"Hospitals and universities, stock exchanges and baseball stadiums, offices and homes, they all depend on electricity. They deserve the best, and they have it here."

Cheryl A. LaFleur, Chairman, Federal Energy Regulatory Commission, Remarks at Opening of NYISO Control Center, April 15, 2014
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The NYISO’s mission is to serve the public interest and provide benefit to consumers by maintaining and enhancing reliability; operating open, fair and competitive wholesale electricity markets; planning the power system for the future; and providing factual information to policy makers and other stakeholders. Our annual Business Plan is guided by our five-year Strategic Plan and reflects the priorities of our market participants, regulators and other stakeholders.

In 2015, the NYISO will continue to implement the requirements of the expanded definition of the bulk electric system, make improvements in interregional transaction coordination with our neighbors, and implement the public policy planning processes required by FERC Order 1000. Improved coordination between the electric and natural gas industries remains a priority, as do efforts to plan for fuel availability and sending the right price signals to ensure sufficient supplier performance incentives exist during critical periods. The NYISO will also be supporting efforts by the New York Transmission Owners to expand the bulk electric system and create a more robust, reliable and resilient system.

In 2014 the New York Public Service Commission announced a major initiative to fundamentally change the way consumers use electricity and obtain electricity supply — “Reforming the Energy Vision.” As this vision is developed, NYISO will be working with its stakeholders to incorporate distributed resources into the bulk electric system, send proper price signals and plan for a more distributed and variable future. We will continue to support New York State’s public policy considerations by providing objective and fact-based analysis to ensure policymakers have the data they need to make informed decisions. The NYISO will work diligently to meet customer expectations and implement improved cost management processes as we seek to maximize the value proposition to consumers while operating the grid reliably, managing the markets efficiently, and planning for a system that is growing in complexity.

The 2015 Business Plan outlines these initiatives for the coming year and focuses our efforts to better address the evolving economic, environmental and energy needs of New York State. Working together with market participants, regulators, and policy makers, I am confident that the NYISO is prepared to meet these challenges.

Sincerely,

Stephen G. Whitley
President & CEO
I. The NYISO

The New York Independent System Operator (NYISO), which began operating in 1999, is a not-for-profit corporation primarily regulated by the Federal Energy Regulatory Commission (FERC). The governance, structure and missions of the NYISO comply with the guiding principles in the FERC’s open access regulations - Orders 888 and 2000. The NYISO is governed jointly by an independent Board of Directors and Market Participants representing transmission owners, generation owners, other electric power suppliers, end-use consumers, and public power/environmental sectors. In accordance with a rigorous code of conduct, NYISO Board members and staff are required to be independent from the interests of market participants.

The NYISO serves the public interest and provides benefit to consumers by fulfilling an array of essential responsibilities, which include:

- Reliable operation of New York’s bulk electricity grid,
- Fair and open administration of competitive wholesale electricity markets,
- Planning for the future of New York’s power system, and
- Advancing the technological infrastructure of the electric system serving New York.

On a minute-to-minute basis, the NYISO economically and reliably balances the electricity needs of consumers with an equal supply of energy from available generation and other resources. Private, investor-owned utilities and public power authorities own the 11,016 miles of bulk electricity transmission lines that comprise the electric grid in New York State. The NYISO controls and coordinates access to -- and the bulk power flow over -- these lines in accordance with the federal policy of open and non-discriminatory access to the grid. The NYISO works with transmission owners, the New York State Reliability Council (NYSRC), the Northeast Power Coordinating Council (NPCC), and the North American Electric Reliability Corporation (NERC) in meeting rigorous standards for the reliable planning and operation of the bulk electric power system.

In 2014 the NYISO opened a new primary power control center. This new control center, among the most technologically sophisticated in the world, improves operator visibility of wide-area and local grid conditions, enhances integration of new technologies, and provides many of the situational awareness displays and other tools needed to meet stricter federal requirements for the monitoring and control of the bulk power grid.

