

STATE OF NEW YORK

# Public Service Commission

Maureen O. Helmer, Chairman

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## **New York's PSC Chairman Supports FERC's Move Toward Northeast RTO -- Regional Electricity Market Will Benefit Consumers --**

Albany, NY – 7/24/01 – Citing both economic and system reliability benefits, Maureen O. Helmer, Chairman of the New York State Public Service Commission, today supported the Federal Energy Regulatory Commission's (FERC) process for establishing a single, Regional Transmission Organization (RTO) to run the daily power markets and oversee the flow of electricity in the Northeastern United States. Further, Helmer pledged the Commission's cooperation and active participation in the discussions among the states set to begin today at the FERC's offices in Washington, D.C.

“FERC's order will accelerate the Northeast states' collective efforts to date to move toward a more regional market for electricity,” Helmer said. “Over time, I believe the RTO approach will strengthen the reliability of the system, promote better transmission planning and result in efficient wholesale prices for electricity.”

Since signing a memorandum of understanding, states in the Northeast have been working to resolve “seams” issues that prevent economic exchanges of power among the New York Independent System Operator (NYISO), the Pennsylvania, New Jersey, Maryland Interconnection (PJM), PJM West, and the Independent System Operator of New England (ISO-NE). The FERC order should expedite that process and hasten the resolution of those issues.

“The New York Commission is committed to working with the FERC, the other state regulatory commissions in the Northeast, the various Independent System Operators, and the buyers and sellers of electricity,” Helmer noted. “I encourage all parties to cooperate in this effort so that we can realize the economic and operational benefits of a more regional market.”

Chairman Helmer agreed with FERC's finding that consumers should benefit from an expanded market for competitively priced electricity generation and that the RTO structure will maximize the use of existing generation and transmission facilities. However, she believes certain principles should serve as the foundation for efforts to maximize the potential efficiencies associated with a larger market for electricity in the Northeast. Those principles include:

- System reliability is a paramount concern for state regulators. The new system must be designed to incorporate local requirements, and to ensure that short-term economic pressures do not shortchange the reliable operation of the system. Until a more optimal system is developed, the current configuration of three physical control areas should be maintained.
- Consumers must be protected through effective market monitoring and mitigation in those areas where competition does not exist.
- A body fully empowered to act by the three regions should quickly work to identify the "best practices" of these markets so that uniform, regional rules can be in place as quickly as possible, consistent with the need for a safe and reliable transition.
- The on-going work to improve efficient commerce across the Northeast, which began in 1999, must continue during the transition to an RTO.
- There should be a single, independent governing body that receives effective input from all of the stakeholders while maintaining the independence to act in the public interest.
- State regulators should have a meaningful role in the development and operation of an RTO that reflects their responsibilities in siting of generation and transmission, local reliability, market monitoring and protection of consumer interests.

In an order issued last week, the FERC directed the NYISO, PJM, PJM West, and ISO-NE to participate in mediation discussions on forming one integrated RTO. Those discussions are to be concluded in 45 days and then the administrative law judge conducting the talks will report back to the commission.