NPCC 2007 Summer Reliability Assessments Summary Report

Adequate Summer Electricity Supplies Projected

Summer 2007 Reliability Assessments Overview

Comprehensive reliability assessments conducted by the Northeast Power Coordinating Council, Inc. indicate that its regional reliability criteria will be met. The assessments further project that New England, New York, Ontario, Québec and the Canadian Maritime Provinces will all have sufficient supplies of electricity for both typical and extreme summer weather conditions, assuming that existing and planned resources will be available as expected.

Only under an unusually severe set of resource unavailability assumptions (for example, NPCC region-wide delays in planned resource and transmission projects, scheduled unit maintenance extended over the summer peak period, 50% reduction in demand-response programs, with additional transmission limitations in the NPCC Region), all occurring coincident with extreme weather conditions (such as a wide-spread and prolonged heat waves with high humidity and near record temperatures) would the implementation of a limited number of operating procedures and programs be anticipated in New York and New England to keep electricity supplies and demand in balance.

Summary of Key Findings

The 531 MW SCS Astoria unit installed in New York City during 2006, coupled with the addition of 660 MW anticipated this July over the New Jersey to Long Island, NY HVDC cable, the in-place demand response programs, and the transfer capability over the New England to Long Island Cross Sound cable strengthen the overall reliability of the New York system; thus reducing reliance on operating procedures in response to extreme weather and unexpected events.

In past years, southwestern Connecticut has repeatedly faced reliability problems due to transmission constraints into and within that portion of Connecticut. However, with the addition of Phase 1 of the Southwest Connecticut Reliability Project in October 2006, it is anticipated that the combined ability of the resources in the area and the available transmission capacity to import electric energy into southwestern Connecticut will be adequate to meet the demand.

In the Boston area, the major demand center in New England, the first of the NSTAR 345-kV Stage 1 cable additions became operational in October 2006, allowing increased imports of power into the area. With the recent completion of the second cable, the transmission import capability into the Boston area has increased, alleviating much of the previous reliability concerns.

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Projected NPCC Load Growth

The non-coincident (sum of the individual Areas) forecast peak demand for NPCC during the summer of 2007 is 113,921 MW (May – September period). The forecast coincident peak demand for NPCC for the summer of 2007 of 111,299 MW is expected to occur during July. This forecast is 1,085 MW (-1.0%) lower than last year's actual coincident all-time NPCC peak demand of 112,384 MW recorded on August 1, 2006.

Ambient weather conditions are the single most important variable impacting the demand forecasts during the summer months. Historically the peak loads and temperatures between New England and New York have a high correlation due to the relative locations of their respective load centers. Depending upon the extent and duration of a summer weather system, there is some potential for the Ontario summer peak demand to be coincident with New England and New York. Table 1 compares the 2007 NPCC Area forecast peak loads with the 2006 actual Area peak loads.

Table 1 - Comparison of NPCC Area 2007 Forecast and 2006 Actual Peak Loads (May –September- MW)

Area	2007 Forecast	2006 Actual	Date (2006)
Québec	23,561	21,873	May 2
Maritimes	4,037	3,385	May 3
New England	27,360	28,127	August 2
New York	33,447	33,939	August 2
Ontario	25,516	27,005	August 1

New England

The Independent System Operator of New England's (ISO-NE's) forecast summer 2007 peak demand is 27,360 MW based on expected summer peak weather conditions. This demand is 767 MW (-2.73%) lower than last year's actual peak demand [1] of 28,127 MW that occurred on August 2, 2006 (an all-time record peak load for New England). The

[1] Actual experienced peak load.

forecast summer 2007 peak demand is 420 MW (1.6%) higher than the 2006 weather-normalized[2] summer peak demand of 26,940 MW.

New York

The forecast peak load for summer 2007 by the New York Independent System Operator (NYISO) is 33,447 MW, which is 152 MW (0.5%) higher than the forecast of 33,295 MW of summer 2006. This 2007 forecast demand is 492 MW (-1.45%) lower than the all-time summer peak demand of 33,939 MW that occurred on August 2, 2006.

Ontario

The 2007 summer peak Ontario demand forecast by the Ontario Independent Electricity System Operator (the IESO) for monthly weather normal conditions is 25,516 MW. This weather normal forecast is 1,489 MW (-5.5%) less than last summer's all-time peak demand of 27,005 MW that occurred on August 1, 2006, and represents a 14 MW increase over the 2006 monthly weather-normalized forecasted peak demand of 25,502 MW. The load model reflects the latest economic growth forecasts for Ontario for 2007.

