



Con Edison Asks FERC to Close Loopholes That Enable New York Generators to Exercise Market Power

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Additional Price Protections for Customers and a More Competitive Marketplace Sought

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NEW YORK, March 2 /PRNewswire/ -- Consolidated Edison Company of New York, Inc. (Con Edison) announced today that it has called on the Federal Energy Regulatory Commission (FERC) to correct flaws in the New York wholesale electric marketplace that allow power generators to exercise market power. Market power is the ability of a generator to establish a price on its own, without needing to compete with other suppliers. The modifications outlined in the company's filing are necessary to protect its more than three million electric customers from price spikes in an uncompetitive wholesale electric marketplace.

"The original market power mitigation measures were established before the New York Independent System Operator (NYISO) became operational. As the market for electricity in New York has evolved, we can clearly see that there are some loopholes in those measures. This filing is aimed at closing the loopholes and providing customers greater protection against higher electricity prices when the marketplace is not competitive," said Kevin Burke, president of Con Edison. "The loopholes identified by the company can inflate prices by as much as \$20 million in some months," Burke added.

Among the measures called for in the filing are market rule changes that will reduce opportunities for generators to "game" the NYISO's real-time market, additional protections on bidding behavior for those power plants that must run for reliability reasons, measures that would discourage generators from withholding their power from the day-ahead market in order to artificially inflate prices, and an extension of existing market power mitigation measures to cover all in-city generation sources, not just those that were originally owned by Con Edison.

"We believe that the limited revisions we're proposing will prevent New York's energy consumers from bearing millions of dollars in excessive costs, will increase consumer confidence in the energy markets, and will allow the original mitigation measures to work as intended -- to keep our customers' energy costs as low as possible," said Burke.

Since 1997, Con Edison has been reducing the portion of the electric bill it controls -- the delivery of electrical power. Under an agreement approved by the New York State Public Service Commission last year, Con Edison is providing an additional \$1.5 billion of reductions in delivery rates, which followed \$1.1 billion in rate reductions granted in the 1997 agreement. These new reductions will be in effect at least until 2005. The average Con Edison residential customer will save an additional \$50 in 2001. The average large commercial customer will save about \$1,000. The cost to Con Edison of buying electricity from power generators in the wholesale market, however, has risen dramatically, which has in turn driven up customers' total energy costs.

Con Edison is a subsidiary of Consolidated Edison, Inc. (NYSE: ED), one of the nation's largest investor-owned energy companies, with approximately \$9 billion in annual revenues and \$16 billion in assets. The utility provides electric, gas and steam service to more than three million customers in New York City and Westchester County, New York. For additional financial, operations and customer service information, visit Con Edison's web site at <http://www.coned.com>. SOURCE Consolidated Edison Company of New York, Inc.

CONTACT: Joseph Petta of Con Edison, 212-460-4111/