As market administrator, the NYISO conducts a continuous series of auctions, in which load-serving entities bid to purchase electric energy offered for sale by suppliers. Similarly, the NYISO administers markets to purchase balancing requirements and various operating reserves needed to maintain system reliability. The NYISO also operates markets that allow market participants to purchase the installed capacity needed to meet adequacy
and therefore reliability requirements. Energy service companies and end-use consumers can provide demand response resources and compete with suppliers in several of these markets.

Pursuant to its tariff, the NYISO maintains credit requirements to see that all market participants enter into transactions with a reasonable assurance that they will be protected from a payment default. The NYISO’s independent market monitor and internal market monitoring and performance group watch the markets for attempts at manipulation, identify potential market improvements, and report any violations of the tariffs to the FERC.

The NYISO’s Comprehensive System Planning Process (CSPP) is a unique, “all source” planning process that evaluates transmission, generation and demand response on a comparable basis. It is the primary tool for the NYISO to inform transmission expansion and electric infrastructure investment decisions in the New York Control Area. Developed through its stakeholder governance process, the CSPP establishes that the NYISO will identify reliability and economic needs and administer a process whereby solutions are proposed, evaluated and implemented in order to maintain the reliability of the bulk electric power system. Pursuant to FERC Order 1000, the NYISO evolved its CSPP to evaluate transmission expansion investments driven by public policy requirements as well as those driven by reliability and economic needs. The CSPP assists state policy makers in identifying and evaluating proposals to achieve various public policy objectives. The NYISO uses these processes to select the more efficient or cost effective transmission projects that will be eligible for cost allocation and cost recovery under its tariff.

The NYISO strives to achieve its strategic objectives with the guidance of government policy makers and regulators, and the direct involvement of market sector stakeholders. As it serves the greater interest of the state and the people of New York, the NYISO’s efforts are most visible in the forum it provides to share ideas on how to resolve issues and solve problems. With hundreds of Market Participants, the NYISO engages an array of interests, including representatives from Public Power & Environmental Parties, End-Use Consumers, Transmission Owners, Generation Owners, and Other Suppliers. The governance structure includes three standing committees — the Management Committee, the Business Issues Committee, and the Operating Committee. Each committee oversees its own set of working groups and/or subcommittees. The NYISO’s achievement of its objectives depends on the active involvement of participants in the shared governance committee process.
NYISO STRATEGIC VISION

The NYISO will be a leader in developing a broader regional strategy for accomplishing our mission, based on cooperative efforts among ISO/RTOs, to optimize system efficiency and preserve reliability. This will be achieved through the shared use of grid resources that improve our ability to respond to dynamic market and operating conditions across market borders.

 Achieving this broader regional strategy will require a commitment among ISO/RTOs to:

- Optimize the economic flow of electricity across borders;
- Coordinate planning processes that facilitate transmission investments in support of reliability, economic efficiency, and public policy activities;
- Deploy smart grid technologies that maintain system balance through the use of robust data, communications, and automated systems; and
- Develop a shared understanding of regional gas delivery constraints for power generation as well as a commitment to address them collaboratively.

An effective broader regional strategy will enhance reliability and expand the benefits of competitive markets in local markets, while preserving the local market governance structures.
CORE VALUES & MISSION

The Core Values and Mission of the NYISO establish the foundation from which all of our responsibilities are delivered. Together, they provide the basis for the NYISO’s Strategic Objectives and Vision, as well as a reference point to guide decision making and actions at all levels of the organization.