The assessments also considered the impacts of expected and extreme weather conditions. As was seen during the first week of August 2006, weather extremes can propel demand significantly higher than the weather normal values.

Québec

The forecast 2007 summer peak load for Québec is 23,561 MW for the week beginning April 29, 2007. This is 1,688 MW (7.7%) higher than the peak load of 21,873 MW experienced on May 2, 2006, and represents a 1.2% increase as compared to the 2006 forecast of 23,286 MW. Hydro-Québec's system is winter peaking. Since some heating load remains on the system in early May and picks up again in late September, the summer peak for Québec may occur around those times. The rest of the summer period sees mostly the basic industrial, residential and commercial load although more and more air conditioning load has begun to appear on the Québec system during the last few years.

Maritime Provinces

A 2007 summer peak load of 4,037 MW is forecast for the Maritime Provinces for the week beginning April 29, 2007. This is a 652 MW increase (19.3%) over the summer 2006 peak load of 3,385 MW experienced on May 3, 2006. Since the Maritimes Area is a winter-peaking area, forecasted peaks for the shoulder months are normally higher than the summer period. The lower demand in 2006 was a result of unseasonably mild day-time temperatures and reductions in industrial loads due to a labor dispute.

[2] The electricity peak load forecast based on normalized summer weather conditions, to remove year to year weather variations.

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NPCC 2007 Resource Adequacy Summary

During the NPCC forecast peak load period (week beginning July 15, 2007), the overall spare operable capacity (capacity over and above reserve requirements) for NPCC is estimated to be approximately 14,159 MW. A portion of this spare operable capacity is in the Québec and Maritimes Areas. The transfer capability between the Québec and Maritimes Areas to the remainder of NPCC will not permit the usage of all this forecasted spare operable capacity. As a result, the Operable Capacity Margin (OCM) for NPCC in the July peak period is reduced to approximately 8,237 MW (see Figure 1).

The week beginning August 26th represents the week with the lowest forecast Operable Capacity margin; approximately 8,110 MW is estimated to be available, after accounting for transmission constraints. By comparison, in last year's assessment, the corresponding amount for the week with the lowest forecast operable capacity margin (week beginning July 9th) was approximately 7,556 MW.

As shown in Figure 1, the sizeable spare operable capacity margins forecasted for this summer would tend to counteract any negative impact delays to the capacity additions described below could have to the overall NPCC reliability assessment.

New England

Based on the reference load forecast (50% chance of being exceeded) and projected available capacity for the summer 2007 period, operable capacity margins ranging from -493 MW to 5,164 MW are possible. These margins do not include the short-term capacity and energy purchases from neighboring systems that are anticipated to be available. During periods when the operable capacity margins are negative, ISO-NE will have to implement ISO New England Operating Procedure No. 4 – Action during a Capacity Deficiency (OP-4). OP-4 is designed to provide additional generation and load relief needed to balance electric demand and supply while striving to maintain appropriate operating reserves.

Under the extreme demand forecast (10% chance of being exceeded), projected operable capacity margins of –2,298 MW to –1,591 MW are forecasted for the months of June through August. If these conditions occur, ISO-NE would need to rely on neighboring areas as well as OP-4 actions.

