



NEWS STATEMENT

FOR IMMEDIATE RELEASE

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**CALIFORNIA ISO CHAIRMAN MICHAEL KAHN
ISSUES STATEMENT ON FERC ORDERS**

“Orders issued by the Federal Energy Regulatory Commission (FERC) today, July 17, 2002, do a disservice to the people of California and could cost consumers billions of dollars. The decision by FERC regarding the redesign of the California Independent System Operator (California ISO) markets weakens the mitigation tools proposed in the Market Design 2002 and approved by the California ISO Board of Governors. We appreciate the fact the FERC agreed with the ISO Board that west-wide mitigation, due to expire September 30, should be extended. However, lifting the price cap from the Board’s proposed \$108 per megawatt level to a level of \$250 per megawatt could lead to higher wholesale electricity prices in California.

With regard to the FERC Order overhauling the California ISO Governing Board, I strongly disagree with the statement by FERC that the Board is insufficiently independent to implement needed market design changes. The current ISO Board is responsible for helping the state heal from the energy crisis and I feel the decision on the governance issue is an affront to Californians.”

Chairman Michael Kahn can be reached at 415 986-2800.

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