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# **NYISO President's Report**

*Management Committee Meeting  
October 11, 2005*

*Agenda #3*

# Report Items

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- Market Performance Highlights
- Update on Price Error Elimination Activities
- TCC Settlement Audit Update
- NYISO Committee Sector Meeting Schedule
- Follow-up Items from September MC Meeting
- VP Market Structures Position Posted

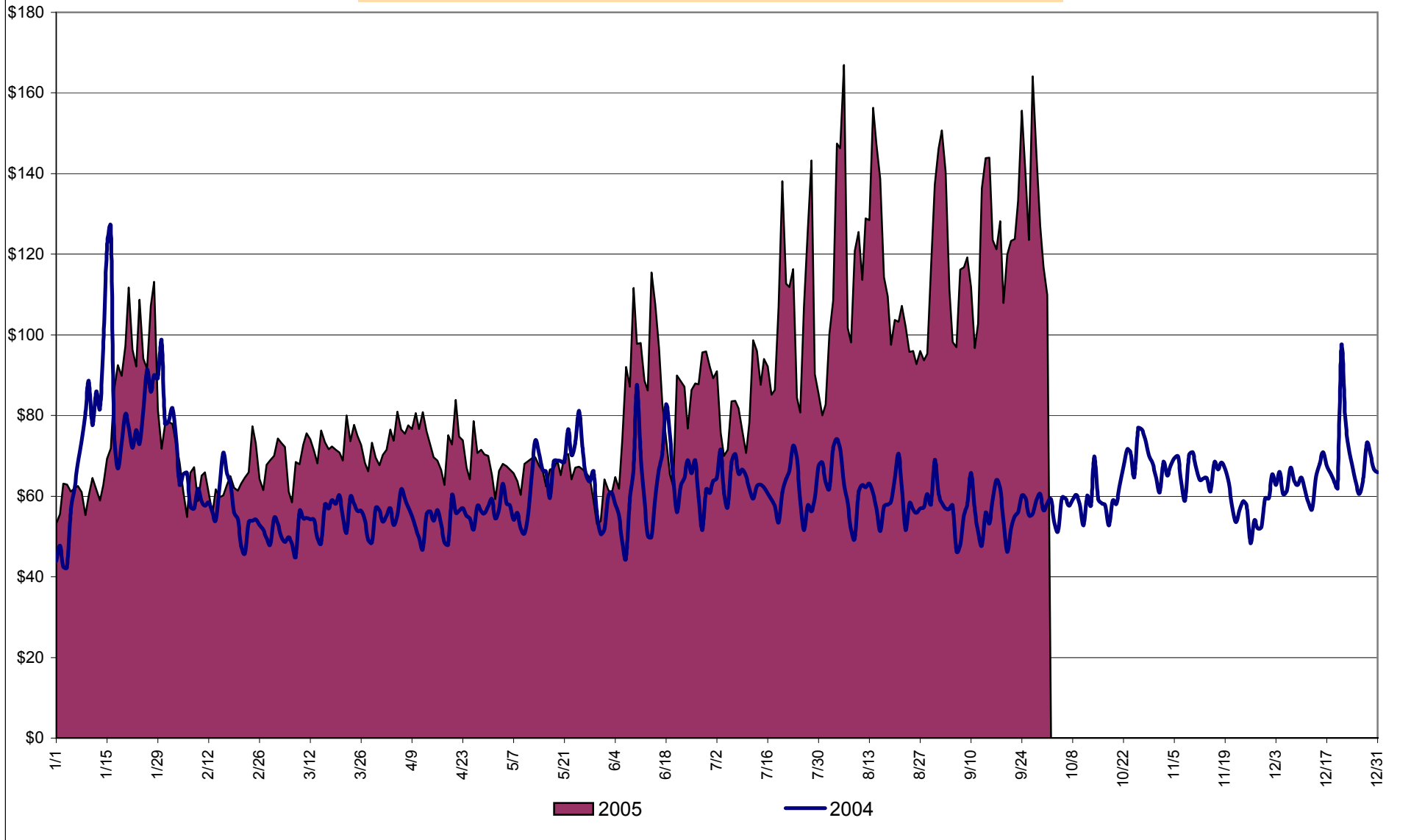
# Market Performance Highlights for September 2005

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## PRELIMINARY DATA THROUGH 9/30/05

- **NYISO Average LBMP and Average Cost have increased this month relative to August.**
  - *LBMP for September is \$122.45/MWh, up from \$115.20/MWh in August.*
  - *Average cost is \$126.18/MWh, up from \$119.56/MWh in August.*
  - *Day Ahead LBMPs have increased while Real Time LBMPs have decreased this month.*
- **Fuel have continued to increase this month**
  - *Kerosene is \$15.79/mmBTU, up from \$14.17/mmBTU in August*
  - *No. 2 Fuel Oil is \$13.90/mmBTU, up from \$12.82/mmBTU in August*
  - *Natural Gas is \$13.41/mmBTU, up from \$10.32/mmBTU in August*
  - *No. 6 Fuel Oil is \$9.97/mmBTU, up from \$9.07/mmBTU in August*
- **Uplift per MWh has decreased this month relative to both August 2005 and September 2004.**
  - *Uplift (not including NYISO cost of operations) is \$1.72/MWh, down from \$2.86/MWh in August 2005 and down from \$1.77/MWh in September 2004.*
- **Volatility in Real Time prices has decreased**
  - *The standard deviation of real time prices is \$49.70 down from \$103.00 in August 2005*
- **Regulation Prices are up this month in all three markets.**

**Daily NYISO Average Cost/MWh (Energy & Ancillary Services)\***  
**2004 Annual Average \$62.81/MWh**  
**September 2004 YTD Average \$56.48/MWh**  
**September 2005 YTD Average \$90.37/MWh**



\* Excludes ICAP payments

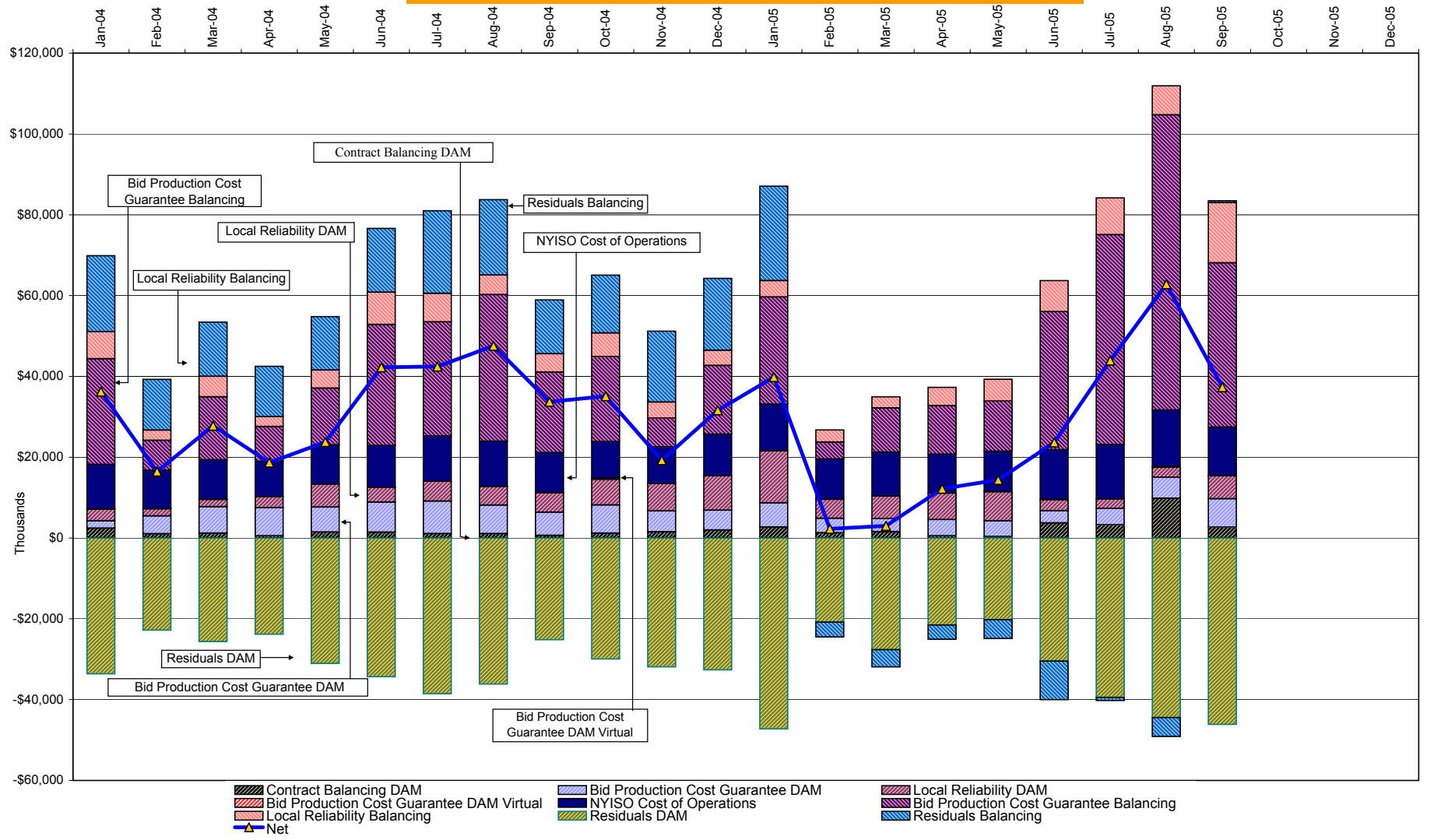
**NYISO Average Cost/MWh (Energy and Ancillary Services)\***  
**from the LBMP Customer point of view**

<b>2005</b>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
LBMP	75.70	64.03	69.95	71.28	63.13	85.30	92.41	115.20	122.45			
NTAC	0.43	0.36	0.23	0.49	0.40	0.59	0.46	0.25	0.10			
Reserve	0.25	0.08	0.17	0.21	0.20	(0.01)	0.11	0.02	0.31			
Regulation	0.32	0.40	0.34	0.22	0.25	0.20	0.14	0.06	0.41			
NYISO Cost of Operations	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79			
Uplift	1.99	(0.59)	(0.47)	0.29	0.30	0.84	1.92	2.86	1.72			
Voltage Support and Black Start	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39			
<b>Avg Monthly Cost</b>	<b>79.86</b>	<b>65.45</b>	<b>71.38</b>	<b>73.67</b>	<b>65.46</b>	<b>88.10</b>	<b>96.21</b>	<b>119.56</b>	<b>126.18</b>			
Avg YTD Cost	79.86	73.34	72.67	72.90	71.60	74.89	78.90	85.56	90.37			
<hr/>												
<b>2004</b>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
LBMP	76.13	57.13	50.56	52.48	61.24	59.79	59.59	57.20	53.01	58.66	59.79	62.93
NTAC	0.47	0.42	0.55	0.51	0.42	0.53	0.34	0.43	0.23	0.29	0.46	0.69
Reserve	0.27	0.14	0.21	0.17	0.14	0.09	0.07	0.05	0.06	0.12	0.15	0.22
Regulation	0.23	0.36	0.29	0.15	0.13	0.14	0.14	0.17	0.32	0.43	0.45	0.28
NYISO Cost of Operations	0.73	0.73	0.73	0.72	0.73	0.73	0.73	0.73	0.73	0.73	0.72	0.73
Uplift	1.74	0.52	1.35	0.81	1.05	2.27	2.08	2.43	1.77	2.03	0.80	1.55
Voltage Support and Black Start	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
<b>Avg Monthly Cost</b>	<b>79.94</b>	<b>59.66</b>	<b>54.05</b>	<b>55.21</b>	<b>64.05</b>	<b>63.91</b>	<b>63.31</b>	<b>61.38</b>	<b>56.48</b>	<b>62.61</b>	<b>62.74</b>	<b>66.75</b>
Avg YTD Cost	79.94	70.85	65.43	63.14	63.32	63.42	63.40	63.12	62.42	62.43	62.46	62.81

\* Excludes ICAP payments

These numbers reflect the rebilling of prior periods

## NYISO Dollar Flows - Uplift - OATT Schedule 1 components



DAM Contract Balancing amounts are for payments made to generating units to make them whole for being dispatched below their Day-Ahead schedule, as a result of out-of-merit dispatches.

DAM Bid Production Cost Guarantees for Virtual Transactions are included in the chart and are shown from the inception of Virtual Transactions. These values are small and cannot be identified on the chart.

DAM residuals are revenue charged or returned to customers due to the under or over collection of funds. On this chart, negative values represent funds returned to Transmission Customers (through Transmission Owners' Transmission Service Charges).