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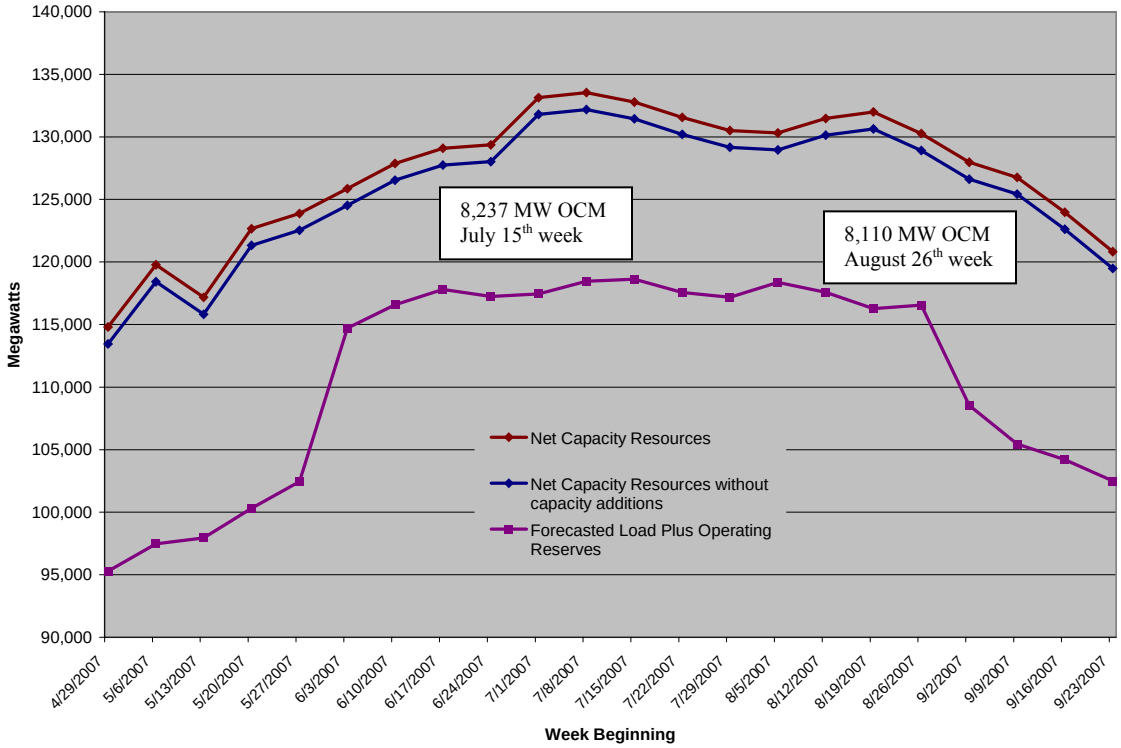

Figure 1 – Adequate NPCC 2007 Summer Operable Capacity Margin (OCM) Projected

Resources

Two new generating resources totaling 96 MW are expected to enter commercial operation in New England during the Summer Operating Period. If this capacity is not operational in time for the peak demand period, it will only have a marginal effect on the estimated operable capacity margins.

The total nameplate capability of wind generators in New England is 11.1 MW, while the amount claimed-for capability is 4.0 MW (36 % of nameplate).

Transmission

ISO-NE's 2006 Regional System Plan (RSP06) outlined a number of the ongoing transmission planning studies and projects that are taking place. The report described the various areas of the region where transmission projects are needed for reliability. ISO-NE continually monitors transmission facility additions and coordinates outages in order to mitigate any possible reliability risks that may be associated with changes in the transmission system.

In past years, the Southwest Connecticut area has faced reliability problems due to transmission constraints into and within that region. However, with the addition of Phase 1 of the Southwest Connecticut Reliability Project in October 2006, it is anticipated that the combined ability of the generation in the area and the available transmission capacity to import energy into the region will be adequate to meet the demand in Southwest Connecticut.

The Boston area ─ the major demand center in New England with a forecasted demand of 5,490 MW in summer 2007 ─ is another area where reliability has been a concern. The first of the NSTAR 345-kV Stage 1 cable additions became operational in October 2006 and is allowing increased imports of power into the area. With the recent completion of the second cable, the transmission import capability into the Boston area will increase by 1,000 MW (to 4,600 MW total). The ISO-NE 2006 Regional System Plan (RSP06) forecasted a positive operable capacity margin for the Boston area in summer 2007 as a direct result of the NSTAR project.

A new 345-kV line in Vermont became operational in January 2007. This is a portion of the Northwest Vermont Reliability Project, which addresses the reliability needs in the northwestern area of Vermont.

New York

The New York Independent System Operator (NYISO) forecasts installed capacity of 39,294 MW for the peak week resulting in a capacity margin of 3,020 MW.

These resources represent all generation capability located physically within the New York Area that is able to participate in the NYISO Installed Capacity (ICAP) market. In addition to these generation resources within the New York Area, generation resources external to the Area can also participate in the NYISO ICAP market. Resources within the New York Area that provide firm capacity to an entity external to the Area are not qualified to participate in the ICAP market.