Core Values

- Accountability – Taking responsibility to do what needs to be done
- Quality – Commitment to excellence in all our processes, systems and products
- Integrity – Commitment to honest and ethical actions
- Team Work – Working together, succeeding together, respecting each other
- Customer Focus – Listening, caring, delivering
- Innovation – Pursuing creative and sound solutions
- Enthusiasm – Having a passion for our work and our interaction with our customers, stakeholders and policy makers

Mission

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:

- Maintaining and enhancing regional reliability;
- Operating open, fair and competitive wholesale electricity markets;
- Planning the power system for the future; and
- Providing factual information to policy makers, stakeholders and investors in the power system.
STRATEGIC OBJECTIVES

Six strategic objectives underlay the various initiatives of the NYISO and provide guidance for the allocation of human, financial, and technological resources. These objectives instill discipline to the use of resources, helping to evaluate and prioritize NYISO investments toward those activities that best meet the goals articulated by each objective.

A Leader in Reliability
Promote resource adequacy and transmission security now and in the future.
Sustain and enhance reliable operation of the bulk electricity grid and the wholesale electricity markets.

A Leader in Market Design & Performance
Develop enhancements to the wholesale electricity markets that increase reliability and market efficiency and create value for consumers.
Foster a market environment conducive to new investments in the wholesale electricity markets that attracts and retains resources needed in the state.

Authoritative Source of Information on Key Issues
Take a proactive leadership role in providing an independent, unbiased source of information on the operation of the bulk power system and wholesale market in New York, and identifying future needs by analyzing the reliability, environmental and cost attributes of policy and technology choices.
Conduct stakeholder outreach activities in leadership forums, national and international conferences, as well as professional and standard setting groups.

Excellence in Execution
Sustain a culture that promotes and strives for flawless performance in all that we do and engenders customer confidence in our operations, markets, and planning.

Sustain and Enhance Robust Planning Processes
Strengthen planning capabilities to effectively implement the CSPP, which includes reliability, economic, and public policy planning studies and other planning initiatives in New York.
Coordinate with Market Participants, State and Regional Planning Agencies and other key Stakeholders to complete studies and to analyze reliability, operations and market impacts of a broad range of energy-related federal and state level policy goals, including environmental, fuel diversity, energy efficiency and renewable integration.

Leader in Technology Innovation
Work with Regulators and other Stakeholders to coordinate the evolution of Smart Grid technology, including enhanced applications, standards, and secure, reliable infrastructure.
Develop innovative market products, advanced reliability tools, and information architecture utilizing modern industry capabilities and applicable technology advances.
STRATEGIC INITIATIVES

To meet evolving regulatory requirements, and expected technical, financial and market challenges the NYISO has identified key strategic initiatives in addition to its core responsibilities and ongoing project plans. These initiatives provide guidance for projects and resource allocations in 2015 and in the future.

Electric-Gas Coordination
The NYISO will optimize operational coordination between the gas pipeline delivery system and the New York bulk electric system to preserve electric system reliability and maintain competitive and efficient markets. The NYISO will pursue this goal through: improved communications with, and increased visibility into, gas markets and operations. The NYISO will champion broader regional coordination in assessing current and future natural gas and electric system constraints and in implementing regional solutions.

Demand Response & Distributed Energy Resources
The NYISO will facilitate the integration of demand response into its markets. NYISO will continue to assess the applications of various Distributed Energy Resources (DER), identifying those that provide wholesale market and bulk system benefits, and will adapt its market rules, if appropriate, to ensure those resources can be compensated on the basis of the actual value they offer.

Planning: Eastern Interconnect Planning Collaborative, Transmission Expansion, and Public Policy
The NYISO will assume a pivotal role in upgrading and modernizing New York’s transmission infrastructure and in ensuring that such efforts complement competitive wholesale power markets. The NYISO will be the authoritative source of information to policy makers, market participants and consumers in the assessment of a project’s impact on competitive markets, system reliability, energy prices, and the environment. The NYISO’s planning processes will work to ensure investments in the grid are based on thoughtful and consistent analysis where the anticipated impacts are understood by all stakeholders.