**NYISO Markets Transactions**

<u>2005</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b>Day Ahead Market MWh</b>	14,281,481	12,510,148	13,410,579	12,215,628	12,773,478	14,981,363	16,344,465	16,587,663	14,706,243			
DAM LSE Internal LBMP Energy Sales	48%	49%	52%	52%	45%	50%	53%	52%	49%			
DAM External TC LBMP Energy Sales	3%	1%	1%	1%	3%	3%	3%	4%	6%			
DAM Bilateral - Internal Bilaterals	47%	48%	45%	44%	50%	44%	42%	42%	43%			
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	0%	0%	1%	1%	1%	2%			
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	1%	1%	2%	1%	1%	1%	1%			
DAM Bilateral - Wheel Through Bilaterals	1%	0%	1%	0%	0%	1%	0%	0%	0%			
<b>Balancing Energy Market MWh</b>	419,365	127,124	348,162	54,545	-114,876	678,572	804,232	1,115,203	553,037			
Balancing Energy LSE Internal LBMP Energy Sales	78%	-35%	26%	-365%	-282%	54%	73%	73%	34%			
Balancing Energy External TC LBMP Energy Sales	42%	156%	73%	494%	183%	38%	23%	20%	50%			
Balancing Energy Bilateral - Internal Bilaterals	-13%	-9%	6%	-29%	5%	5%	6%	6%	13%			
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	0%	0%	0%	0%	0%	0%	0%	0%	0%			
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	1%	0%	0%	3%	2%	1%	1%	0%	0%			
Balancing Energy Bilateral - Wheel Through Bilaterals	-8%	-13%	-5%	-2%	-7%	3%	-2%	1%	3%			
<b>Transactions Summary</b>												
LBMP	53%	51%	54%	54%	47%	55%	58%	58%	56%			
Internal Bilaterals	45%	47%	44%	44%	50%	42%	40%	39%	42%			
Import Bilaterals	1%	1%	1%	0%	0%	1%	1%	1%	1%			
Export Bilaterals	1%	1%	1%	1%	2%	1%	1%	1%	1%			
Wheels Through	0%	0%	0%	0%	0%	1%	0%	0%	0%			
<b>Market Share of Total Load</b>												
Day Ahead Market	97.1%	99.0%	97.5%	99.6%	100.9%	95.7%	95.3%	93.7%	96.4%			
Balancing Energy +	2.9%	1.0%	2.5%	0.4%	-0.9% *	4.3%	4.7%	6.3%	3.6%			
Total MWh	14,700,846	12,637,272	13,758,741	12,270,173	12,658,602	15,659,935	17,148,697	17,702,866	15,259,280			
Average Daily Energy Sendout/Month GWh	462	447	433	399	395	501	536	549	478			
<b>2004</b>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b>Day Ahead Market MWh</b>	14,614,304	12,806,346	12,836,889	11,818,317	13,026,160	13,737,390	15,071,422	14,939,105	13,228,022	12,375,053	12,214,936	13,471,387
DAM LSE Internal LBMP Energy Sales	52%	50%	51%	51%	47%	49%	53%	54%	53%	52%	53%	49%
DAM External TC LBMP Energy Sales	4%	2%	3%	3%	4%	3%	2%	1%	1%	0%	0%	2%
DAM Bilateral - Internal Bilaterals	41%	45%	44%	44%	46%	45%	43%	43%	44%	45%	44%	48%
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	1%
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	0%	0%
<b>Balancing Energy Market MWh</b>	367,460	269,220	508,837	238,876	380,696	424,726	139,472	297,506	322,983	68,554	275,972	574,623
Balancing Energy LSE Internal LBMP Energy Sales	66%	31%	61%	84%	30%	29%	-46%	35%	19%	-9%	24%	70%
Balancing Energy External TC LBMP Energy Sales	57%	78%	41%	38%	77%	74%	170%	73%	50%	125%	69%	30%
Balancing Energy Bilateral - Internal Bilaterals	-20%	0%	0%	-9%	3%	5%	13%	5%	39%	23%	11%	3%
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	0%	1%	1%	0%	1%	0%	0%	0%	0%	0%
Balancing Energy Bilateral - Wheel Through Bilaterals	-4%	-11%	-3%	-14%	-11%	-8%	-39%	-13%	-8%	-40%	-5%	-3%
<b>Transactions Summary</b>												
LBMP	58%	54%	56%	55%	53%	54%	55%	56%	54%	53%	55%	52%
Internal Bilaterals	40%	44%	42%	43%	45%	44%	43%	43%	44%	45%	44%	46%
Import Bilaterals	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Export Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Wheels Through	1%	0%	1%	0%	1%	1%	0%	1%	1%	0%	0%	0%
<b>Market Share of Total Load</b>												
Day Ahead Market	97.5%	97.9%	96.2%	98.0%	97.2%	97.0%	99.1%	98.0%	97.6%	99.4%	97.8%	95.9%
Balancing Energy +	2.5%	2.1%	3.8%	2.0%	2.8%	3.0%	0.9%	2.0%	2.4%	0.6%	2.2%	4.1%
Total MWh	14,981,764	13,075,566	13,345,726	12,057,193	13,406,856	14,162,116	15,210,894	15,236,611	13,551,005	12,443,607	12,490,908	14,046,010
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	451	481	485	447	403	415	447

+ Balancing Energy: Load(MW) purchased at Real Time LBMP.

\* The signs for the detail section intuitively reflect the direction of power flow eliminating the use of double negatives when Balancing Energy is negative.

Notes: Percent totals may not equal 100% due to rounding.  
Virtual Transactions are not reflected in this chart.

### NYISO Markets 2005 Energy Statistics

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b><u>DAY AHEAD LBMP</u></b>												
Price *	\$69.55	\$61.04	\$67.17	\$68.14	\$59.59	\$75.49	\$83.75	\$102.33	\$115.47			
Standard Deviation	\$23.42	\$12.00	\$12.49	\$14.20	\$13.39	\$22.85	\$24.32	\$31.65	\$32.31			
Load Wtg.Price **	\$72.26	\$62.42	\$68.61	\$69.92	\$61.44	\$79.64	\$88.09	\$107.34	\$120.22			
<b><u>RTC *** LBMP</u></b>												
Price *	\$74.47	\$55.93	\$70.40	\$69.92	\$61.59	\$85.42	\$94.96	\$129.60	\$115.95			
Standard Deviation	\$44.64	\$16.80	\$26.13	\$23.51	\$59.20	\$62.91	\$68.35	\$116.09	\$44.70			
Load Wtg.Price **	\$77.48	\$57.10	\$72.12	\$71.72	\$64.16	\$90.25	\$100.76	\$138.00	\$120.71			
<b><u>REAL TIME LBMP</u></b>												
Price *	\$70.25	\$57.57	\$68.04	\$64.95	\$57.20	\$77.75	\$90.48	\$122.21	\$115.89			
Standard Deviation	\$31.79	\$20.48	\$32.50	\$26.06	\$42.34	\$55.70	\$72.95	\$103.00	\$49.70			
Load Wtg.Price **	\$73.26	\$58.86	\$69.88	\$66.77	\$59.04	\$83.96	\$96.82	\$130.69	\$121.42			
Average Daily Energy Sendout/Month GWh	462	447	433	399	395	501	536	549	478			

### NYISO Markets 2004 Energy Statistics

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b><u>DAY AHEAD LBMP</u></b>												
Price *	\$72.12	\$55.31	\$49.08	\$51.01	\$57.25	\$55.03	\$55.33	\$52.59	\$49.03	\$55.32	\$55.89	\$58.70
Standard Deviation	\$25.99	\$14.40	\$10.90	\$11.42	\$16.72	\$17.82	\$12.68	\$12.49	\$11.17	\$12.89	\$14.62	\$14.44
Load Wtg.Price **	\$75.01	\$56.90	\$50.44	\$52.50	\$59.89	\$58.29	\$57.32	\$54.60	\$50.78	\$56.93	\$57.80	\$60.52
<b><u>RTC *** LBMP</u></b>												
Price *	\$77.51	\$54.41	\$53.01	\$56.94	\$60.98	\$59.15	\$60.43	\$58.27	\$58.01	\$57.59	\$56.91	\$62.28
Standard Deviation	\$37.54	\$15.73	\$16.25	\$18.41	\$23.58	\$24.50	\$20.60	\$19.57	\$25.82	\$16.11	\$19.63	\$21.85
Load Wtg.Price **	\$80.51	\$55.89	\$54.71	\$58.89	\$64.14	\$63.17	\$62.81	\$61.02	\$60.75	\$59.27	\$59.12	\$64.24
<b><u>REAL TIME LBMP</u></b>												
Price *	\$73.72	\$52.95	\$49.56	\$50.83	\$56.20	\$54.03	\$55.08	\$52.89	\$51.06	\$54.00	\$55.46	\$61.76
Standard Deviation	\$32.61	\$15.04	\$17.75	\$14.15	\$25.74	\$23.42	\$17.07	\$19.56	\$15.59	\$17.42	\$20.32	\$37.79
Load Wtg.Price **	\$76.85	\$54.33	\$51.27	\$52.36	\$59.61	\$58.01	\$57.44	\$55.75	\$53.06	\$55.57	\$57.67	\$64.65
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	451	481	485	447	403	415	447

\* Average zonal load weighted prices

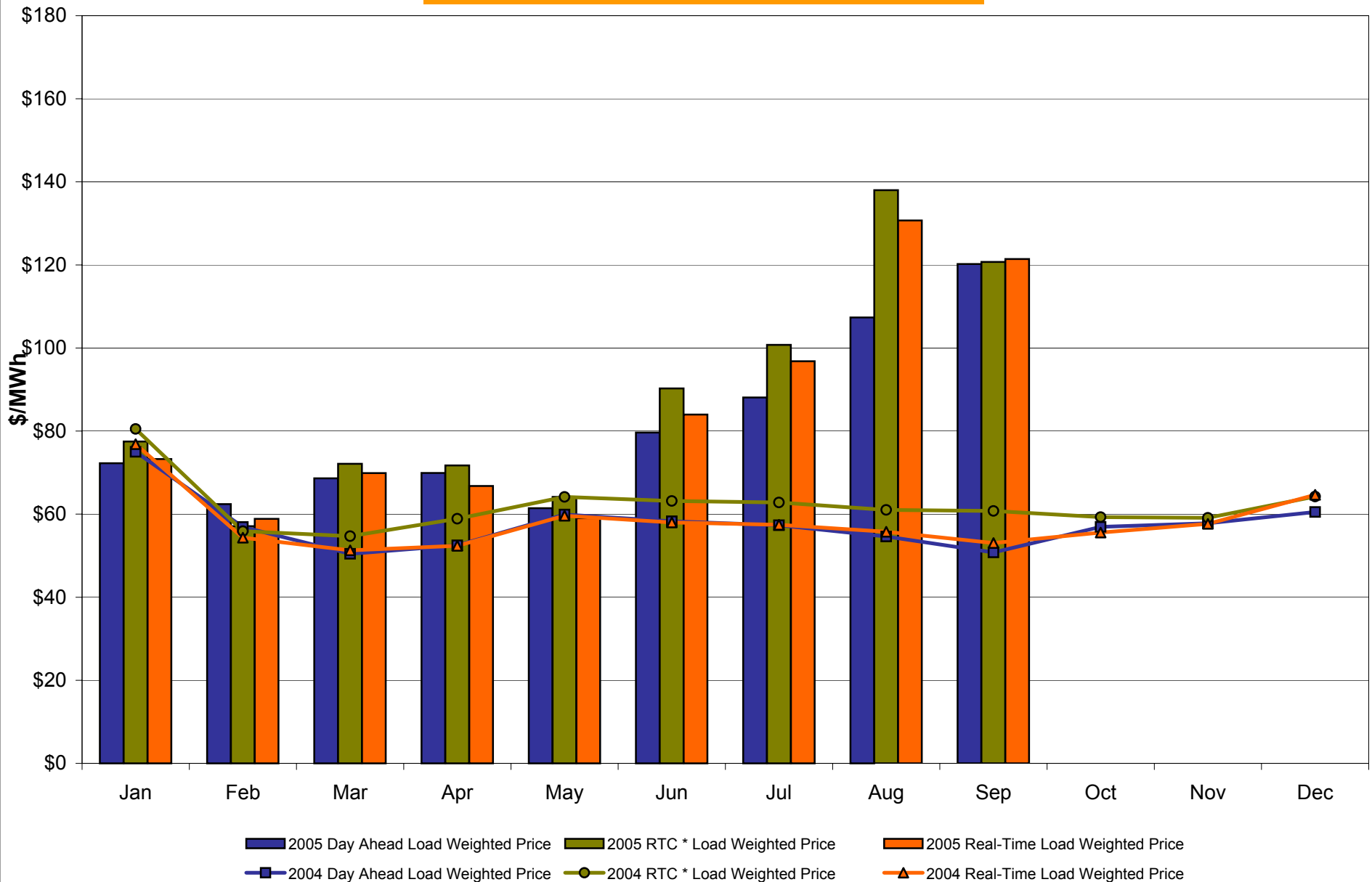
\*\* Average zonal load weighted prices, load weighted in each hour