NYISO conducts semi-annual and monthly Installed Capacity auctions. Based on the forecast demand for 2007, the ICAP requirement is 38,966 MW based on a 16.5 % installed reserve margin requirement. New York is expected to purchase 2,000-3,000 MW of additional ICAP capacity beyond this requirement. When allowances are taken for unplanned outages (based on historical performance of 9.1 % unavailable capacity), the net available resources based on the 16.5% minimum requirement will be 35,419 MW, which will be sufficient to meet the New York Area load and operating reserve requirement during the peak demand hours, with a reserve margin of 172 MW expected

at peak conditions. Actual reserves, with the purchase of 2,000-3,000 MW additional ICAP, could be much higher.

Resources

Since the summer of 2006, 726 MW of additional resources have been added to the New York system. The SCS Astoria Phase 1 combined cycle project is a new natural gas fired 531 MW plant. The Maple Ridge Wind Phase 2 project is a 100 MW wind farm. The uprate of the existing Ginna nuclear unit adds another 95 MW.

This total is reduced by 388 MW due to resource retirements: the retirement of the Lovett 3 and Lovett 5 generators for 46.8 MW and 176.2 MW; and the Huntley 65 and Huntley 66 coal-fired generators for 165 MW.

The NYISO projects the availability of 629 MW of load relief from Emergency Operating Procedures that include internal load curtailment by the transmission owners, public appeals and 5 % system wide voltage reductions. Participation in the Emergency Demand Response Program (EDRP) and Special Case Resources (SCR) programs represents an additional 1,145 MW available through the market. EDRP are voluntary but paid emergency procedures while SCR utilizes contracted demand side market resources.

Transmission

A new 345-kV substation in New York City serving load in the Bronx, Mott Haven, is planned for the summer of 2007 between Dunwoodie and Rainey. Transmission upgrades by Orange & Rockland Utilities have been made to accommodate the retirement of Lovett Units 3 & 5.

The Neptune Cable between New Jersey and Long Island, New York is planned for commercial operation in July 2007. The Neptune Cable has a rated capacity of 660 MW at the Long Island terminal.

Ontario

The Independent Electricity System Operator (IESO) of Ontario is anticipating an operable capacity margin of 810 MW on the peak week based on the forecasted weather normal demands.

This estimate of the operable capacity margin does not consider all the additional off-market control actions available to the IESO. For example, the IESO can institute a 3 % or 5 % voltage reduction. These control actions have the effect of reducing the demand

by 1.5 % to 2.6 % which equates to approximately 380 MW to 660 MW on the peak week.

Ontario's capacity outlook for the summer of 2007 would still be manageable if delays to new generation or other adverse conditions were to occur.

The risks associated with this analysis are that demands may be heavier than expected due to extreme weather, generators on outage may not return to service as scheduled or there are delays to new and returning generators. Of some concern for this summer are the numbers of generators on outage that are expected to return to service before the end of June. While Ontario has an operable capacity margin of 810 MW or more during this period, the IESO will monitor the situation and take appropriate actions where necessary.

Resources

The IESO was anticipating an additional 509 MW of new generating capacity for the 2007 summer period. The 509 MW increase is due to the refurbishment of existing generators and a recently delayed 485 MW gas fired generator in the Toronto area which was scheduled to be in service by late June. Even if all 509 MW of additional capacity were to not come on line, Ontario would still be left with a positive operable capacity margin during the forecasted peak week.

All resources that were projected to be in service for the summer 2006 have been declared in-service and represent a net increase of capacity from the summer of 2006 of 223 MW. This includes about 200 MW of wind generation of which 10 per cent is assumed to be reliably available at peak times.

The IESO has seen a steady growth in the dispatchable load available since the summer of 2004. Based on participant projected commitments, a value of 386 MW of economically dispatched load, increasing up to 552 MW, has been assumed to be available for this forecast period.

Transmission

The major transmission projects in Ontario during the 2007 Summer Operating Period are taking place at two stations on the Michigan interface; Scott and Lambton TS. Outages to complete this work have already begun and will extend past this summer period. A major breaker replacement project will be undertaken at Scott TS; this work is expected to be competed by the beginning of the 2007/2008 winter period.

In parallel, major work is underway at the Lambton switch yard. The overall goal is to reduce the limitations in the area and allow for the addition of approximately 1,700 MW of new gas fired generation in the area over the next 18 months.

The completion date for the transmission reinforcement between the Niagara region and the Hamilton/Burlington area continues to be delayed. The existing limitations affect both the use of available Ontario generation and imports into the province, particularly during hot weather, high demand periods.

Once in service the reinforcement project will increase the capability of the transmission system connecting the Niagara River generation at Queenston to the grid in the Hamilton area by about 800 MW. This enhancement will permit increased imports from New York of at least 350 MW up to 800 MW depending on the load and generation dispatch in Ontario.

