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ISO New England Assessment Indicates Electricity Demand Could Set New Winter Record

Grid operator is taking precautionary steps to
prepare the region for tight electricity supply,
stresses the need for conservation

Holyoke, MA – November 16, 2005 – ISO New England Inc., operator of the region’s bulk power system and wholesale electricity markets, said today that, even under normal weather conditions, the region’s demand for electricity this winter could surpass the previous winter record established during the Cold Snap of January 2004. Further, unless New England experiences weather conditions similar to those of the 2004 Cold Snap, the region’s supply of electricity should be adequate to meet projected electricity demand this winter.

However, due to the uncertainty resulting from hurricane damage to natural gas and oil production in the Gulf of Mexico and the unpredictable nature of New England’s weather, the ISO is taking precautionary steps to ensure that the region has a reliable supply of electricity throughout the winter.

Under normal weather conditions, ISO New England projects the 2005-2006 winter peak electricity demand to reach approximately 22,830 megawatts (MW), which would establish a new winter record. This projection is higher than the standing record for winter electricity demand of 22,818 MW, set on January 15, 2004, during a three-day period of frigid weather.

If extreme weather conditions occur this winter, there is a 10 percent chance that New England’s winter electricity demand would reach 23,740 MW, which would also be a new winter record. New England’s all-time record for electricity consumption was set on July 27, 2005, with electricity demand reaching 26,921 MW.

“The combination of extremely cold weather and the lingering effects of Hurricanes Katrina and Rita on natural gas and oil production in the Gulf of Mexico could lead to tight electricity supplies and higher electricity bills this winter,” said Stephen G. Whitley, ISO New England’s senior vice president

and chief operating officer. “Approximately 40 percent of the region’s electric generation capacity is fueled by natural gas.”

Whitley added, “It’s important to understand that residential and commercial natural gas customers are assured of reliable natural gas deliveries this winter because of the ‘firm’ nature of their gas contracts. Only customers without firm entitlements to gas supply and transportation, such as most gas-fired power plants, face the possibility of interrupted fuel supplies.”

Precautions to Ensure Reliability

In response to the hurricanes’ impact on regional fuel supplies, and building on operational experience gained during the Cold Snap of January 14-16, 2004, ISO New England is implementing a 2005-2006 Winter Action Plan. The Plan consists of four key elements: encouraging generation companies to secure more firm fuel supplies or obtain dual-fuel capability, implementing special Emergency Operating Procedures for reliably managing the power grid during fuel curtailments, promoting electricity conservation by individuals, and expanding demand reduction incentives for area businesses.

ISO representatives are working with regional power generators to encourage more gas-fired power plants to implement dual-fuel capability (i.e., burning fuel oil), especially during times when regional natural gas supply or delivery systems are constrained, which can occur during extremely cold weather.

“We’re also monitoring fuel inventories and delivery schedules at the region’s power plants to enable us to dispatch generation resources in the most efficient and reliable manner regardless of the weather,” Whitley said.

For individuals and families, a few simple steps can help ensure that New England can meet its peak electricity demand this winter – while helping to reduce electricity bills as well. At home and at work, turn off computers, copiers and lights at night. Shift the washing and drying of laundry to later in the evening. Turn down the heat a few degrees, and don’t heat or light unused rooms. Make sure weather seals around outside doors and windows are in good repair.

Businesses can pitch in as well. The ISO has expanded its popular Demand Response Program for this winter. By enabling more businesses to receive financial incentives to reduce electricity demand during peak periods, the program can significantly improve the reliability of the region-wide bulk power system.

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