\*\*\* Referred to as RTC beginning February 2005

Prior to February 2005 known as BME or Hour Ahead Market (HAM)



## NYISO Monthly Average Internal LBMPs 2004 - 2005



\* Referred to as RTC beginning February 2005  
Prior to February 2005 known as BME or Hour Ahead Market (HAM)

**September 2005 Zonal Statistics for NYISO (\$/MWh)**

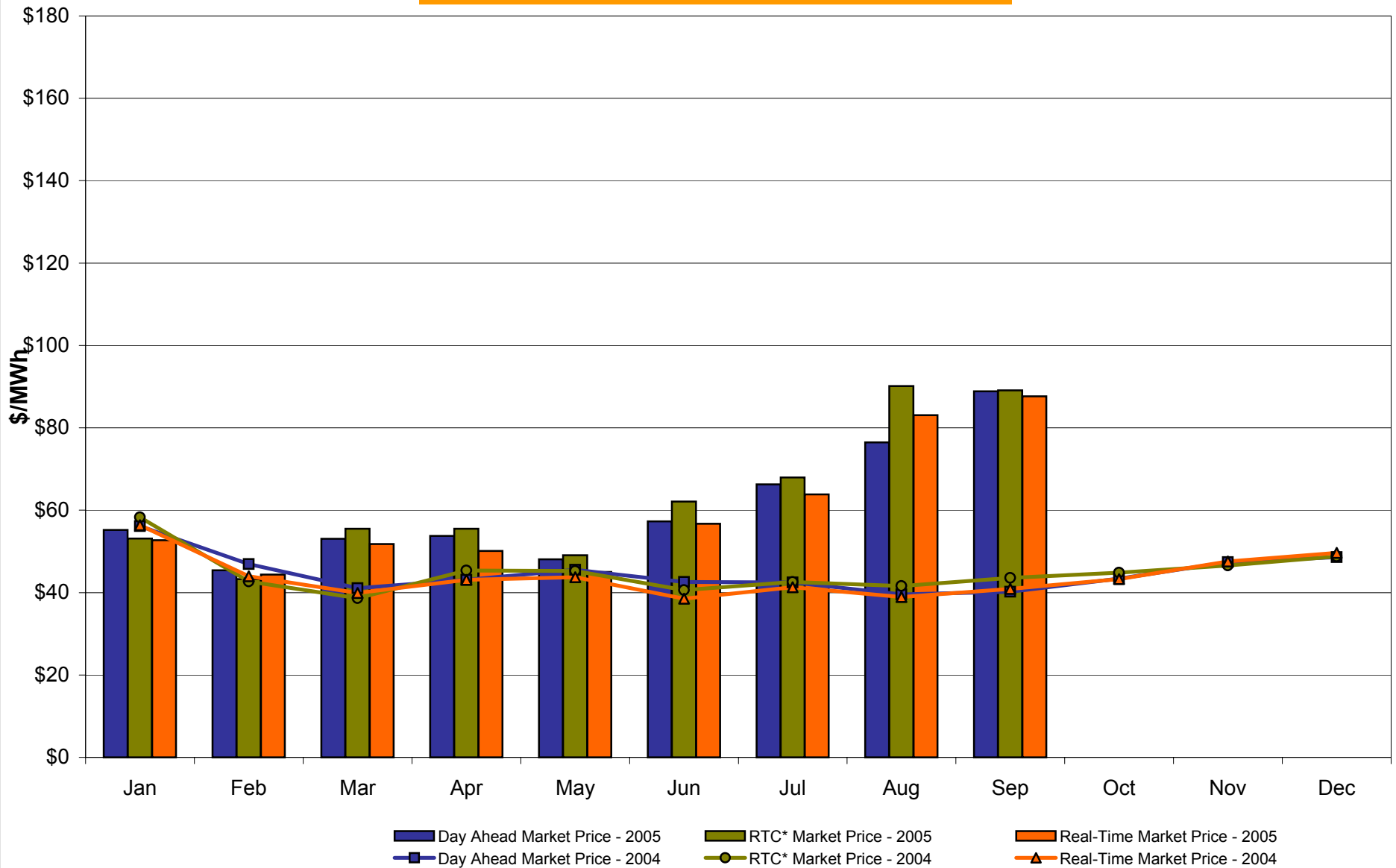
	<u>WEST Zone A</u>	<u>GENESEE Zone B</u>	<u>NORTH Zone D</u>	<u>CENTRAL Zone C</u>	<u>MOHAWK VALLEY Zone E</u>	<u>CAPITAL Zone F</u>	<u>HUDSON VALLEY Zone G</u>	<u>MILLWOOD Zone H</u>	<u>DUNWOODIE Zone I</u>	<u>NEW YORK CITY Zone J</u>	<u>LONG ISLAND Zone K</u>
<b><u>DAY AHEAD LBMP</u></b>											
Unweighted Price *	88.85	92.89	96.56	95.31	98.44	103.93	106.96	108.41	108.72	135.61	129.68
Standard Deviation	21.25	22.03	20.95	22.55	22.51	24.23	27.56	28.65	28.76	50.49	34.30
<b><u>RTC** LBMP</u></b>											
Unweighted Price *	89.08	92.48	95.54	94.44	97.68	102.50	105.98	106.89	107.17	135.20	136.49
Standard Deviation	38.47	39.55	39.50	41.00	40.97	40.13	44.19	45.59	45.79	52.81	62.01
<b><u>REAL TIME LBMP</u></b>											
Unweighted Price *	87.63	90.92	93.90	92.67	95.88	100.37	103.97	104.93	105.23	135.27	138.87
Standard Deviation	42.73	43.57	42.92	43.83	44.48	45.24	48.43	49.58	49.85	57.74	71.48
	<u>ONTARIO IESO Zone O</u>	<u>HYDRO QUEBEC Zone M</u>	<u>PJM Zone P</u>	<u>NEW ENGLAND Zone N</u>	<u>CROSS SOUND CABLE Controllable Line</u>						
<b><u>DAY AHEAD LBMP</u></b>											
Unweighted Price *	87.35	99.27	86.52	104.76	129.01						
Standard Deviation	21.71	19.30	30.43	25.00	33.70						
<b><u>RTC** LBMP</u></b>											
Unweighted Price *	86.05	121.14	77.56	98.26	132.75						
Standard Deviation	51.48	151.72	37.98	30.15	51.47						
<b><u>REAL TIME LBMP</u></b>											
Unweighted Price *	87.67	94.47	79.26	100.87	136.77						
Standard Deviation	59.48	37.43	42.87	44.84	69.86						

\* Straight zonal LBMP averages

\*\* Referred to as RTC beginning February 2005

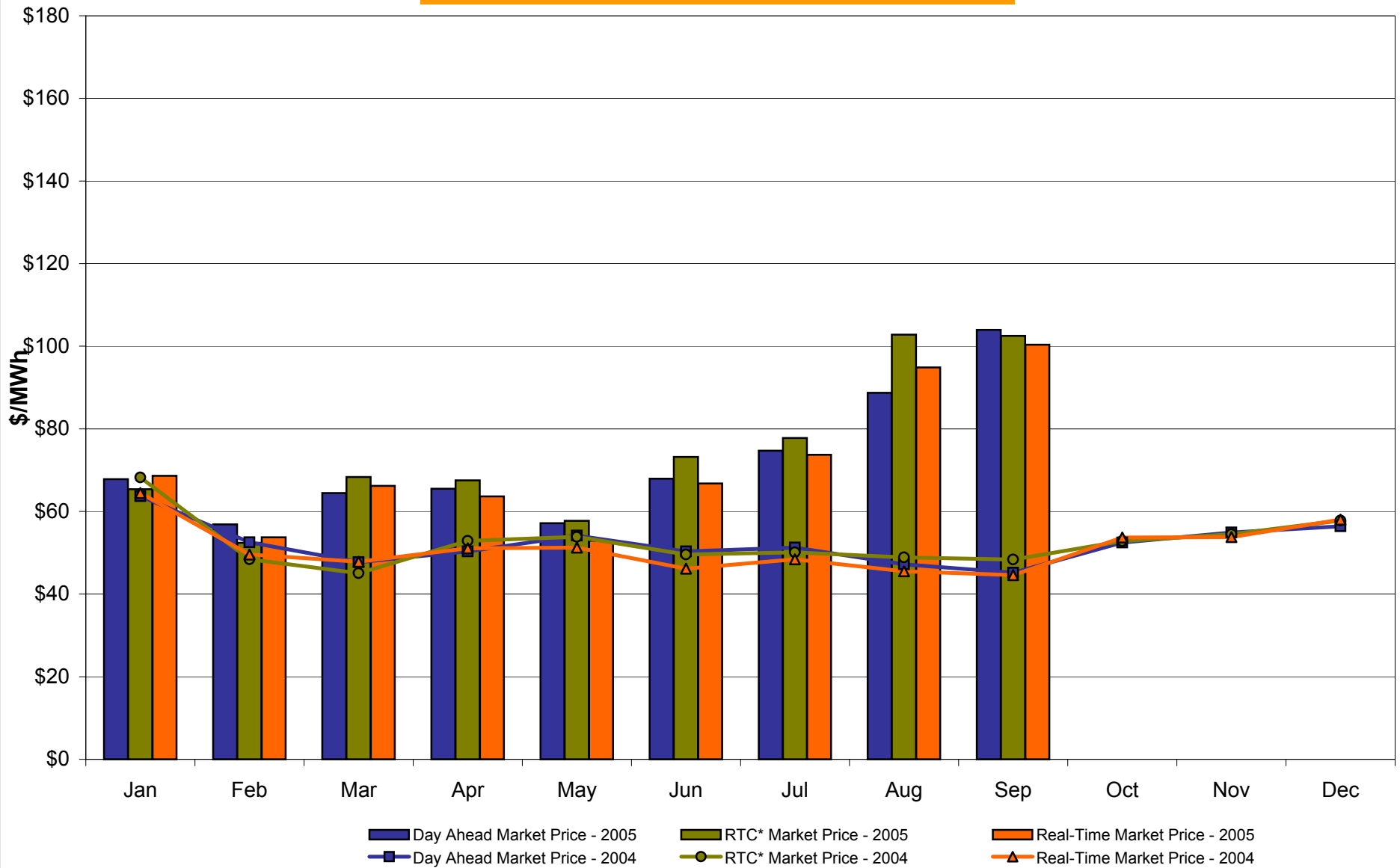
Prior to February 2005 known as BME or Hour Ahead Market (HAM)