The phase angle regulators (PARs) on the Michigan Ontario interconnections were operated by-passed throughout the summer of 2006 because an agreement to operate the phase shifters to control flow has not been reached. High loop flows continue to be present through the Ontario System. Phase shifters have been installed by Hydro One in Ontario to mitigate the problems caused by the loop flows affecting Ontario's most heavily used interfaces. This equipment cannot be used as intended until the IESO and the Midwest System Operator (MISO) complete an operating agreement, which must be based on the Hydro One - International Transmission Company facilities agreement still under negotiation.

The inability to regulate flows combined with lower than expected ratings on the equipment resulted in significant congestion of imports from the Michigan direction in 2006. Until the necessary agreements are in place, the PARs will only be operated off neutral tap to prevent a 5% voltage reduction in Ontario or Michigan, to prevent shedding firm load, and for testing. Without agreement to control flow, the congestion experienced in 2006 can be expected to re-occur in 2007.

Québec

The Québec Area is winter peaking. Adequate resources are forecast to be available to serve summer peak demand and meet operating reserve requirements. Québec is projecting operable capacity margins in the range of 5,781 MW to 8,914 MW.

Resources

For the 2007 summer period, the total installed capacity in Québec is around 41,507 MW. This includes firm capacity purchases from Churchill Falls Labrador Co., from Québec

private producers, from Alcan in Québec, and from wind farm generation. During fall 2006 Hydro-Québec Production (HQP) commissioned the 480 MW Eastmain-1 Generating Station and upgraded Outardes-3 and Outardes-4 hydro generating stations for a total of 89 MW. HQP will be commissioning the 32 MW Mercier G.S. during spring 2007. In addition, a 20 MW biomass private producer, a 109 MW wind farm (Baie-des-Sables) and TransCanada Energy combined cycle G.S. (507 MW) are now in service. Therefore, about 1,237 MW of new generation has come on line since the last summer.

Transmission

The transmission additions to be done by TransÉnergie during the 2007 summer period concern mainly the integration of new wind generation resources.

During the 2007 summer period, some maintenance outages are scheduled on the interconnections with neighboring Areas. The scheduling of maintenance is done so as to minimize the effect on transfer capabilities. For the Radisson – Nicolet – Sandy Pond HVDC link, maintenance is scheduled in May and October. Therefore, maximum transfer capability will be available from June through to September. The Highgate maintenance will be done in early May.

On the Québec ─ New Brunswick side, lines 3078 and 3079 from Lévis to Rivière-du-Loup will be out of service this year from July 2 to 13 and again from July 23 to October 12. This is to implement mechanical reinforcement of the lines to upgrade them to new ice accumulation standards and will reduce transfer capabilities to between 200 and 400 MW, from Québec to New Brunswick. This work was started last year and is expected to be finished this summer.

On the Québec – New York side, line 7040 as well as the Châteauguay converters will be available throughout the summer period.

Internal transmission outage plans are assessed to meet internal demand, firm sales, expected additional sales and additional uncertainty margins. They should not impact on inter-area capabilities with neighboring systems.

Maritimes

The Maritimes Area is winter peaking. Adequate resources are forecast to be available to serve summer peak demand and meet operating reserve requirements. The Maritime Provinces forecast net operable capacity margins ranging from between 29 to 52 percent over the period May through September 2007.

Resources

In the Maritime Provinces, 18 MW of wind power is scheduled for commercial operation during the summer period May through September 2007. Normal hydro conditions for the 2007 summer period are forecast. The hydro resources are run of the river facilities with limited reservoir storage facilities. These facilities are primarily utilized as peaking units providing operating reserve.

Transmission

The Maritime Provinces' bulk transmission system is projected to be adequate to supply the demand requirements for the 2007 summer period. There are no major additions expected for the 2007 summer period.

Load Response Programs

Each Area utilizes various methods of demand management. In those Areas where market based structures have been implemented or are evolving, there has been a shift in contractual obligations of the interruptible loads. The move is an attempt to manage load interruption, as a result of demand exceeding resources, by giving industrial and commercial customers the ability to respond to price signals in the wholesale electricity marketplace. Many of these programs are in varying degrees of development. The following is a summary of each Area's current interruptible load programs available, or in development to be available, for the 2007 summer period.