Energy & Capacity Market Enhancements
The NYISO will enhance its energy and capacity markets as necessary to maintain system reliability and operate efficient markets. The NYISO will identify any bulk system reliability needs caused by retirements, provide sufficient market signals to trigger investment in new capacity where and when it is needed, and improve capacity resource portability to allow regional resources to meet capacity requirements in the most efficient manner possible. Working with stakeholders, the NYISO will develop and implement market enhancements for greater fuel assurance and stronger performance incentives to maintain electric system reliability and market efficiency.
STRATEGIC INITIATIVES

Broader Regional Markets
The NYISO will assume a leadership role in establishing Broader Regional Markets that allow electricity
to flow more readily across market borders to respond to real-time economic and reliability conditions
on the grid. Working with neighboring RTOs/ISOs, NYISO will implement a portfolio of solutions
to expand the benefits of competitive markets in ways that lower system costs, maintain reliability,
and facilitate renewable resource integration through improved operating efficiencies and access to an
expanded base of regional resources.

Technology and Smart Grid
The NYISO envisions a seamless, automated transmission system that optimizes resource use for
maximum system efficiency while continuously adapting to dynamic operational conditions spurred by
the increased penetration of renewable resources and increased load variability. The Smart Grid and
the NYISO’s advanced market and reliability systems will incorporate extensive IT systems capable
of integrating, managing, exchanging, and protecting data for use by stakeholders to facilitate broader
regional coordination, active consumer participation in markets, and active system monitoring to identify
and avoid potential reliability problems.
II. 2015 Business Initiatives

The following Business Initiatives represent a mixture of “core business activities” conducted by the NYISO, such as the publication of annual reports and completion of required economic and reliability planning processes, as well as projects and initiatives developed specifically to address priority Strategic Initiatives. Together, these Business Initiatives help to fulfill the NYISO’s Strategic Objectives of being a leader in reliability; a leader in market design and performance; an authoritative source of information; promoting excellence in execution; supporting robust planning; and being a leader in technology innovation.

**STRATEGIC OBJECTIVE: A LEADER IN RELIABILITY**

Promote resource adequacy and transmission security now and in the future.

- Special Case Resources (SCR) Performance Obligations: Eliminate Requirement for Mandatory Test
- SCR Performance Obligations: Increase Performance Obligations from 4 to 6 Hours
- Gas-Electric Coordination: Fuel Availability Self-Reporting
- Gas-Electric Coordination: Finalize EIPC Gas-Electric Interface Study

Sustain and enhance reliable operation of the bulk electricity grid and the wholesale electricity markets.

- Bulk Electric System (BES) Contingency Analysis Updates
- BES Interconnection Reliability Operating Limits (IROL) Visualization
- EMS/BMS System Upgrade

**STRATEGIC OBJECTIVE: A LEADER IN MARKET DESIGN & PERFORMANCE**

Develop enhancements to the wholesale electricity markets that increase reliability and market efficiency and create value for consumers.

- TCC Balance-of-Period Auction Enhancements (AMS)
- TCC Balance-of-Period Auction Enhancements (AVS)
- TCC Balance-of-Period Auction Enhancements (CMS)
- Scheduling & Pricing: Comprehensive Shortage Pricing
- Scheduling & Pricing: Comprehensive Scarcity Pricing
- Coordinated Transaction Scheduling with ISO-NE
- Regulated Transmission Cost Recovery Implementation
- Rate Schedule 1 Technology Automation
- North Subzone Redistricting
- 2015 Reference Level Software (RLS) Enhancements
Foster a market environment conducive to new investments in the wholesale electricity markets that attracts and retains resources needed in the state.

- Fuel Assurance: Energy Market Design Concepts
- Fuel Assurance: Capacity Market Design Concepts
- Behind the Meter: Net Generation Model, Energy Market Design
- Behind the Meter: Net Generation Model, Capacity Market Design
- Expanding on Selected Distributed Energy Resource Concepts to Further Align with Reforming the Energy Vision (REV)
- External Capacity Resource Interconnection Service (CRIS) Rights for Non-UDR Transmission Expansion
- Consider Rules for the Elimination of Capacity Zones or for Achievement of Capacity Price Convergence
- Modify the Pivotal Supplier Tests
- Winter DMNC Temperature Adjustments

**STRATEGIC OBJECTIVE: AUTHORITATIVE SOURCE OF INFORMATION**

Take a proactive leadership role in providing an independent, unbiased source of information on the operation of the bulk power system and wholesale electricity markets in New York, and identification of future needs by analyzing the reliability, environmental and cost attributes of policy and technology choices.