## West Zone A Monthly Average LBMP Prices 2004 - 2005



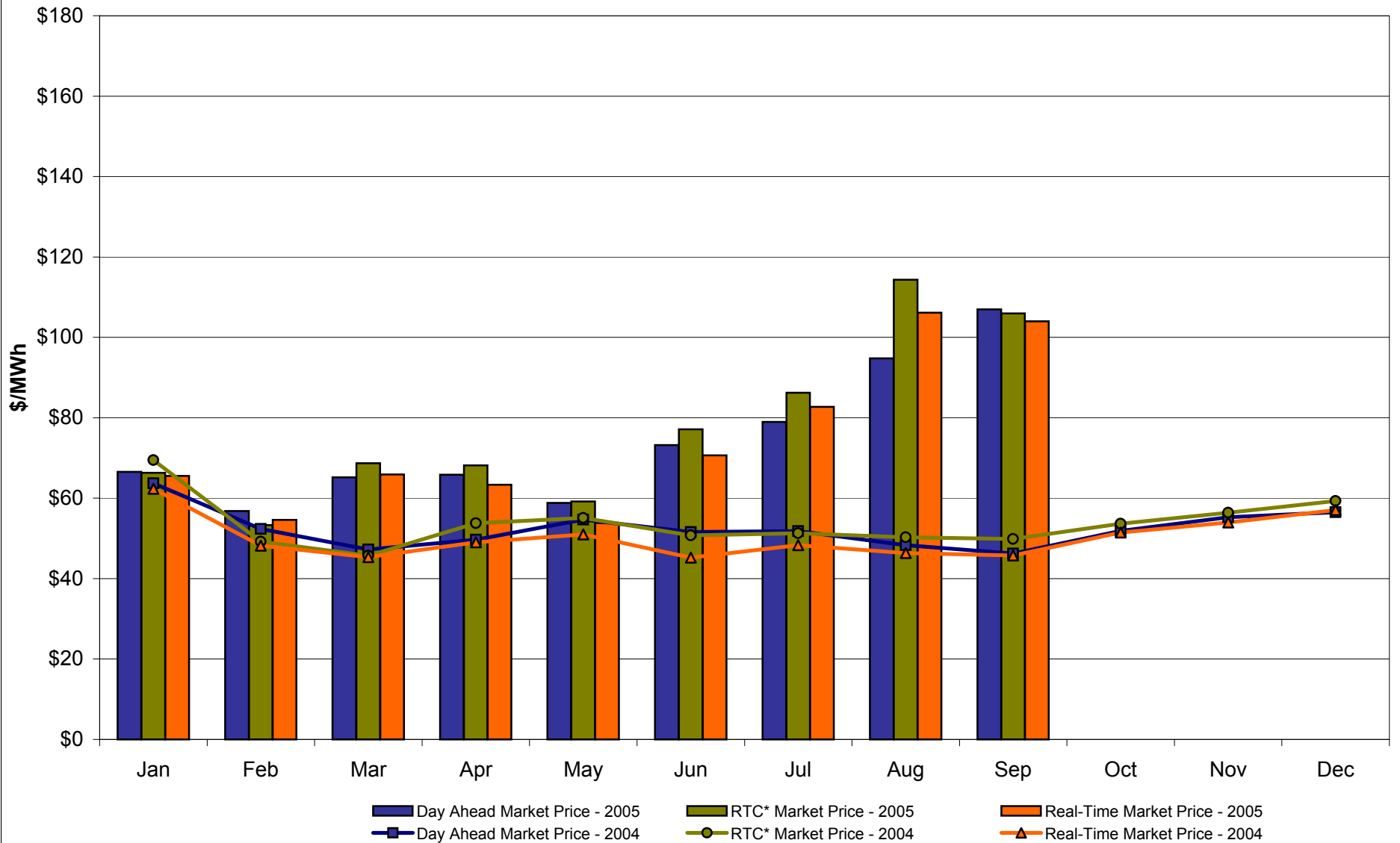
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## Capital Zone F Monthly Average LBMP Prices 2004 - 2005



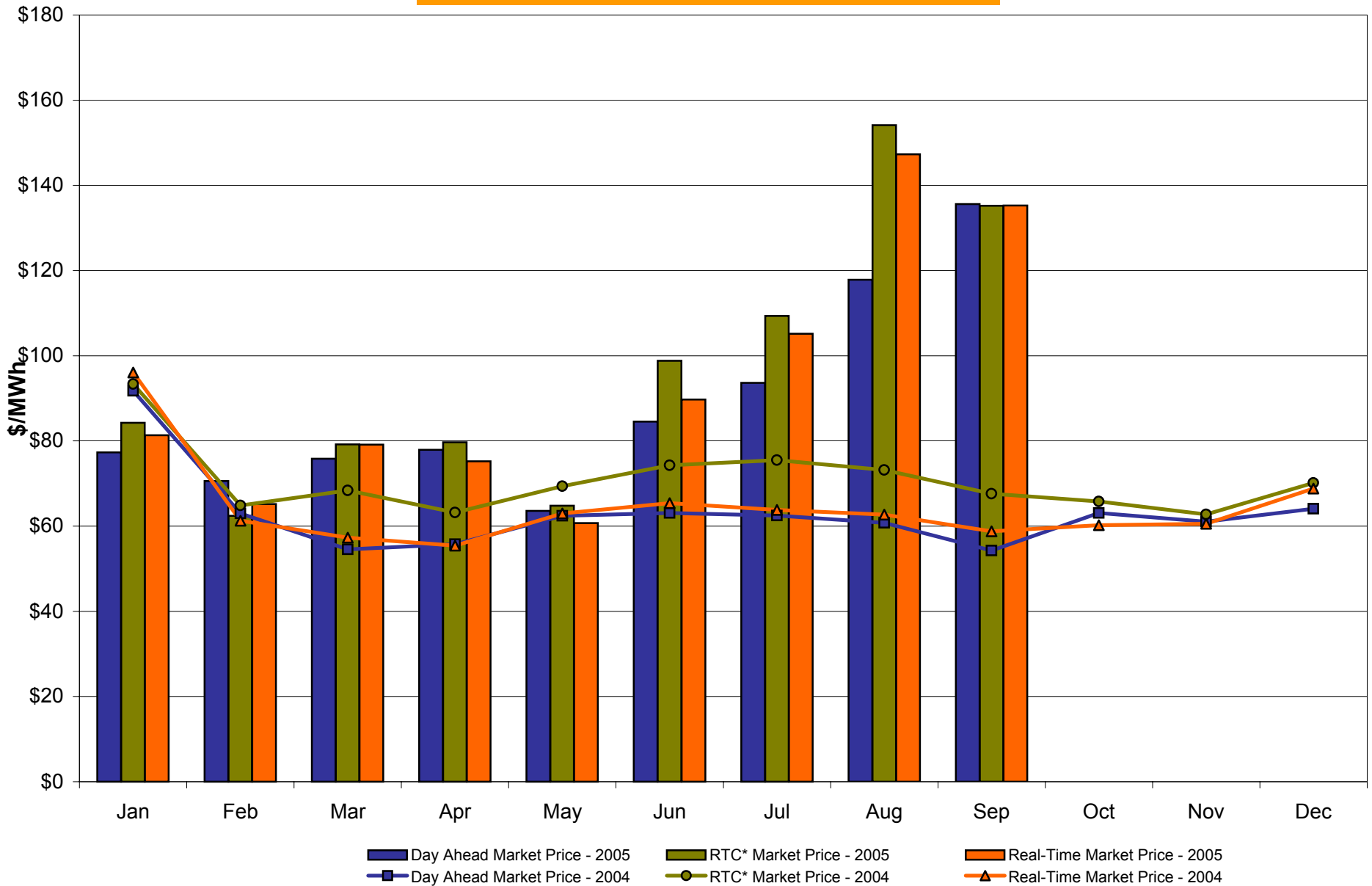
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## Hudson Valley Zone G Monthly Average LBMP Prices 2004 - 2005



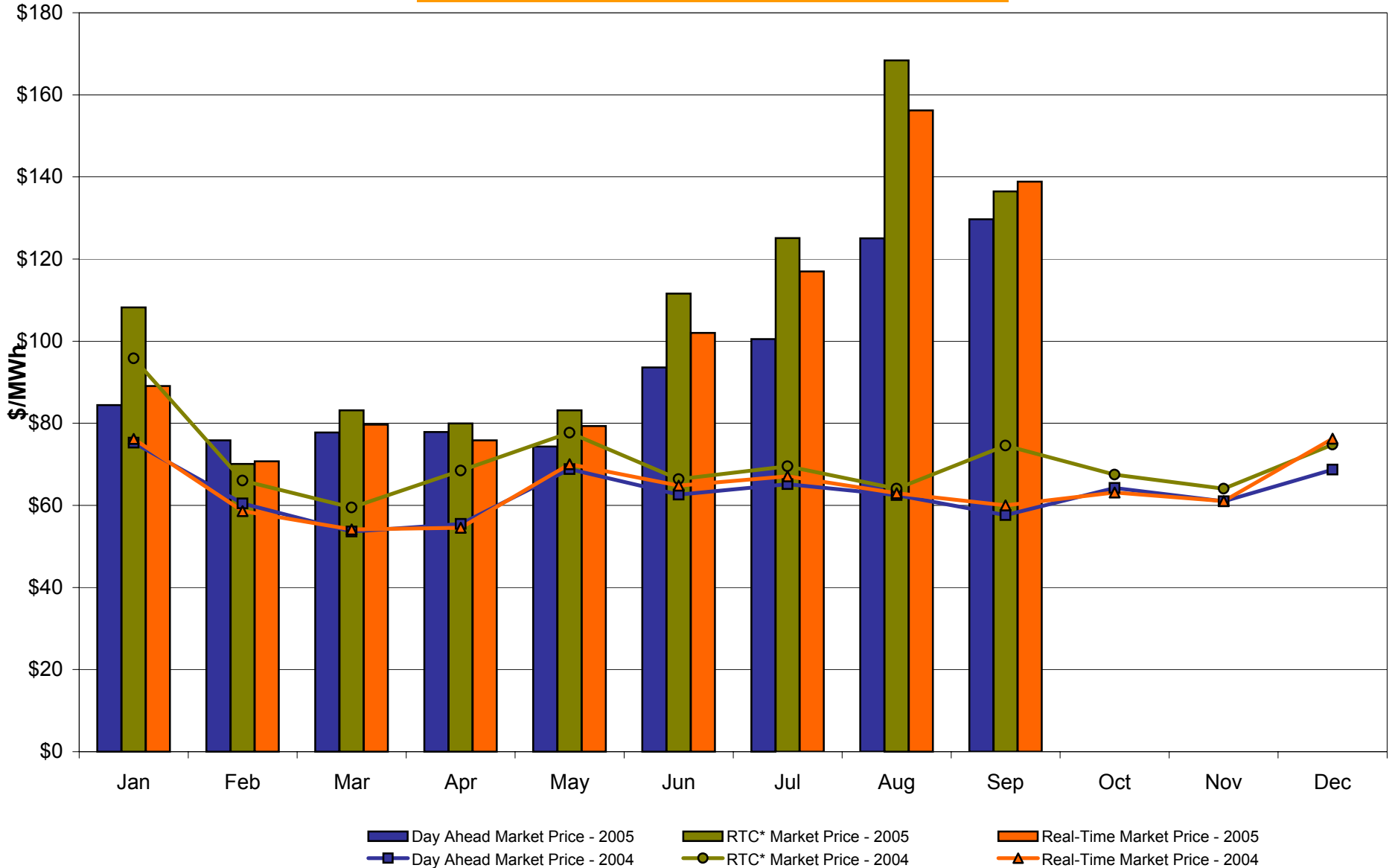
\* Referred to as RTC beginning February 2005  
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## NYC Zone J Monthly Average LBMP Prices 2004 - 2005



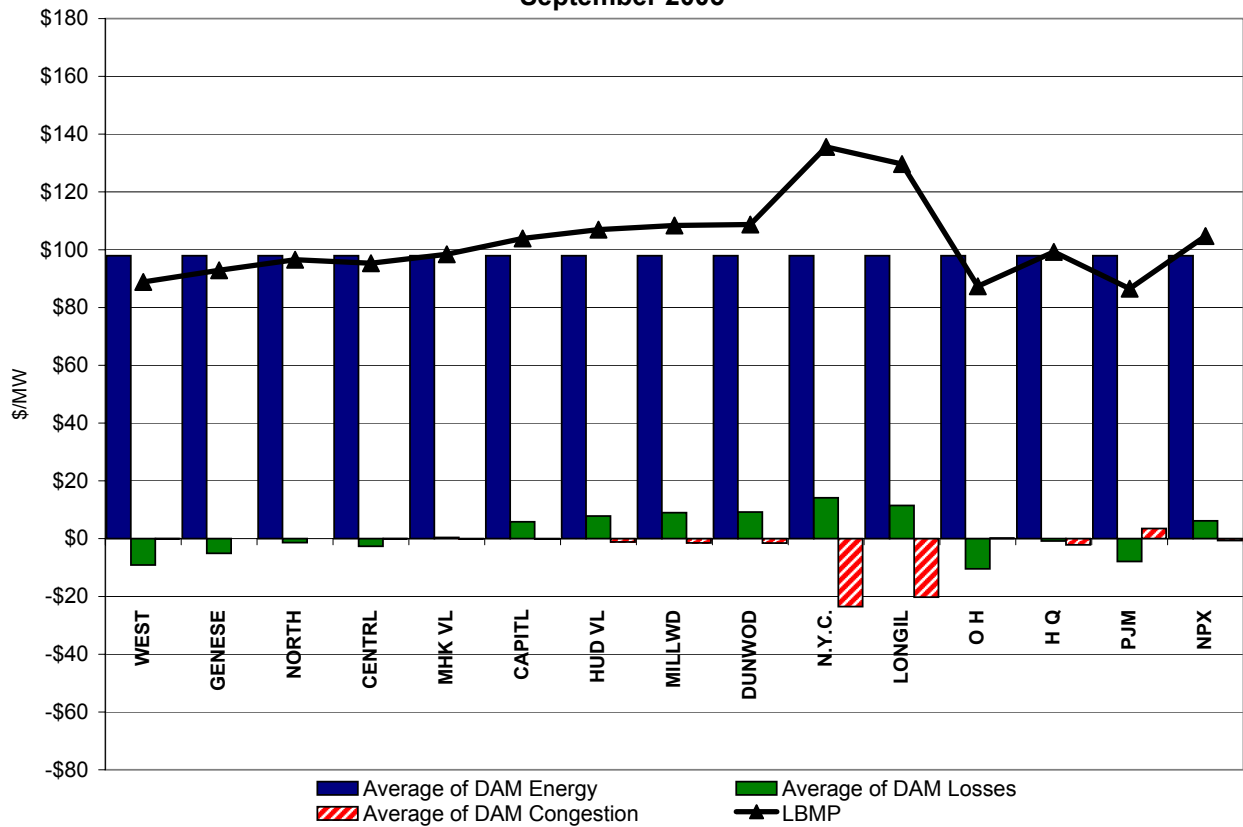
\* Referred to as RTC beginning February 2005  
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## Long Island Zone K Monthly Average LBMP Prices 2004 - 2005