New England

During times of capacity deficiencies, ISO New England declares its Operating Procedure No. 4 – Actions during a Capacity Deficiency (OP-4) that includes; public appeals for conservation, purchasing emergency energy from the neighboring control areas, activating demand response resources, and implementing voltage reductions.

Demand response resources are activated through ISO New England's Demand Response Programs. Participants within the Real-Time Demand Response Program will be involved in one of two sub-programs based on their response time (30 minutes or 2 hours). Each subprogram will require the participant to interrupt during pre-specified actions of OP-4. In addition, Participants in the Real-Time Profiled Response Program will be required to respond during certain actions of OP-4.

Approximately 828 MW of demand response resources are assumed available during OP-4 conditions for the 2007 summer period.

In addition to the reliability-based programs, ISO-NE also administers a Real-Time Price Response program and offers the Day-Ahead Demand Response Program. Due to their voluntary nature, these programs were not counted as capacity in this assessment.

New York

The NYISO introduced two load response programs for the New York Market in May 2001. The Emergency Demand Response Program (EDRP) is a program in which Customers are paid to reduce their consumption by either interrupting load or switching to emergency standby generation when requested by the NYISO.

The NYISO utilized their EDRP/SCR demand reduction programs in New York City and Long Island from 14h00 to 19h00 on August 1, 2006, reducing an estimated 653 MW. NYISO also utilized EDRP/SCR the next day when New York set its all-time peak of 33,939 MW. On August 2, 2006, EDRP/SCR were again activated in New York City and Long Island from 13h00 to 19h00 and also in the West, Genesee, and Central zones from 14h00 to 19h00, reducing an estimated 1,172 MW.

The EDRP is continuing for summer 2007, and NYISO estimates that 210 MW of load relief during peak conditions is considered "reliable." Additionally Special Case Resources (SCR) is expected to provide 935 MW of load relief during periods of forecast reserve shortages. This load relief will be available to support the New York State power system during periods of forecast reserve shortages.

Since customer participation in these programs varies over time, it is recognized that the actual amount of SCR/EDRP resources available for this summer may be different than the amount assumed in this study.

Ontario

In 2006, the number of dispatchable loads participating in the IESO-Administered Market increased. Dispatchable loads are facilities that are willing to be treated as a resource that would be dispatched off the system by the IESO once the price of energy in the real time market has exceeded the bid (to Buy) price submitted by the load. The subject load must then reduce its demand according to the dispatch instructions or the load will face compliance proceedings. Based on this year's indication, the values have increased from last years 409 MW to 552 MW for this assessment period.

In 2002, the IESO instituted an Emergency Demand Response Program to provide additional demand relief under emergency conditions. The program currently involves 11 different customer sites with approximately 230 MW of load contracted in this ancillary service. When requested, the customers would reduce their demand on a

voluntary basis. This demand response program will be implemented just prior to the interruption of firm load.

The Emergency Load Reduction Program (ELRP) is a program that was implemented for the summer of 2006. The ELRP helps address reliability needs by creating incentives for load reduction. The IESO will implement ELRP before applying more severe emergency control actions such as voltage reductions, requesting Ontario generators to apply for environmental variances, and emergency energy purchases from neighboring jurisdictions. When a requirement for ELRP is forecasted either in the day-ahead or early on the day-at-hand, ELRP participants will indicate the load reduction they are willing to provide. For a commitment to reduce load, ELRP participants are paid a standby payment until activation. Following ELRP activation, participants are paid for their actual measured and verified load reduction.

Québec

The two interruptible load programs in Québec are available only during the Winter Operating Period. Last summer, one of the programs remained available, but this has now been changed.

Maritime Provinces

The Maritimes Area is a winter peaking area and does not have any summer Demand Response Programs.

Estimated Need for Operating Procedures

A wide range of assumptions were analyzed, including extreme weather conditions derived through over 40 years of experience, unexpected plant outages, transmission constraints between and within regions, implementation of operating procedures and estimated impact of demand response programs.

In the probabilistic assessment, chronological system histories were developed by combining randomly generated operating histories of the generating units with the inter-area transfer limits and the hourly chronological loads. Consequently, the system was modeled in great detail with accurate recognition of random events, such as equipment failures, peak load forecast uncertainty, as well as the deterministic rules and policies that govern system operation. The effects on reliability of uncertainties in the peak load forecast (due to weather and economic conditions) were captured through simulation of seven forecast load levels. The expected load level results were based on the probability-weighted average of the reliability at each of the seven load levels simulated.

