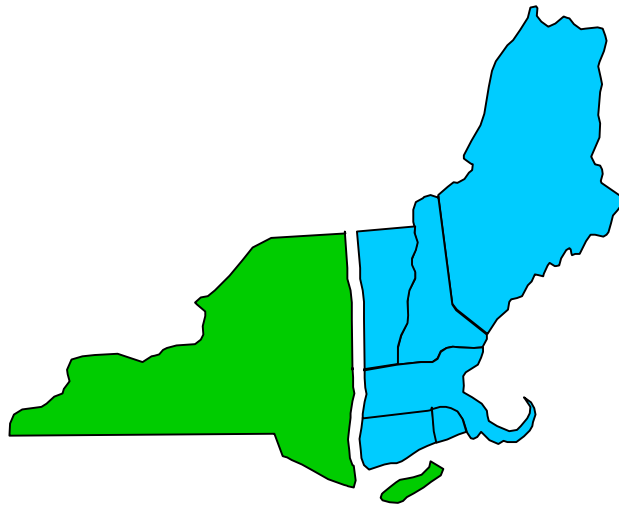


ITS – How to Progress



November 14, 2005 Joint Meeting
NYISO MSWG and ISO-NE Markets Comm.

Current Status

- VRD version
 - Proposal produced
 - On-the-shelf
- MP alternate
 - Preferred approach
 - Basic framework defined
 - Further definition needed
- Pilot test is complete – a useful start
- Interchange efficiency – not the highest priority in either market

Where do we go from here?

- Interchange efficiency – not the highest priority in either market
 - Other projects in both markets will remain the priority for the near future
 - Interchange efficiency will remain an issue to be addressed in both markets

Where do we go from here?

- In NE – new market functionality
 - LICAP
 - Reserve market development and deployment

Where do we go from here?

- In NY - Focus through '06 is on current process improvements and SMD2 functional completion
 - Minimize price corrections
 - SMD2 performance evaluation
 - Current scheduling and dispatch rules assessment –which includes transaction scheduling

Where do we go from here?

- Recommendation
 - Produce a year-end document that captures the essentials of work on this issue to date.
 - In NY, include Real-Time interchange scheduling efficiency as an issue in the rules assessment process.
 - Impediments to shorter notice transaction scheduling
 - Potential alternatives to the current process

Where do we go from here?

- Recommendation (Cont.)
 - When any changes (or none) in interchange scheduling rules in NY become clear
 - Re-examine ITS and the issue of multi-market efficiency improvement
 - Develop a phased approach to improving regional efficiency

Next Steps

- ISO Staff draft Year-end ITS progress report for MP review and comment.
- NY include RT interchange scheduling efficiency in NYISO rules assessment process.
- Following NYISO RT interchange rules recommendation schedule appropriate discussions.