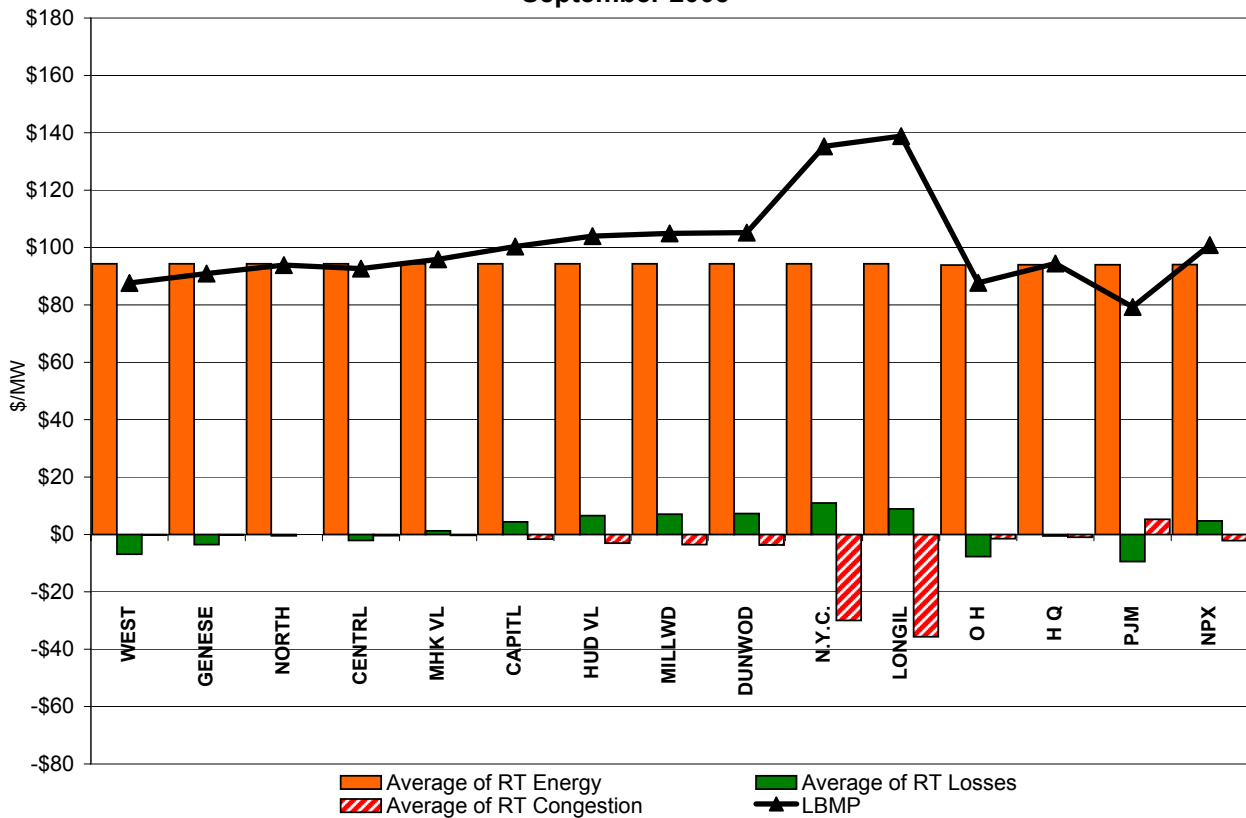


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Prior to February 2005 known as BME or Hour Ahead Market (HAM)

**DAM Zonal Unweighted Monthly Average LBMP Components  
September 2005**



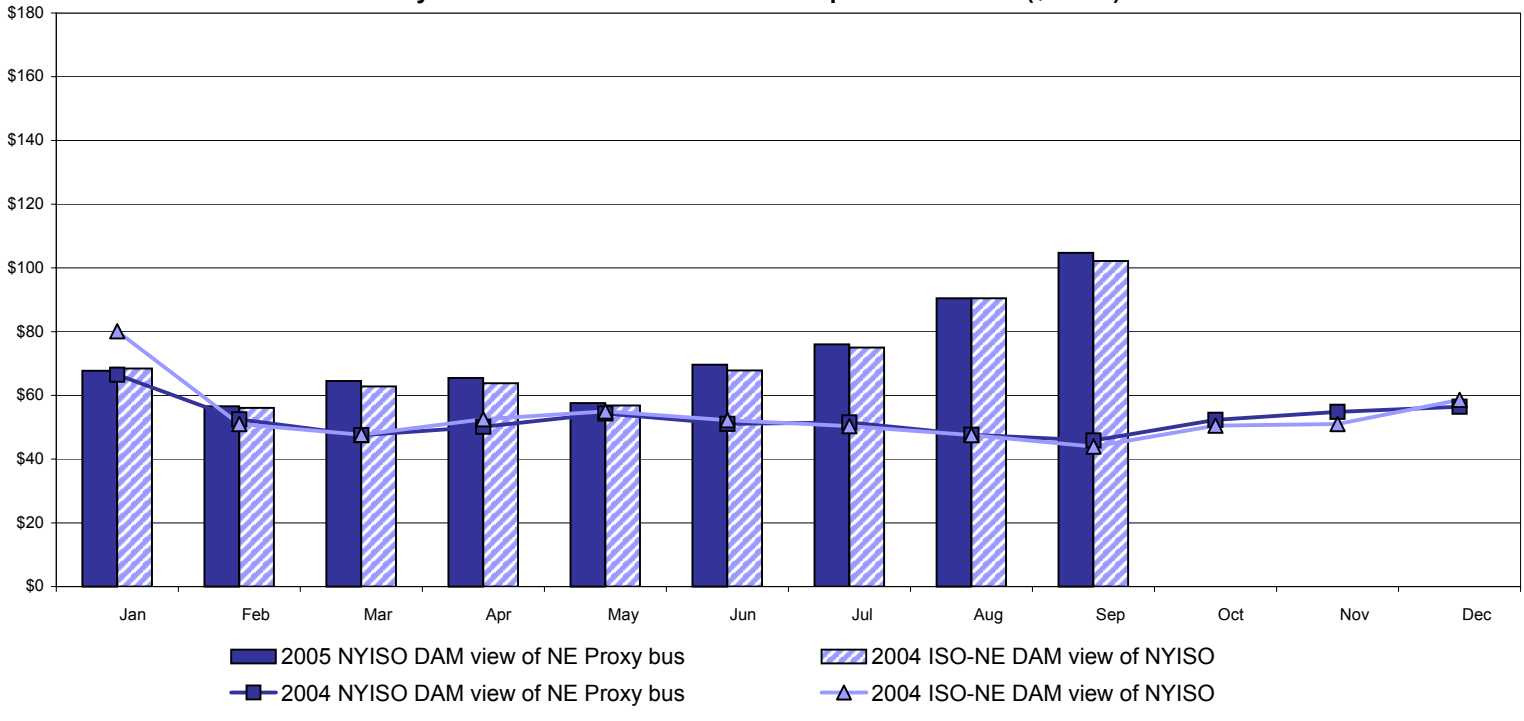
**RT Zonal Unweighted Monthly Average LBMP Components  
September 2005**