Figure 2 shows that for the expected load level, (representing the probability-weighted average of the seven load levels assumed) the use of operating procedures designed to mitigate resource shortages (specifically, reducing 30-minute reserve, voltage reduction, reducing 10-minute reserve, and public appeals) is not expected during the 2007 summer period for both the Base Case and Severe Case conditions modeled. The expected usage of these operating procedures is less than one occurrence.

Recently added capacity in the NPCC Areas, in addition to the Demand Response Programs and transmission projects planned to be available this summer are all contributing factors that tend to reduce the need for the use of these operating procedures in 2007.

The Base Case conditions represent the most likely scenario of expected resources and transmission availability for this summer. The Severe Case considered reductions in anticipated resources, delay of expected transmission projects, additional unit retirements, extended unit maintenance, and/or additional transmission limitations into NPCC.

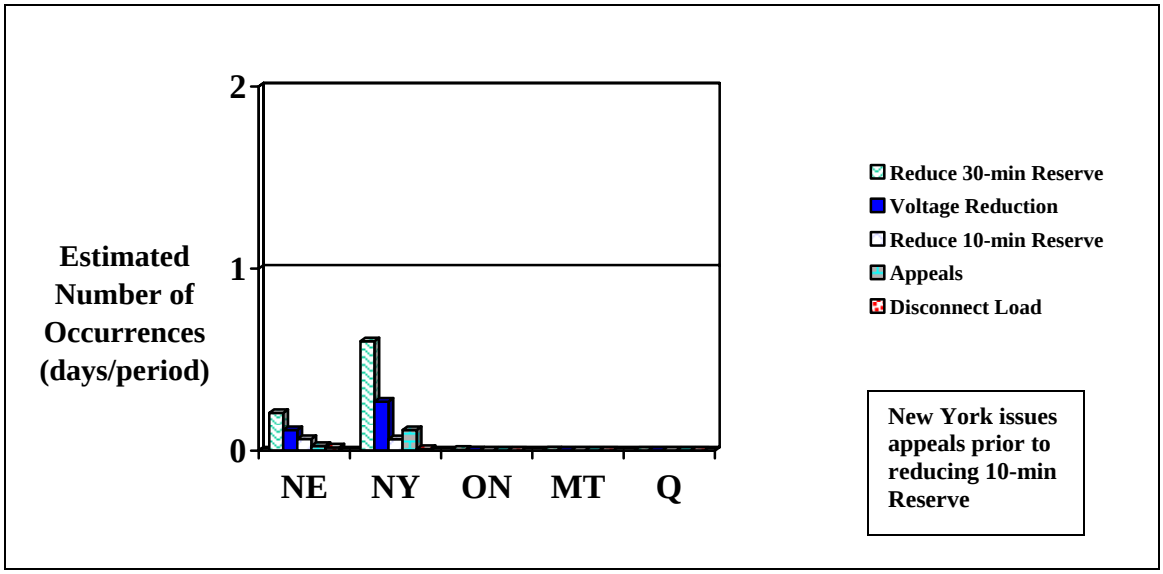

Figure 2
Range of the Expected Use of Indicated Operating Procedures for Summer 2007 Considering Base Case and Severe Case Assumptions (May – September)
(Expected Load Level)

Only under an unusually severe set of resource unavailability assumptions (for example, NPCC region-wide delays in planned resource and transmission projects, scheduled unit

maintenance extended over the summer peak period, 50% reduction in demand-response programs, with additional transmission limitations in the NPCC Region), all occurring coincident with extreme weather conditions (such as a wide-spread and prolonged heat wave with high humidity and near record temperatures) would the implementation of a limited number of operating procedures and programs be anticipated in New York and New England to keep electricity supplies and demand in balance. It is unlikely for all these assumptions to occur simultaneously.

As shown in Figure 3, assuming extreme load levels (having approximately a 6% chance of occurring) coupled with a severe set of coincident resource unavailability assumptions (for example, the 660 MW Neptune Cable Project to Long Island NY is not in-service, the New England to Long Island Cross Sound Cable is available only for emergency transfers, demand-side programs impacts reduced by 50%, among other severe assumptions), the assessment estimates the potential use of these operating procedures is more likely to be required in New York City and Long Island, NY, and, to a lesser extent, in Boston, MA, and southwestern CT. The limited use of operating procedures estimated under these most severe of resource conditions and extreme load assumptions illustrate the robust reliability of the NPCC system.