- Produce consumer impact analyses
- Publish Annual Consumer Report
- Issue 2015 Power Trends
- Public Website Renewable Energy Page
- Public Website NYISO Budget and Value Proposition Pages
- NY Generator Attribute Tracking System (GATS) Data Feed

Conduct stakeholder outreach activities in leadership forums, national and international conferences, as well as professional and standard setting groups.

- Conduct two Environmental Advisory Council meetings
- Conduct Legislative outreach for new and existing elected officials
- Conduct control room tours and market overview presentations to educate the public, interested groups and policy making officials
- Position executive leadership and subject matter experts as thought leaders in industry publications and events
- Participate in NAESB and NIST standard setting committees
STRATEGIC OBJECTIVE: EXCELLENCE IN EXECUTION

Sustain culture that promotes and strives for flawless performance in all that we do and engenders customer confidence in our operations, markets and planning.

- TCC Revenue Allocation Automation
- Metering Infrastructure Requirements for Demand Response
- Demand Response Information System (DRIS) Enhancements for DR Program Administration
- ICAP AMS Enhancements Phase 2
- ICAP AMS Enhancements Phase 3
- Reactive Test Data Collection and Tracking
- ICAP Reference System Phase 2
- FERC Funded Rerun Phases 2 & 3
- Enterprise Project Management Phase IV
- Stakeholder Services Suite Phase II
- Windows Server Upgrades
- NERC Critical Infrastructure Protection (CIP) v5 Compliance
  - Planning and Conversion
  - Electronic Security Perimeter (CIP-005)
  - Configuration Management (CIP-010)
  - Information Protection (CIP-011)
- Endpoint Security Enhancements
- MMA Market Operations Report Automation
- Oracle Financials - Fixed Assets
- Procurement Enhancements
- RFP Evaluation Tool
- Manual Adjustments Redesign
- Credit Management System (CMS) Enhancements
  - True-up Exposure
  - Financial Risk Assessment Tools
  - Ratings Automation
  - External Transactions Timing Adjustments
  - ICAP Spot Market Offers Enhancement
- OASIS Postings Technology Upgrade Phase 2
- Decision Support System (DSS) Business Objects Upgrade
- Market Test Environment
STRATEGIC OBJECTIVE: SUSTAIN AND ENHANCE ROBUST PLANNING PROCESSES

Strengthen planning capabilities to effectively implement the Comprehensive System Planning Process (CSPP), which includes reliability, economic, and public policy planning studies and other planning initiatives in New York.

- Perform Viability and Sufficiency Assessment portion of the 2014 Comprehensive Reliability Plan (CRP)
- Evaluation and selection of transmission to meet reliability needs in CRP (if necessary)
- Continue implementation of FERC Order 1000 Public Policy Transmission Planning process
- Implement FERC Order 1000 (pending FERC Order) interregional requirements by performing joint planning assessments with the Northeastern Joint ISO/RTO Planning Committee, if necessary
- Support the ongoing EIPC structure, offering leadership and active participation in its undertakings
- Perform 2015 CARIS Phase I study
- Support the NYSRC with the performance of the 2016 IRM Study
- Monitor progress of reliability projects and large facility interconnection projects
- Sustain Economic Planning Model Management
- Cooperate in Siemens PTI MOD 9.1 Upgrade

Coordinate with Market Participants, State and Regional Planning Agencies and other key Stakeholders to complete studies and to analyze reliability, operations and market impacts of a broad range of energy-related federal and state level policy goals, including environmental, fuel diversity, energy efficiency and renewable integration.

