

NEWS RELEASE**FOR IMMEDIATE RELEASE**
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California ISO is First to Allocate Ten-Year Transmission Rights in Accordance with Energy Policy Act

(Folsom, CA) The California Independent System Operator Corporation (California ISO) has posted the results of its allocation process for long-term transmission rights—making it the first grid operator to issue a ten-year financial hedge for transmission users. Called Congestion Revenue Rights (CRRS) by the California ISO, the hedges provide Load Serving Entities (LSEs) and other holders with a more stable cost structure by offsetting the congestion costs incurred for use of the high-voltage power grid. The provision of long-term financial commitments is in accordance with the directives of the Energy Policy Act (EPAct).

“In addition to the significant financial benefits derived by LSEs, CRRs will also increase the effectiveness of ISO operations by making use of every megawatt of transmission capacity on the system,” according to California ISO President and CEO Yakout Mansour. “The provision of long-term rights was voiced by our customers and is a major tenant of federal law-makers and regulators. I am proud that our team, working cooperatively with our stakeholders, was able to forge ahead and deliver on this important initiative. This is a tremendous accomplishment for both the ISO and the power industry as a whole.”

EPAct was instituted as federal law in August of 2005 and requires the planning and expansion of the nation’s transmission facilities to meet the needs of load serving entities by helping them secure firm transmission rights on a long-term basis in support of their long-term power supply arrangements.

Long-term CRRs are an extension of the annual allocation and auction process conducted by the California ISO, lengthening some of the one-year rights to a total term of 10 years (2008-2017). Participants who acquire CRRs and Long-term CRRs can trade their financial rights within a secondary market. CRRs were developed in conjunction with the Market Redesign and Technology Upgrade (MRTU) that will be launched on March 31, 2008.

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California’s open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to 25,000 circuit miles of “electron highway.” As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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