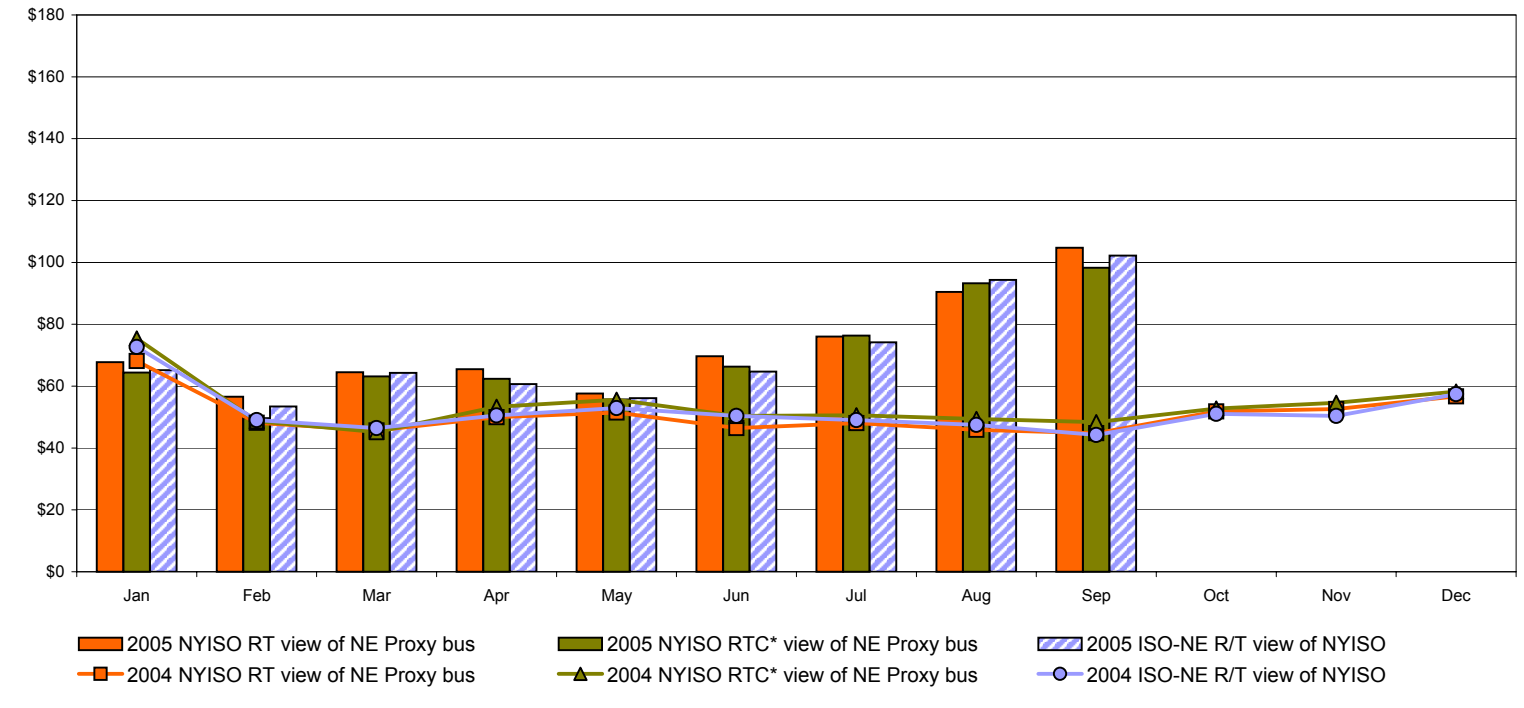


# External Comparison ISO-New England

## Day Ahead Market External Zone Comparison: ISO-NE (\$/MWh)



## Real Time Market External Zone Comparison: ISO-NE (\$/MWh)



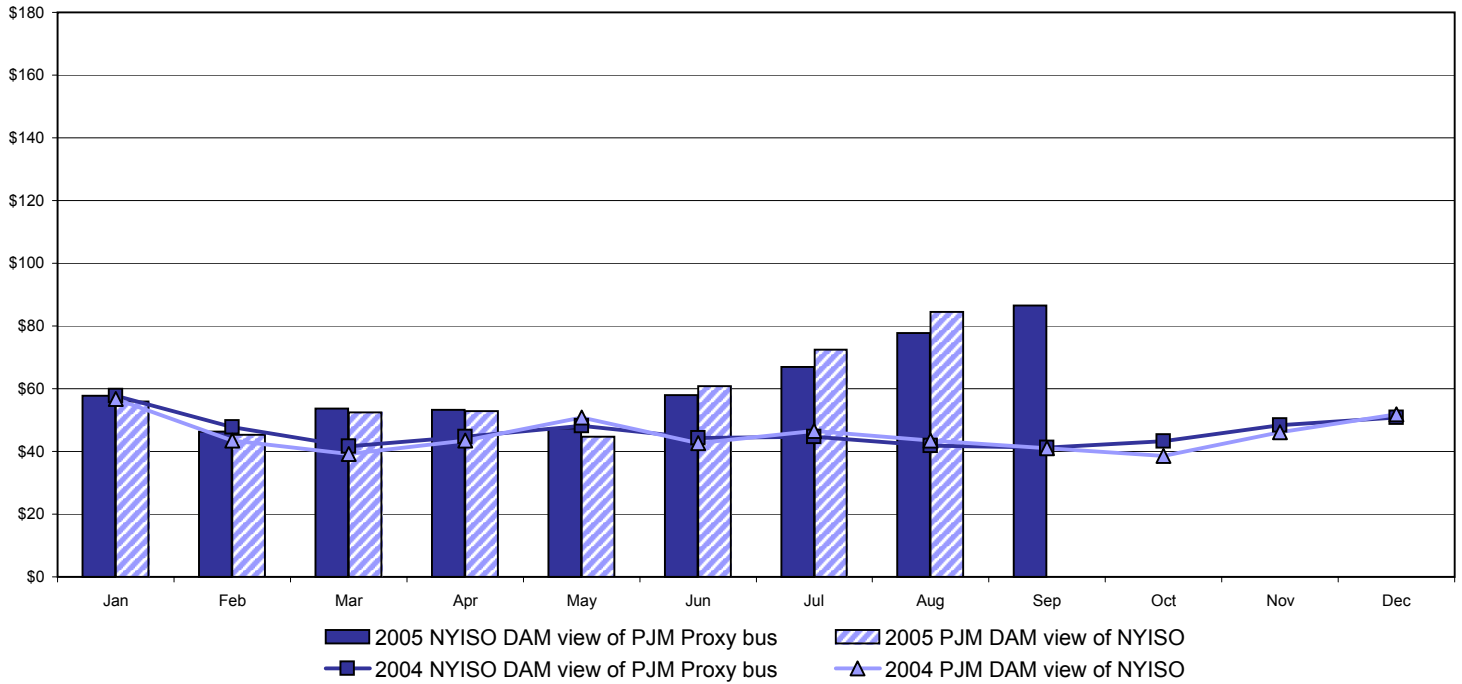
**Note:**

ISO-NE Forecast is an advisory posting @ 18:00 day before.  
 The DAM and R/T prices at the Roseton interface are used for ISO-NE.  
 The DAM and R/T prices at the SandyPond interface are used for NYISO.

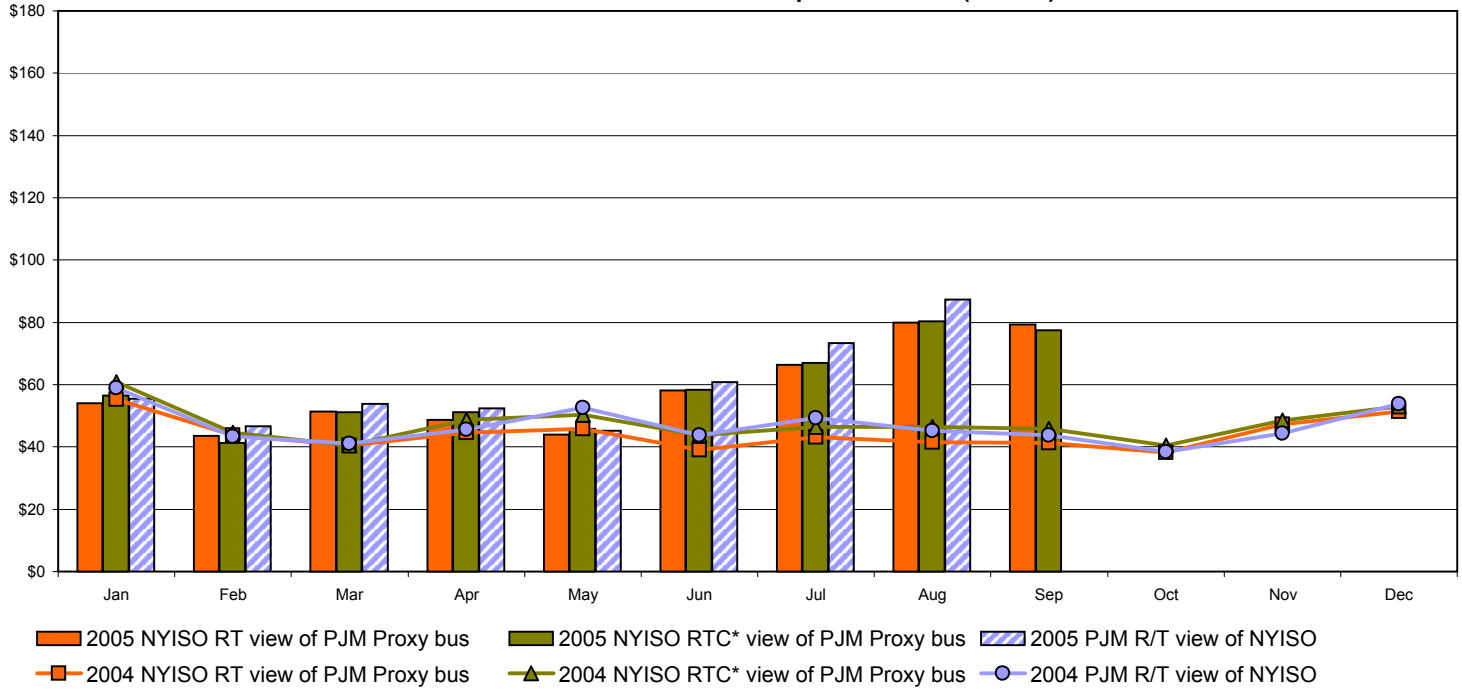
\* Referred to as RTC beginning February 2005  
 Prior to February 2005 known as BME or Hour Ahead Market (HAM)

# External Comparison PJM

## Day Ahead Market External Zone Comparison - PJM (\$/MWh)



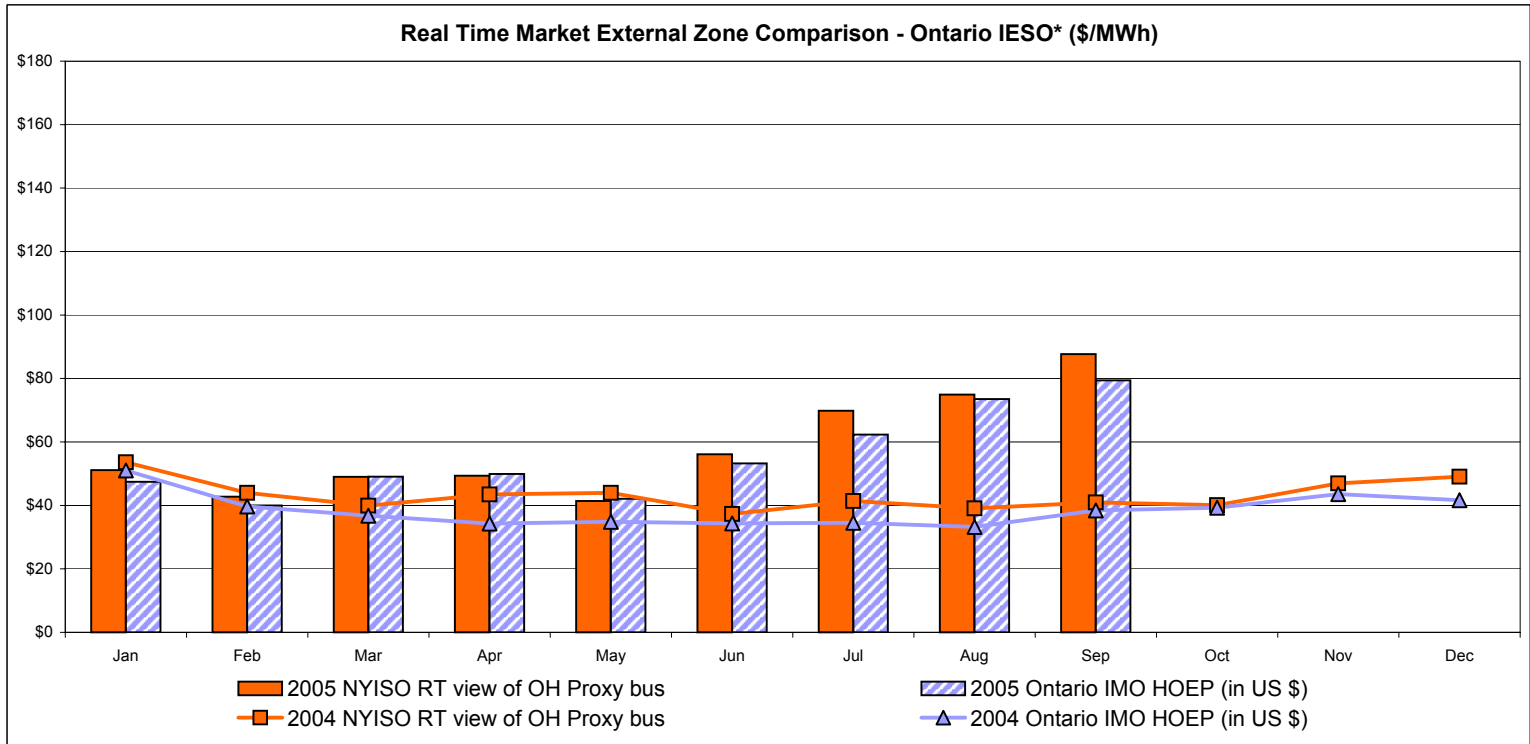
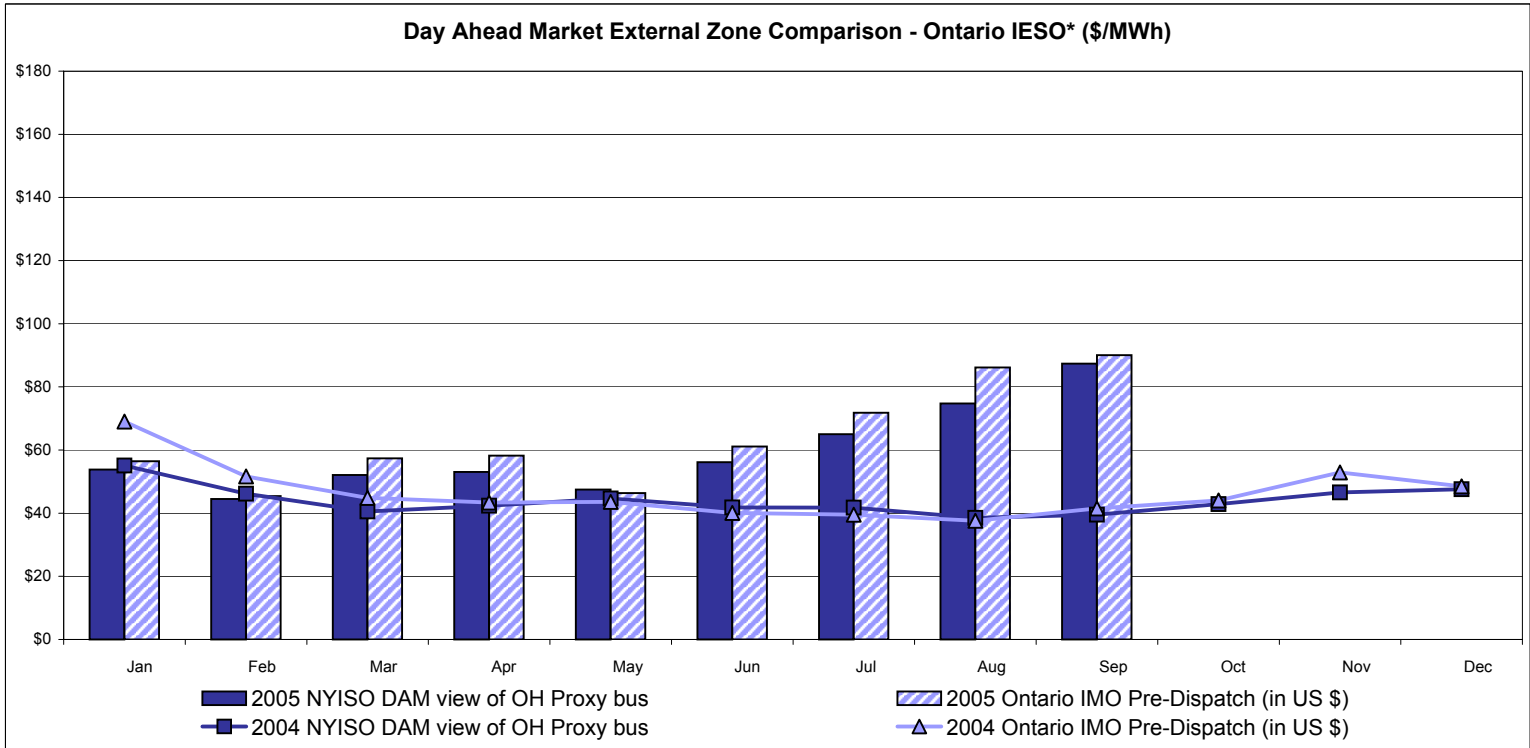
## Real Time Market External Zone Comparison - PJM (\$/MWh)



