



PRESS RELEASE

For Immediate Release

Contact: Ellen Foley, ISO New England Inc. (413) 535-4139
Erin O'Brien, ISO New England Inc. (413) 540-4565

ISO New England Secures Resources to Help Maintain Reliable Power Supplies for Southwest Connecticut this Summer

Holyoke, MA – April 16, 2004 – ISO New England Inc., the operator of the region's bulk power system, today announced it has finalized agreements to secure emergency energy resources in Southwest Connecticut. The availability of these resources in this part of Connecticut will be critical in maintaining reliable electric supplies during periods of high electricity use over the next four years.

The resources will provide approximately 125 megawatts (MW) of additional capacity beginning June 1 and up to 255 MW by the summer of 2007 from demand response resources, including both emergency generation and reductions in electricity use, and from conservation resources. The agreements will run for four years.

"The inadequacy of Southwest Connecticut's electricity system makes these short-term measures necessary to ensure reliability, particularly during the summer months when the Southwest corner of the state is vulnerable to power disruptions," said Stephen G. Whitley, ISO New England's Senior Vice President and Chief Operating Officer. "These resources are intended to help fill a reliability gap until a long-term solution to Southwest Connecticut's reliability problem is in place."

Conservation Services Group of Massachusetts and NXEGEN of Connecticut will implement conservation measures. Converge of New Jersey; Connecticut Municipal Electric Energy Cooperative (CMEEC); EnerNOC of Massachusetts; United Illuminating (UI) of Connecticut; Pinpoint Power of Massachusetts; and a joint venture of Pinpoint Power and Honeywell DMC Services of Massachusetts will implement demand response efforts that lower consumers' electricity use. CMEEC, EnerNOC, NXEGEN, UI and Pinpoint Power will make emergency generation available through ISO New England's Demand Response Program from businesses and institutions throughout Southwest Connecticut.

This initiative builds on ISO New England's commitment to develop a region-wide Demand Response Program that provides incentives for customers to reduce their electricity use or switch to backup generation during high demand periods. The demand response resources currently in the program, combined with the recently awarded contracts, will provide 460 MW of resources throughout New England this summer, including more than 265 MW in Connecticut.

Southwest Connecticut is the most critical area of concern for New England's bulk power system. This area lacks the required transmission infrastructure needed to ensure a reliable system for its electric customers. The existing transmission system in that region can neither accommodate significant generation expansion nor fully utilize the area's generating resources during times of need. During high use periods in the summer, the situation is so acute that the loss of a single major transmission line or power plant in Southwest Connecticut could lead to the disruption of electricity supply.

A proposal for a two-phase 345-kilovolt transmission upgrade is progressing, but it is not expected to be in service until December 2007, at the earliest. The first 20-mile phase is in the early stages of construction and the second phase, a 70-mile segment, is under review by the Connecticut Siting Council.

"Transmission upgrades in southwest Connecticut are essential," Whitley said. "The electricity system must keep pace with growing and changing energy needs to support economic activity, development, and growth. The potential for loss of electricity service and the consequent disruption that would cause requires that interim steps, such as the introduction of these emergency generation and conservation measures, be taken to ensure reliability."

ISO New England issued the request for proposals after consultation with New England Power Pool's stakeholder committees and state regulatory agencies in Connecticut. ISO New England secured the resources through a competitive solicitation process in order to minimize costs while ensuring reliability in the region. The estimated cost of the emergency measures to Connecticut is approximately \$125 million over the four-year term.

"These short-term measures are designed to reduce the risk of power failures until long-term improvements are made to the transmission system. Moving forward with long-term solutions is critical. The availability of an enhanced transmission system in Southwest Connecticut will strengthen the energy infrastructure and help to minimize wholesale costs for Connecticut," said Whitley. "These additional costs are a direct reflection of the inadequacy and inefficiency of the electricity system that serves Southwest Connecticut."

###

For almost seven years, ISO New England Inc. has been the not-for-profit corporation responsible for the day-to-day reliable operation of New England's bulk generation and transmission systems with an installed capacity of approximately 32,000 megawatts. In addition to operating the bulk power grid, ISO New England is the administrator of the region's wholesale electricity marketplace and the Open Access Transmission Tariff on behalf of the New England Power Pool.