- Provide modeling data to various agencies (e.g. FERC, DOE, NERC, NPCC, PSC) and Market Participants
- Publish 2015 Gold Book in April
- Support IRC Planning Committee activities throughout 2015
- Support NPCC Task Force on Coordination of Planning and Task Force on System Studies activities throughout 2015
- Publish 2015 NY Transmission Map
- Support New York State system planning activities by providing technical advice and coordination with NYS DPS, NYSERDA, and DEC
- Review reliability impact of mothballing or retiring generators as requested by NYS DPS
- Maintain interconnection studies, transmission system impact studies, and process documentation on the NYISO website
- Complete 2015 Annual Fault Current Assessment
- Initiate new Interconnection Class Year
- Complete FERC 715 filing
- Complete 2014 Area Transmission Review and begin 2015 Comprehensive Area Transmission Review in April
STRATEGIC OBJECTIVE: A LEADER IN TECHNOLOGY INNOVATION

Work with Regulators and Other Stakeholders to promote the advancement of Smart Grid standards, applications, and technologies.

- Provide Leadership in Standards Development on Smart Grid Interoperability Panel
- Support Development of OpenADR and Other Standards for Demand Response

Develop innovative market products, advanced reliability tools, and information architecture utilizing modern industry capabilities and applicable technology advancement.

- TCC AMS Round Type and Upgrade
- ICAP Auction Validating and Reporting Phase 2
- Data Storage Infrastructure Redesign
- Enterprise Information Management: Data Integration

Reinforce and enhance cyber security protocols and best practices.

- Identity and Access Management Phase IV
- Enterprise Technology Monitoring Phase II
- Application Platform Upgrade Phase II (Linux)
- Integration Platform Availability Improvement
III. NYISO BOARD OF DIRECTORS

Michael B. Bemis, Board Chair
Formerly, President of Exelon Power and President of Energy Delivery for the Exelon Corporation; Chief Executive of London Electricity; and Executive Vice President for Entergy Corporation.

Ave M. Bie
Partner in the law firm of Quarles & Brady and former Chair of the Wisconsin Public Service Commission.

Daniel C. Hill
Former Senior Vice President and Chief Information Officer of Exelon Corporation.

Robert A. Hiney
Former Executive Vice President for Power Generation of the New York Power Authority (NYPAA).

Erland E. Kailbourne, Vice Chair
Chairman of the Board of Albany International, Inc. Former Chairman and CEO of Fleet National Bank of New York.

James V. Mahoney
President and CEO of Energy Market Solutions, Inc. and former President and CEO of DPL Inc., a regional energy and utility company.

Daniel B. More
Former Managing Director at Morgan Stanley, leading the firm’s global efforts in Utility Mergers and Acquisitions.

Vikki L. Pryor
Principal and founder of Change Create Transform LLC, former President & CEO of SBLI USA Mutual Life, and former Board Member of KeySpan.

Thomas F. Ryan, Jr.
Former President and COO of the American Stock Exchange

Stephen G. Whitley
President and CEO – New York Independent System Operator
NYISO CORPORATE OFFICERS

Stephen G. Whitley  
President and CEO

Rick Gonzales  
Senior Vice President and Chief Operating Officer

Richard Dewey  
Senior Vice President and Chief Information Officer

Rana Mukerji  
Senior Vice President, Market Structures

Henry Chao  
Vice President, System and Resource Planning

Jennifer Chatt  
Vice President, Human Resources

Diane L. Egan  
Board Secretary and Corporate Secretary

Robert E. Fernandez  
General Counsel

Cheryl Hussey  
Vice President and Chief Financial Officer

Emilie Nelson  
Vice President, Market Operations

Thomas J. Rumsey  
Vice President, External Affairs

Wesley Yeomans  
Vice President, Operations
The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state’s bulk electricity grid, administering New York’s competitive wholesale electricity markets, conducting comprehensive long-term planning for the state’s electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.