



2009 ANNUAL REPORT



***Energizing
the
Empire
State***

NEW YORK INDEPENDENT SYSTEM OPERATOR

2009 In Brief

The economic recession and the disruption of the financial markets resulting from the credit crisis significantly impacted the electric system in 2009. Across the nation, demand for electricity dropped 4.2 percent, the biggest single-year decline in sixty years.

In New York State, we experienced a nearly identical drop in power demand – a 4.1 percent decline.

Anticipating reduced revenues as a result of lower electricity use, the NYISO initiated cost-cutting and budget revision to cut planned spending by \$12 million in 2009.

In the midst of this historic economic downturn, the NYISO continued to achieve its objectives and enhance the ways in which it serves to energize the Empire State.

In 2009, the NYISO pioneered power market innovations, especially with regard to renewable resources. We implemented a state-of-the-art wind forecasting system and became the first grid operator to integrate wind-generated electricity into economic dispatch. A windpower milestone was achieved in February 2009, as the combined total output of all wind plants in New York reached 1,000 megawatts for the first time. The capacity of New York's windpower generation totaled 1,275 megawatts in 2009, with proposed projects offering the potential of another 7,000 megawatts.

The NYISO achieved another market first in the area of energy storage, creating the first regulation-only energy storage product in any ISO/RTO market environment. In November 2009, Beacon Power broke ground for its Stephentown, N.Y. flywheel energy storage plant. When completed in 2012, the 20 MW project is expected to become the nation's first full-scale flywheel system to provide grid regulation services.

In 2009, the NYISO conducted a first-of-its-kind economic analysis of transmission congestion on the New York State bulk power system and the potential costs and benefits of relieving congestion.

On December 1, 2009, the NYISO marked its 10-year anniversary. The Federal Energy Regulatory Commission (FERC) authorized the creation of the NYISO in 1998. By November 1999, New York State's competitive wholesale electricity markets were opened to suppliers and consumers of electricity as NYISO began managing the bulk electricity grid. The formal transfer of the New York Power Pool's responsibilities to the newly created NYISO took place on December 1, 1999. NYISO has launched an enhanced version of its Web site (www.nyiso.com) in recognition of its first decade of operation.