\* Referred to as RTC beginning February 2005  
 Prior to February 2005 known as BME or Hour Ahead Market (HAM)

September 2005 data not yet posted by PJM

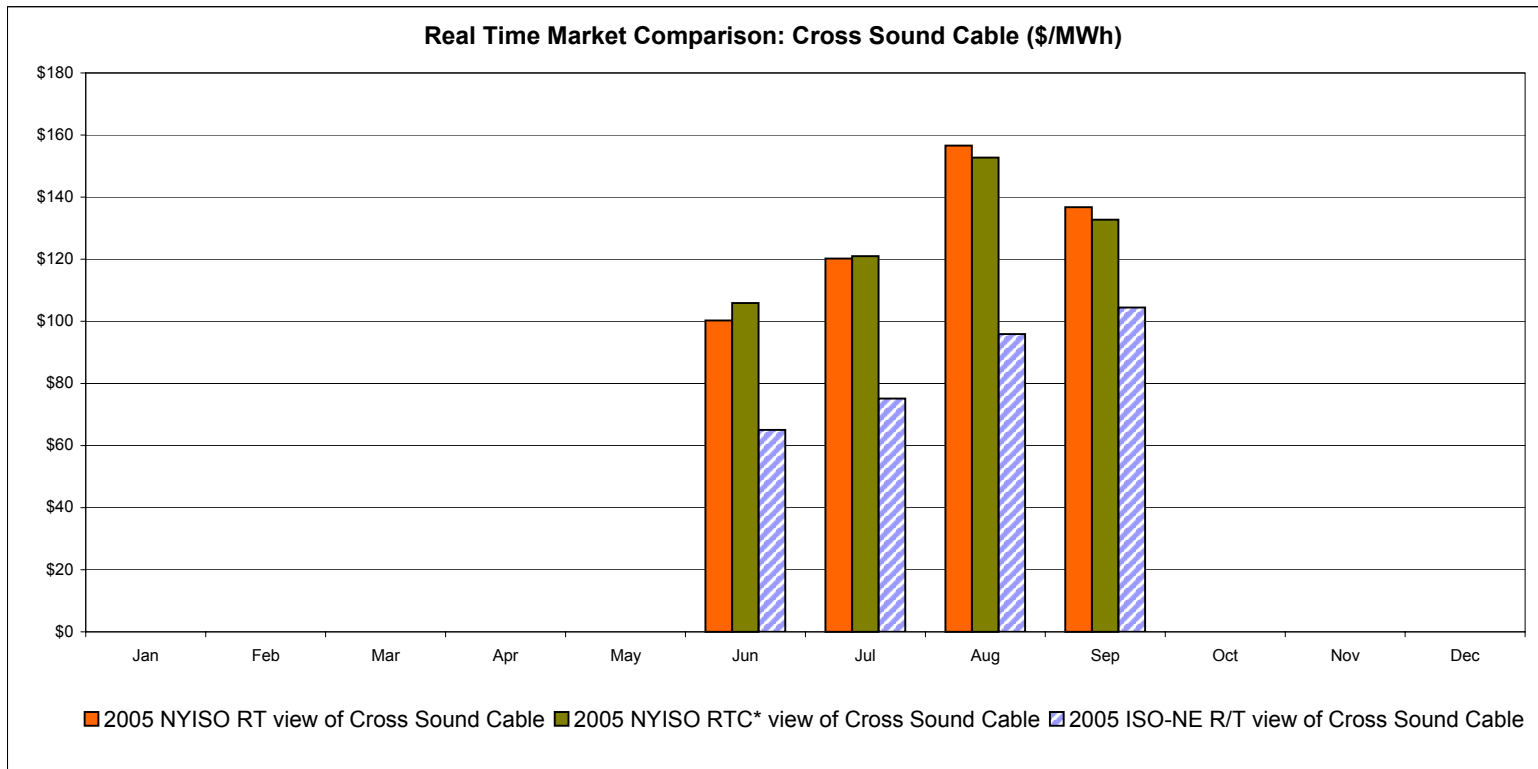
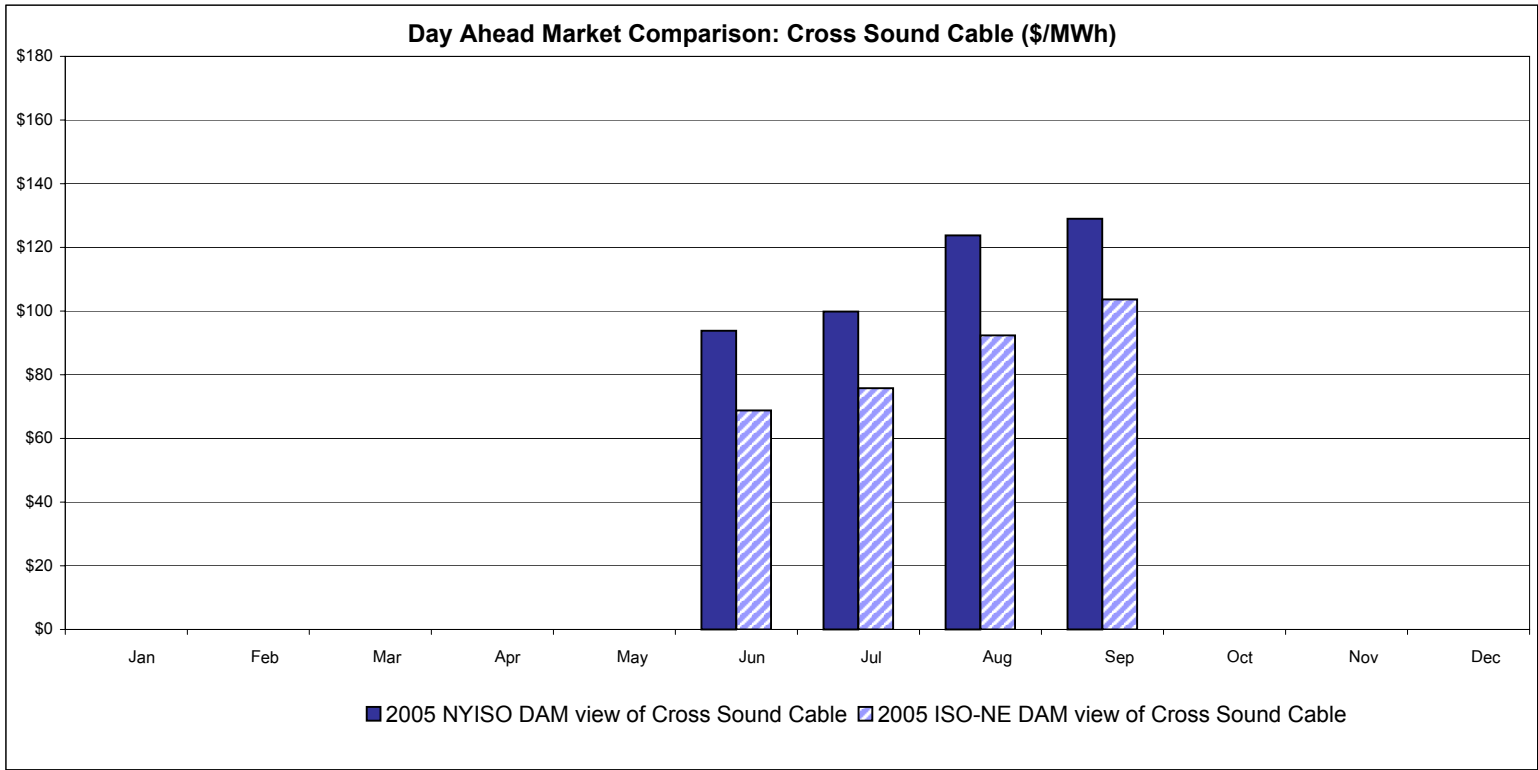
# External Comparison Ontario IESO\*



Notes: Exchange factor used for September 2005 was .85 to US \$  
 HOEP: Hourly Ontario Energy Price  
 Pre-Dispatch: Projected Energy Price

\* Independent Electricity System Operator formerly known as the Independent Electricity Market Operator (IMO)

# External Controllable Line: Cross Sound Cable (New England)



**Note:**

ISO-NE Forecast is an advisory posting @ 18:00 day before.  
 The DAM and R/T prices at the Shorham138 99 interface are used for ISO-NE.  
 The DAM and R/T prices at the CSC interface are used for NYISO.

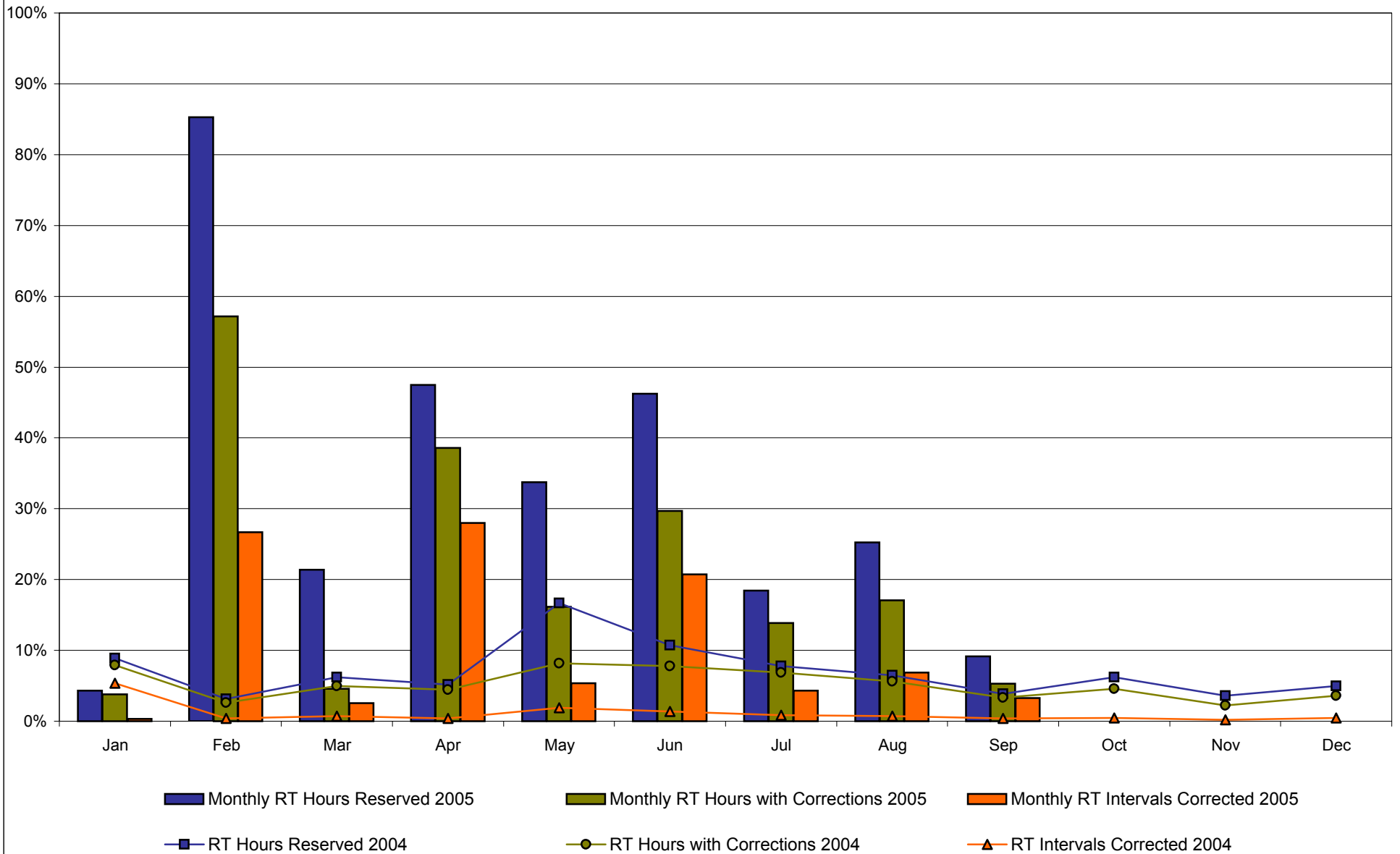
\* Referred to as RTC beginning February 2005  
 Prior to February 2005 known as BME or Hour Ahead Market (HAM)

