



PRESS RELEASE

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Region's Power Grid Operator Provides Status of Electric System to Connecticut Energy Advisory Board

Report Includes Recommendations for Connecticut to Strengthen Its Section of Regional Power System

Holyoke, MA – January 5, 2005 – ISO New England Inc., operator of the region's bulk power system and wholesale electricity markets, today provided the Connecticut Energy Advisory Board (CEAB) a comprehensive report on Connecticut's electricity outlook that includes several recommendations to ensure the state has an adequate infrastructure in place to maintain the reliability of the region's bulk electric power system and meet the future needs of all Connecticut's electricity consumers.

The report, entitled, *Connecticut Energy Plan Framework: Recommended Solutions and Actions for the State of Connecticut*, includes a Connecticut extract of ISO New England's 2004 Regional Transmission Expansion Plan (RTEP), an annual report on regional bulk power system needs, as well as a series of recommendations that the ISO offers for consideration to reinforce and improve Connecticut's energy infrastructure. This report was designed to complement the CEAB's "2005 Energy Plan for Connecticut."

"Over the past several years, ISO New England has been highly focused on Connecticut's electricity situation because the power system serving the state is the weakest area on New England's bulk power system," said Gordon van Welie, President and CEO of ISO New England Inc. "We prepared this report to assist the Energy Advisory Board, as well as other Connecticut officials, in developing an action plan and implementing solutions to solve Connecticut's energy problems."

ISO New England's recommendations touch on all necessary elements of a reliable power system, including transmission, generation, demand response and a competitive market structure. Among its recommendations, ISO New England suggests the State of Connecticut:

- Actively participate in ISO New England's annual system planning process as the vehicle for developing and maintaining the reliability of the region's bulk power system.
- Support the development of additional transmission infrastructure, beyond the needed upgrades in Southwest Connecticut, to relieve the import limitations that exist for the entire state.
- Review statutory provisions for siting high-voltage electric transmission facilities to determine if such provisions are consistent with timely development of a robust, reliable and cost-effective electric transmission system.
- Support the development of competitive and efficient wholesale electricity markets as the best mechanism for achieving reliability at reasonable cost to consumers.
- Maintain the policy adopted through electric industry restructuring statutory provisions that replaces consumer risk for generation development with investor risk.
- Continue to support policies that promote the construction of dual-fuel generating plants.

- Increase state funding for conservation programs and load management activities, including making eligible for funding those consumers enrolled in demand response programs (demand response programs coordinate the electricity interruption of large commercial consumers, which provides relief on the bulk power system during periods of high demand or high wholesale prices).

At present, Connecticut has inadequate resources to reliably meet consumers' electricity demand and maintain power grid reliability. As a result, Connecticut currently relies on special emergency resources that have been put in place until long-term solutions have been implemented. If longer-term solutions are not completed in a timely fashion, such as the proposed 345 kilovolt transmission lines in Southwest Connecticut, then the development of large-scale generation resources, such as new or re-powered power plants, will be delayed, placing Connecticut's energy future at further risk of capacity deficiencies and service interruptions.

"As the operator of the region's bulk power system, ISO New England has an obligation to assist the State of Connecticut in successfully addressing its energy infrastructure problems," said van Welie. "Consequently, our report today to the CEAB is designed to be a helpful resource to achieve a sound energy future for the State of Connecticut."

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For more than 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.