



Con Edison Urges Major Reforms for Electricity Marketplace to Protect Consumers

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NEW YORK, Sept. 28 /PRNewswire/ -- Asserting that New York State's deregulated electricity market "needs substantial and immediate reform" to protect consumers from soaring prices, Consolidated Edison Company of New York, Inc. (Con Edison) today urged the Federal Energy Regulatory Commission (FERC) to institute market reforms aimed at preventing unreasonably high energy prices and ensuring that consumers are protected from any market abuses by power generators.

In its comments to the FERC concerning a compliance filing of the New York Independent System Operator (NYISO), Con Edison emphasized that "the numerous market design problems and severe price spikes suggest a market that needs substantial and immediate correction and enhancement."

The NYISO is responsible for administering the wholesale energy markets in New York state. In order to provide electricity to New York City and Westchester, Con Edison purchases the majority of its power from the NYISO -- a result of energy deregulation.

Con Edison, which was joined in its submission by Orange and Rockland Utilities, Inc., urged the FERC to implement a number of market reforms to protect consumers. The analysis was prepared by Con Edison in order to protect its customers.

"There are several loopholes in the existing market power mitigation measures for New York City that are driving prices to extremely high levels at certain times and that should be closed promptly," the company said in its filing.

Con Edison said this summer's high electric bills were "a direct result of excessively high wholesale energy costs, a substantial percentage of which cannot be explained by increased fuel costs and the initiation of an efficient competitive energy market." The company stated further that "these high wholesale energy costs and, in particular, the portion thereof that may be attributed to the exercise of market power suggest a market that is not workably competitive all of the time."

Con Edison told the FERC that "opportunities exist today within the bidding rules for suppliers to abuse market power at the expense of consumers, especially in tightly constrained areas such as New York City."

Concerning the NYISO's failure to fully address market flaws, the company said, "The NYISO should be sensitive to, and more concerned about, continuing price spikes and volatility, which are raising the average prices paid by New York City consumers and which provide in many cases clear evidence that the current market is not workably competitive."

"Fortunately, the Commission has the opportunity to act now to remove design flaws in the market, mitigate the potential for market power abuse and to further efficient competition," the company stated. Among its recommendations, Con Edison said that current bid caps on wholesale electric prices should not be allowed to expire as scheduled on October 28, and that the bidding rules for generators should be revised to avoid severe fluctuations in day-to-day electric prices.

Con Edison concluded: "Ultimately, the NYISO can successfully carry out its mission only if the public has confidence that the wholesale energy and ancillary services markets are operating efficiently and fairly. The NYISO must ensure that its market monitoring function is vigorous and uncompromising, and that action is taken immediately when potential market abuses are detected."

To obtain a copy of Con Edison's submission to the FERC contact the Office of Media Relations at 212-460-4111, or visit their website at <http://www.coned.com>.

Con Edison is a subsidiary of Consolidated Edison, Inc., one of the nation's largest investor-owned energy companies, with more than \$8 billion in annual revenues \$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. SOURCE Consolidated Edison Company of New York, Inc.

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