



Department of Energy

Washington, DC 20585

Order No. 202-03-2

Pursuant to the authority vested in me by section 202(c) of the Federal Power Act, 16 U.S.C. 824a(c), and section 301(b) of the Department of Energy Organization Act, 42 U.S.C. 7151(b), and for the reasons set forth below, I hereby determine that an emergency continues to exist in the Northeast United States due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, a shortage of facilities for the transmission of electric energy and other causes, and that issuance of this order will serve to alleviate the emergency and serve the public interest. This emergency also affects the reliability of electric service in Canada, which in turn affects, and is affected by, the reliability of electric service in the United States.

On August 14, 2003, the Northeast and Upper Midwest areas in the United States, as well as portions of Canada, experienced the largest electric transmission grid failure and electric service outage ever to occur in North America. Tens of millions of people were affected by this outage, and it presented profound risks to the public health and safety throughout the affected areas. Only hours after the outage occurred, and after considering the unanimous recommendation of the North American Electric Reliability Council, the New York Independent System Operator (NYISO), ISO New England, Inc. (NEISO), and electric utilities in both New York and Connecticut in support of the issuance of an emergency order, I issued an order directing the NYISO and NEISO to require the Cross-Sound Cable Company, LLC (CSC) to operate the Cross-Sound Cable and related facilities as necessary to alleviate the disruptions in electric transmission service. The Cable was energized a short time thereafter. Within hours, it was delivering 300 MW of energy from Connecticut to Long Island and also providing valuable voltage support and stabilization services for the electric transmission systems in both New England and New York. It has been reported that operation of the Cable prevented rolling blackouts from occurring in New York in the hours immediately after electric service was restored.

The emergency to which the August 14 order was directed was not one confined to interruptions on Long Island; it was directed to addressing the emergency confronted by the entire region that experienced the blackout. At the current time, it has not yet been authoritatively determined what happened on August 14 to cause the transmission system to fail resulting in the power outage, or why the system was not able to stop the spread of the outage. Because these questions have not yet been authoritatively answered, all of the appropriate actions that should be taken in response to prevent future power outages have not yet been discerned and thus have not yet been taken. For these reasons, and even though electric service has been restored in the area affected by the August 14 blackout, it is my judgment that an emergency continues to exist such that an order under Federal Power Act section 202(c) continues to be necessary and should be issued.

The order I am issuing today will alleviate the emergency because it will allow energy to be delivered to and from Connecticut and Long Island as is deemed necessary by the



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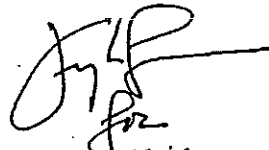
professionals who manage the grid, and because operation of the Cable will provide voltage support and stabilization services to the transmission system in the Northeast United States. In my judgment, continued operation of the Cross-Sound Cable (that is, its continuing to be energized and its regular commercial transmission of electric energy) is necessary and desirable to address effectively the situation that exists in the Northeast United States.

Based on my determination set forth above, I hereby order:

From 12:01 a.m. Eastern Daylight Time, September 1, 2003, until such time as the emergency identified in this order ceases to exist as I shall specify in a subsequent order, CSC is directed to operate, in accordance with system operating criteria, the Cross-Sound Cable and related facilities connecting substations in New Haven, Connecticut and Shoreham, Long Island, New York, to transmit and deliver electric capacity and/or energy when, as and in such amounts as may be scheduled and purchased, to provide voltage support and stabilization services to the transmission system, and to take such actions as are necessary in order to enable it to do so, including but not limited to energizing and continuing to energize its facilities to transmit and deliver electric capacity and/or energy from Long Island to Connecticut or from Connecticut to Long Island, and operating its voltage support and stabilization facilities, all in accordance with the usual operating and scheduling protocols of the NYISO and NEISO, and not conditioned on whether particular outages have been identified as being threatened or imminent in New York or Connecticut. If necessary, just and reasonable terms for the transmission and delivery of electric capacity and/or energy pursuant to this order, including the compensation therefor, shall be established by a supplemental order issued pursuant to Federal Power Act section 202(c).

This order shall be effective upon its issuance.

Issued in Washington, D.C. at 2 PM this 28th day of August, 2003.



Spencer Abraham
Secretary of Energy