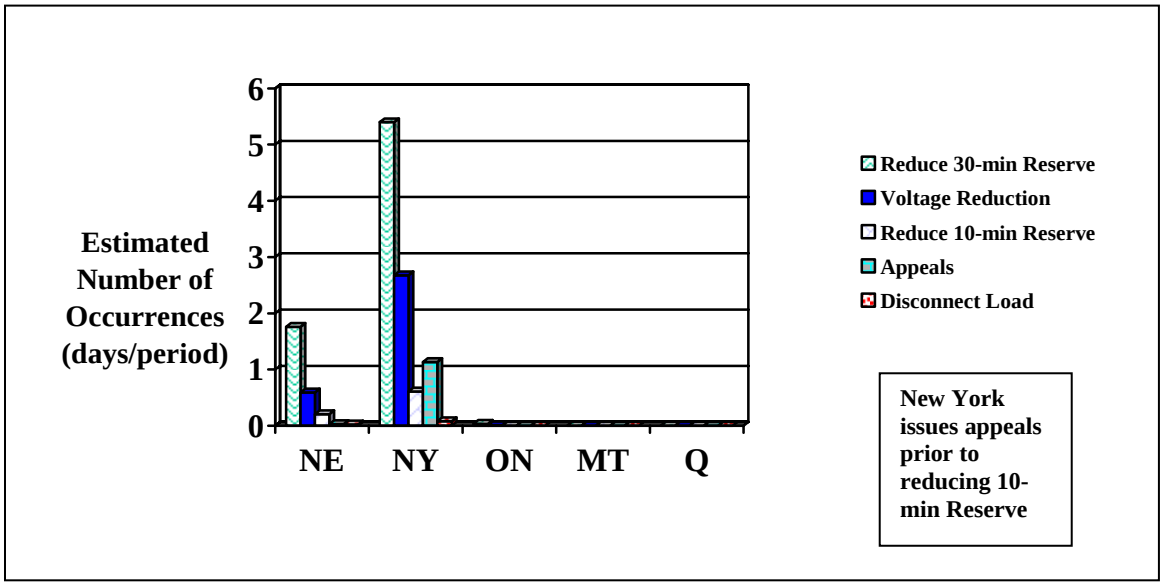

Figure 3
Summer 2007 – Expected Use of the Indicated Operating Procedures
Severe Case Assumptions, Extreme Load Level
(May – September)

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Operational Readiness

The Resource and Transmission Reliability Adequacy Assessments are key elements in determining NPCC's ability to meet the forecasted demands of the summer period. To mitigate the uncertainty surrounding load forecasts, forced outages and other conditions that cannot be controlled or predicted, the NPCC Region is prepared to deal with contingencies in real time.

To be prepared to deal with the constantly changing conditions on the power system, NPCC routinely conducts operational planning calls between Areas to coordinate short-term system operations. NPCC has also refined and expanded its pre-emergency conference call mechanism to enable Areas and neighboring regions to communicate current operating conditions and facilitate the procurement of assistance under emergency conditions.

NPCC Inc.

Northeast Power Coordinating Council (NPCC) was originally formed as a voluntary, non-profit regional electric reliability organization in January 1966, shortly following the Northeast Blackout of November 9, 1965. In response to U.S. energy legislation and in preparation for the certification of the North American Electric Reliability Corporation as an Electric Reliability Organization (ERO), NPCC began restructuring in 2006. The Membership interests in NPCC were transferred to a regional reliability assurance not-for-profit corporation, the Northeast Power Coordinating Council, Inc. (NPCC Inc.), and a separate and independent, affiliated, not-for-profit corporation was created, the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (NPCC CBRE) to provide compliance enforcement and standards development functions and services.

NPCC Inc. provides its members with regional reliability assurance services and acts as the vehicle through which States and Provinces can fulfill their political mandates with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure through development, assessment and enforcement of regionally-specific reliability criteria, the coordination of system planning, design and operations, and assessment of reliability.

NPCC CBRE's purpose is to enhance the reliability of the international, interconnected Bulk Power System in Northeastern North America through the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards pursuant to the execution and implementation of an Regional Delegation Agreement with the ERO and Canadian Provincial Memoranda of Understanding that are backstopped through the ERO by the FERC and through Canadian Provincial regulatory and/or governmental authorities.