

STATE OF NEW YORK

Public Service Commission

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New York Again Named National Leader in Energy Deregulation

¾ Third Consecutive Ranking at Top of National Index ¾

Albany, NY – 2/1/01 – New York’s comprehensive restructuring plan to bring more competition and customer choice into the electric market is once again near the top of the national rankings contained in the most recent Retail Energy Deregulation Index (RED Index). The RED Index is issued by the Center for the Advancement of Energy Markets (Center), an independent, nonprofit group in Washington DC whose mission is to promote the effective transition to competitive markets and customer choice.

For the third consecutive time, the RED Index shows New York is one of two states that continue to lead the entire country in establishing an effective framework for a competitive electric industry. The RED Index assessments, which appear in today’s edition of *USA Today*, reflect the Center’s monitoring of efforts in the 50 states and the District of Columbia to establish a competitive electric industry. In all three of the Center’s assessments to date, New York has maintained a strong second place ranking, closely behind Pennsylvania.

“The latest independent review of electric industry restructuring in New York should leave no doubt that the course we have set under Governor George Pataki is working and that we are dealing with complex issues in a comprehensive manner,” Maureen O. Helmer, Chairman of the State Public Service Commission, stated. “However, these issues require constant attention and more work remains. To ensure we can continue to avoid some of the transition problems occurring in other states, New York must responsibly site new electric generation facilities, while also encouraging energy conservation and efficiency and use of more renewable sources of electricity.”

The most recent RED Index also recognizes New York as one of two states leading the country in encouraging small-scale electricity generation near customers (“distributed generation”), such as fuel cells that can power office buildings. In addition, the Center notes that consumers in New York are insulated somewhat from fluctuations in the spot wholesale electricity markets because utilities have the ability to enter into long-term contracts for much of their electricity.

In determining the rankings of the 50 states and the District of Columbia for the RED Index 2001, the Center examined 22 attributes in evaluating the success of a state's transition from the monopoly model to the customer choice model. The Center assigned numerical scores to each attribute to develop a composite score for each state. A composite RED Index score of 0 represents the monopoly model, while a score of 100 represents complete and effective implementation of the policies that the Center believes are the necessary foundation of the competitive model. Among the 22 attributes that the Center evaluates are: a state's deregulation plan, generation market structure, competitive safeguards, uniform business practices, the wholesale market model, customer information and education, distributed generation interconnection, stranded cost implementation, billing choices, and competitive metering services.

Only two points separate Pennsylvania and New York at the top of the February update rankings with scores of 66 and 64, respectively. The two states have been in the same position relative to each other in all three RED Index reports. The only other state to achieve a February 2001 update score in the 60s was Maine with a score of 62. Maryland received a composite score of 56, followed by a group of states receiving scores in the 40s. More information about the Center, its RED Index report and rankings can be obtained at <http://www.caem.org>.