

December 22, 2005

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Chairman & CEO  
Central Hudson Gas and Electric Corp.  
284 South Avenue  
Poughkeepsie, New York 12601

Mr. Eugene R. McGrath  
Chairman of the Board & CEO  
Consolidated Edison Co. of NY, Inc.  
4 Irving Place  
New York, New York 10003

Mr. Richard M. Kessel  
Chairman & CEO  
Long Island Power Authority  
175 East Old Country Road  
Hicksville, New York 11801

Mr. John McMahan  
President & CEO  
Orange & Rockland Utilities, Inc.  
1 Blue Hill Plaza  
Pearl River, New York 10965

Dear NYISO Transmission Owners and other Customers and Interested Parties:

On December 19, 2005, the Board of Directors of the New York Independent System Operator (NYISO) approved the 2005 Reliability Needs Assessment (RNA) submitted to it by the NYISO Management Committee. The RNA has been sent to all ISO customers and it has been posted on the NYISO website accessible at [www.nyiso.com](http://www.nyiso.com).

Pursuant to Section 6.1 of the NYISO Comprehensive Planning Process for Reliability Needs contained in Attachment Y to the NYISO Open Access Transmission Tariff, the NYISO hereby solicits market-based and regulated backstop solutions to the reliability needs identified in the RNA. Pursuant to Section 6.1 of the Comprehensive Reliability Planning Process (CRPP), and in view of the July 2006 date for completion of the NYISO's Comprehensive Reliability Plan (CRP), the NYISO hereby establishes February 15, 2006 as the requested due date for responses to be submitted to the NYISO. Please review the RNA for identified reliability issues in New York State beginning in 2008, and for a full explanation of the identified reliability needs. Nothing in this letter precludes any interested party from submitting a market-based solution after February 15, 2006, but responses are encouraged on or before that date.

Proposed solutions may take the form of large generation projects, small generation projects including distributed generation, demand-side programs, transmission projects, market rule changes, operating procedure changes, and other actions and projects that meet the identified reliability needs. Proposed solutions should be fully documented to provide for verification and evaluation, including sufficient technical information to assess the impact of the proposed solutions on system reliability.

Appendix A to this letter sets forth the criteria for the NYISO's evaluation of the viability of proposed market-based solutions and of whether those solutions satisfy the identified reliability needs in whole or in part. With respect to market-based solutions, NYISO Customers and other Interested Parties are reminded that Section 6.2 of the CRPP states that:

Subject to the execution of appropriately drawn confidentiality agreements and FERC's standards of conduct, the NYISO and the appropriate Transmission Owner or Transmission Owners shall provide any party who wishes to develop such a response access to the data that is necessary to develop its response. Such data shall only be used for the purposes of preparing a market-based response to a Reliability Need under this section. Such responses will be open to all resources, including generation, demand response providers, and merchant transmission developers.

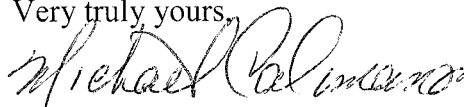
Concerning regulated backstop solutions, Transmission Owners are reminded that Section 6.1 states that "such proposals may include reasonable alternatives that would effectively address the Reliability Need" and that "the Responsible TO shall also estimate the lead time necessary for implementation of its proposal."

An original and two copies of each market-based and regulated backstop solution should be sent to me at the following address:

New York Independent System Operator  
3890 Carman Road  
Schenectady, New York 12303

In addition to paper copies, proposals may be sent via e-mail to John Adams ([jadams@nyiso.com](mailto:jadams@nyiso.com)). All persons interested in submitting market-based or regulated backstop solutions are encouraged to contact Robert Waldele (518-356-6231, [rwaldele@nyiso.com](mailto:rwaldele@nyiso.com)), John Adams (518-356-6139, [jadams@nyiso.com](mailto:jadams@nyiso.com)), or Carl Patka (518-356-6220, [cpatka@nyiso.com](mailto:cpatka@nyiso.com)) of the NYISO Staff with any questions or comments regarding this solicitation of responses to the reliability needs identified in the RNA, or about the Comprehensive Planning Process generally.

Very truly yours,



Michael Calimano  
Vice President  
Operations and Reliability

cc: Paul Gioia, Counsel to the Transmission Owners