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ISO New England's Third Forward Capacity Market Auction Concludes Successfully

Early Results Underscore Effectiveness of Competitive Market to Satisfy Future Regional Resource Needs

Holyoke, MA—October 7, 2009—ISO New England Inc., operator of the region's bulk power system and wholesale electricity markets, today announced the successful conclusion of the region's third Forward Capacity Market (FCM) auction. While final calculations will take place in the weeks ahead, preliminary results indicate the auction worked as designed and attracted sufficient resources to fulfill the region's future reliability needs.

"The results of the third auction this week illustrate once again that the Forward Capacity Market is an effective means to achieve our end goal of ensuring the long-term reliability of our regional power system," said Vamsi Chadalavada, ISO New England's Senior Vice President and Chief Operating Officer.

More than 40,995 megawatts (MW) of resources from new and existing demand- and supply-side resources competed to provide the 31,965 MW needed for reliability in the 2012 to 2013 timeframe. The auction consisted of seven rounds Monday and Tuesday, starting at a price of nearly \$9.84 kilowatt-month (kW-month). Bidding in the final round reached the minimum price established for this auction at \$2.95 per kW-month, with 4,487 MW of excess supply remaining.

In this latest auction, several existing power plants and demand resources sought to "delist" or withdraw from the auction. This request was allowed for all except for Dominion's Salem Harbor Units 3 and 4, the combined output of which totals over 580 MW. To maintain the reliability of New England's power system, these two units will need to be retained to fulfill projected 2012/2013 capacity needs in northeast Massachusetts, an area with limited resources. Accordingly, these power plants were not permitted to withdraw from the auction and are now eligible for out-of-market reliability compensation.

While the first three auctions held under the FCM construct have proven successful, a stakeholder working group is focused on refinements to New England's three-year-old market. "As we gain more and more experience with each passing auction, ISO New England, the states, and stakeholders are evaluating modifications that could further improve the efficiency of the market," noted Chadalavada.

The Forward Capacity Market was developed by ISO New England, the six New England states, and industry stakeholders to promote investment in demand- and supply-side resources. Under FCM, ISO New England projects the needs of the power system three years in advance and then holds an annual auction to purchase the power resources that will satisfy the future regional requirements.

These preliminary results are subject to certification by ISO New England and its auction contractor, Power Auctions LLC. Final results will be included in an upcoming Federal Energy Regulatory Commission filing.

Created in 1997, ISO New England is the independent, not-for-profit corporation responsible for reliably operating New England's 32,000-megawatt bulk electric power generation and transmission system, overseeing and ensuring the fair administration of the region's \$12 billion wholesale electricity markets, and managing comprehensive regional electric power planning.