are generally risk-averse.

The Commission's Supply Portfolio Order required utilities to establish methods for measuring volatility, and to set goals for constraining price volatility to acceptable levels; and the 2008 Reporting Requirements Order requires utilities to submit a quarterly report on electric supply prices and volatility.

Based upon the data provided by the utilities, Staff reported to the Commission that wholesale electric market prices are expected to be high this summer compared to last summer, largely due to the increases in input fuel prices for natural gas, oil and coal. However, utility price increases for mass market customers are expected to be lower than market price increases, due to existing hedges in the utilities' supply portfolios and the continued availability of hydro power allocations from the New York Power Authority for some utilities.

Outreach and Education

The Commission's Staff has implemented an extensive consumer awareness campaign to alert New Yorkers to the State's electric supply and demand outlook for summer 2008. A strong outreach and education program also supports the energy conservation and efficiency programs that are needed to help ensure that the State meets its goal of reducing New York's energy consumption.

The outreach and education program for the upcoming summer months will include plain language publications, mailings to community leaders, radio and newspaper advertising, grassroots outreach at consumer shows, speaking presentations, and partnerships with service organizations, such as the American Association of Retired Persons, Cornell Cooperative Extension, the State Consumer Protection Board, and the New York State Office for the Aging, the New York State Energy Research and Development Authority, New York State Legislators, the New York State Library System, and county, town, and village governments.

For information on how to lower energy costs this summer, call the New York State Public Service Commission at 1-888-Ask-PSC1 (1-888-275-7721), or visit the Commission's www.AskPSC.com Web site and click on the New York's Electricity Outlook—Summer 2008 link. Energy savings tips also are available from the New York State Energy Research and Development Authority (NYSERDA) by calling 518-862-1090 or toll-free at 1-877 NY-Smart, or by visiting NYSEDA's www.GetEnergySmart.org Web site.