### NYISO Real Time Price Correction Statistics

<b>2005</b>		January	February *	March *	April *	May *	June *	July *	August *	September *	October	November	December
<b>Hour Corrections</b>													
Number of hours with corrections	in the month	28	384	34	278	120	214	103	127	38			
Number of hours	in the month	744	672	744	720	744	720	744	744	720			
% of hours with corrections	in the month	3.76%	57.14%	4.57%	38.61%	16.13%	29.72%	13.84%	17.07%	5.28%			
Number of hours with corrections	year-to-date	28	412	446	724	844	1,058	1,161	1,288	1,326			
Number of hours	year-to-date	744	1,416	2,160	2,880	3,624	4,344	5,088	5,832	6,552			
% of hours with corrections	year-to-date	3.76%	29.10%	20.65%	25.14%	23.29%	24.36%	22.82%	22.09%	20.24%			
<b>Interval Corrections</b>													
Number of intervals corrected	in the month	37	2,168	228	2,440	481	1,807	388	625	284			
Number of intervals	in the month	11,811	7,459	8,215	7,992	8,228	8,012	8,281	8,322	8,019			
% of intervals corrected	in the month	0.31%	29.07%	2.78%	30.53%	5.85%	22.55%	4.69%	7.51%	3.54%			
Number of intervals corrected	year-to-date	37	2,205	2,433	4,873	5,354	7,161	7,549	8,174	8,458			
Number of intervals	year-to-date	11,811	19,270	27,485	35,477	43,705	51,717	59,998	68,320	76,339			
% of intervals corrected	year-to-date	0.31%	11.44%	8.85%	13.74%	12.25%	13.85%	12.58%	11.96%	11.08%			
<b>Hours Reserved</b>													
Number of hours reserved	in the month	32	573	159	342	251	333	137	188	66			
Number of hours	in the month	744	672	744	720	744	720	744	744	720			
% of hours reserved	in the month	4.30%	85.27%	21.37%	47.50%	33.74%	46.25%	18.41%	25.27%	9.17%			
Number of hours reserved	year-to-date	32	605	764	1,106	1,357	1,690	1,827	2,015	2,081			
Number of hours	year-to-date	744	1,416	2,160	2,880	3,624	4,344	5,088	5,832	6,552			
% of hours reserved	year-to-date	4.30%	42.73%	35.37%	38.40%	37.44%	38.90%	35.91%	34.55%	31.76%			
<b>Days Without Corrections</b>													
Days without corrections	in the month	12	4	19	12	11	4	6	6	17			
Days without corrections	year-to-date	12	16	35	47	58	62	68	74	91			
<b>2004</b>													
<b>Hour Corrections</b>													
Number of hours with corrections	in the month	59	18	37	32	61	56	51	42	24	34	16	27
Number of hours	in the month	744	696	744	720	744	720	744	744	720	744	720	744
% of hours with corrections	in the month	7.93%	2.59%	4.97%	4.44%	8.20%	7.78%	6.85%	5.65%	3.33%	4.57%	2.22%	3.63%
Number of hours with corrections	year-to-date	59	77	114	146	207	263	314	356	380	414	430	457
Number of hours	year-to-date	744	1,440	2,184	2,904	3,648	4,368	5,112	5,856	6,576	7,320	8,040	8,784
% of hours with corrections	year-to-date	7.93%	5.35%	5.22%	5.03%	5.67%	6.02%	6.14%	6.08%	5.78%	5.66%	5.35%	5.20%
<b>Interval Corrections</b>													
Number of intervals corrected	in the month	597	40	83	40	220	156	100	84	42	56	19	52
Number of intervals	in the month	11,089	10,495	11,085	10,805	11,740	11,234	11,467	11,552	11,178	11,515	11,217	11,790
% of intervals corrected	in the month	5.38%	0.38%	0.75%	0.37%	1.87%	1.39%	0.87%	0.73%	0.38%	0.49%	0.17%	0.44%
Number of intervals corrected	year-to-date	597	637	720	760	980	1,136	1,236	1,320	1,362	1,418	1,437	1,489
Number of intervals	year-to-date	11,089	21,584	32,669	43,474	55,214	66,448	77,915	89,467	100,645	112,160	123,377	135,167
% of intervals corrected	year-to-date	5.38%	2.95%	2.20%	1.75%	1.77%	1.71%	1.59%	1.48%	1.35%	1.26%	1.16%	1.10%
<b>Hours Reserved</b>													
Number of hours reserved	in the month	66	22	46	37	124	77	58	48	28	46	26	37
Number of hours	in the month	744	696	744	720	744	720	744	744	720	744	720	744
% of hours reserved	in the month	8.87%	3.16%	6.18%	5.14%	16.67%	10.69%	7.80%	6.45%	3.89%	6.18%	3.61%	4.97%
Number of hours reserved	year-to-date	66	88	134	171	295	372	430	478	506	552	578	615
Number of hours	year-to-date	744	1,440	2,184	2,904	3,648	4,368	5,112	5,856	6,576	7,320	8,040	8,784
% of hours reserved	year-to-date	8.87%	6.11%	6.14%	5.89%	8.09%	8.52%	8.41%	8.16%	7.69%	7.54%	7.19%	7.00%
<b>Days Without Corrections</b>													
Days without corrections	in the month	14	20	11	9	8	6	9	12	12	14	19	15
Days without corrections	year-to-date	14	34	45	54	62	68	77	89	101	115	134	149

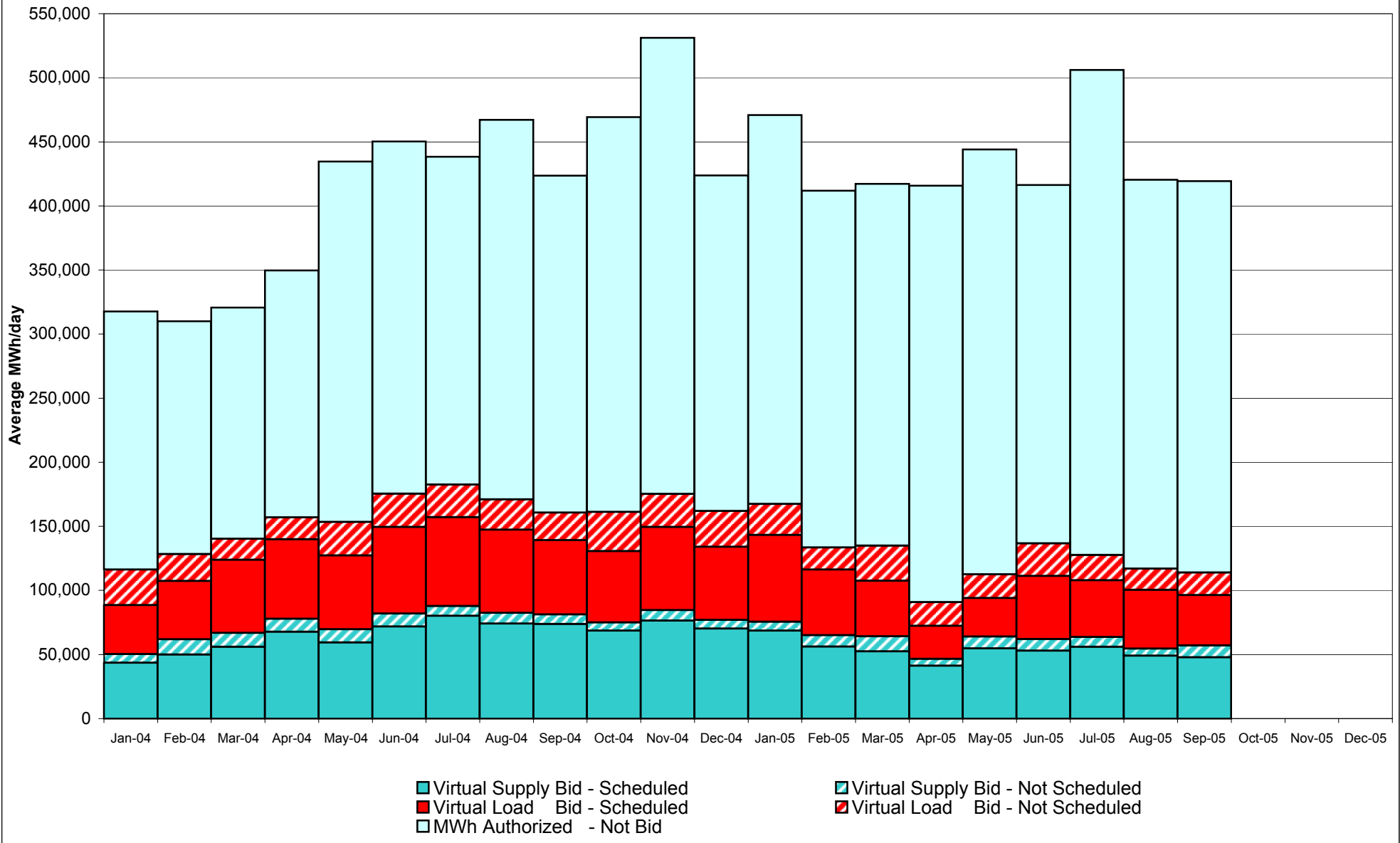
\* February thru September verification pending

## Percentage of Real-Time Corrections

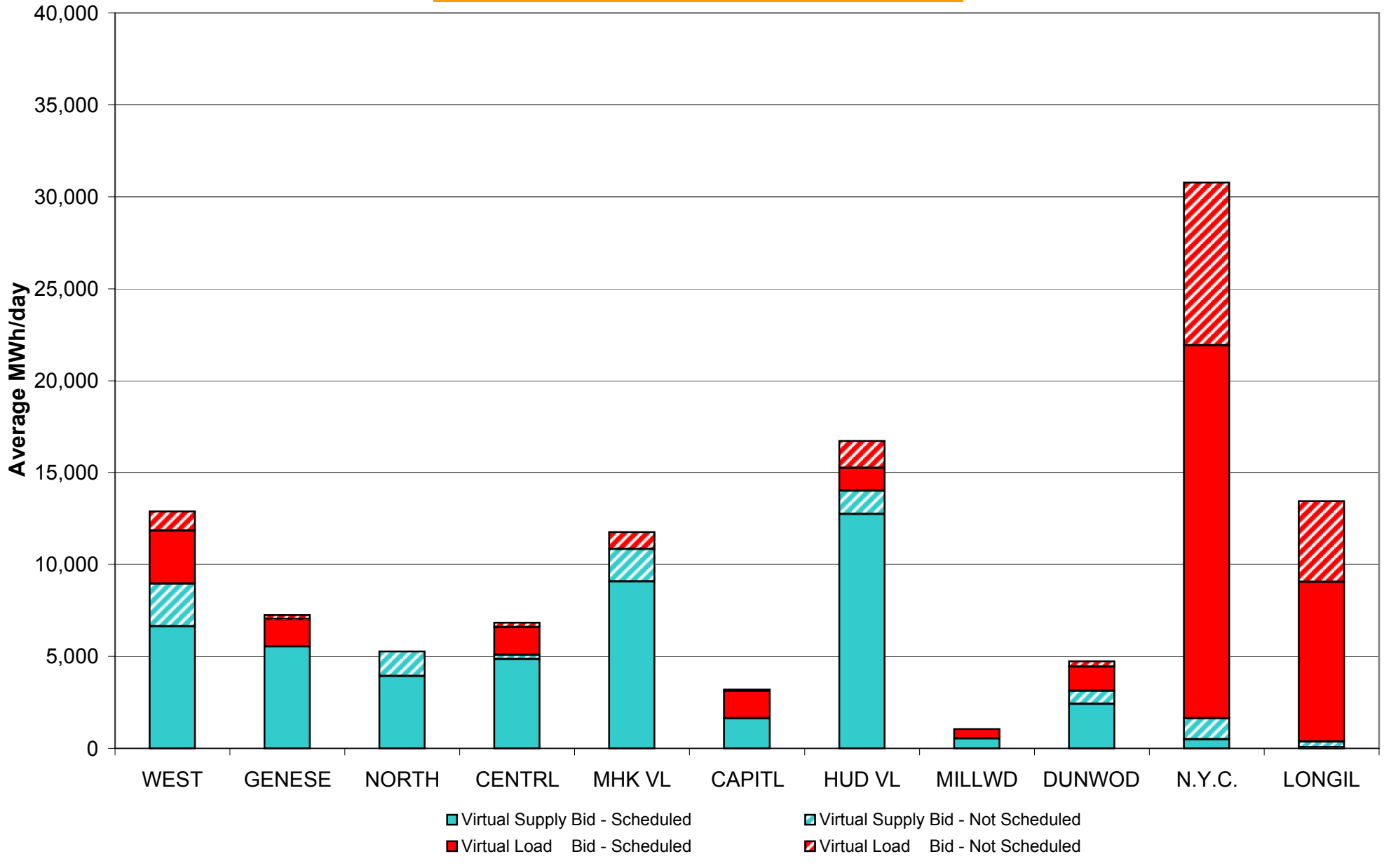


February thru September verification pending

**NYISO Virtual Trading  
Average MWh per day**

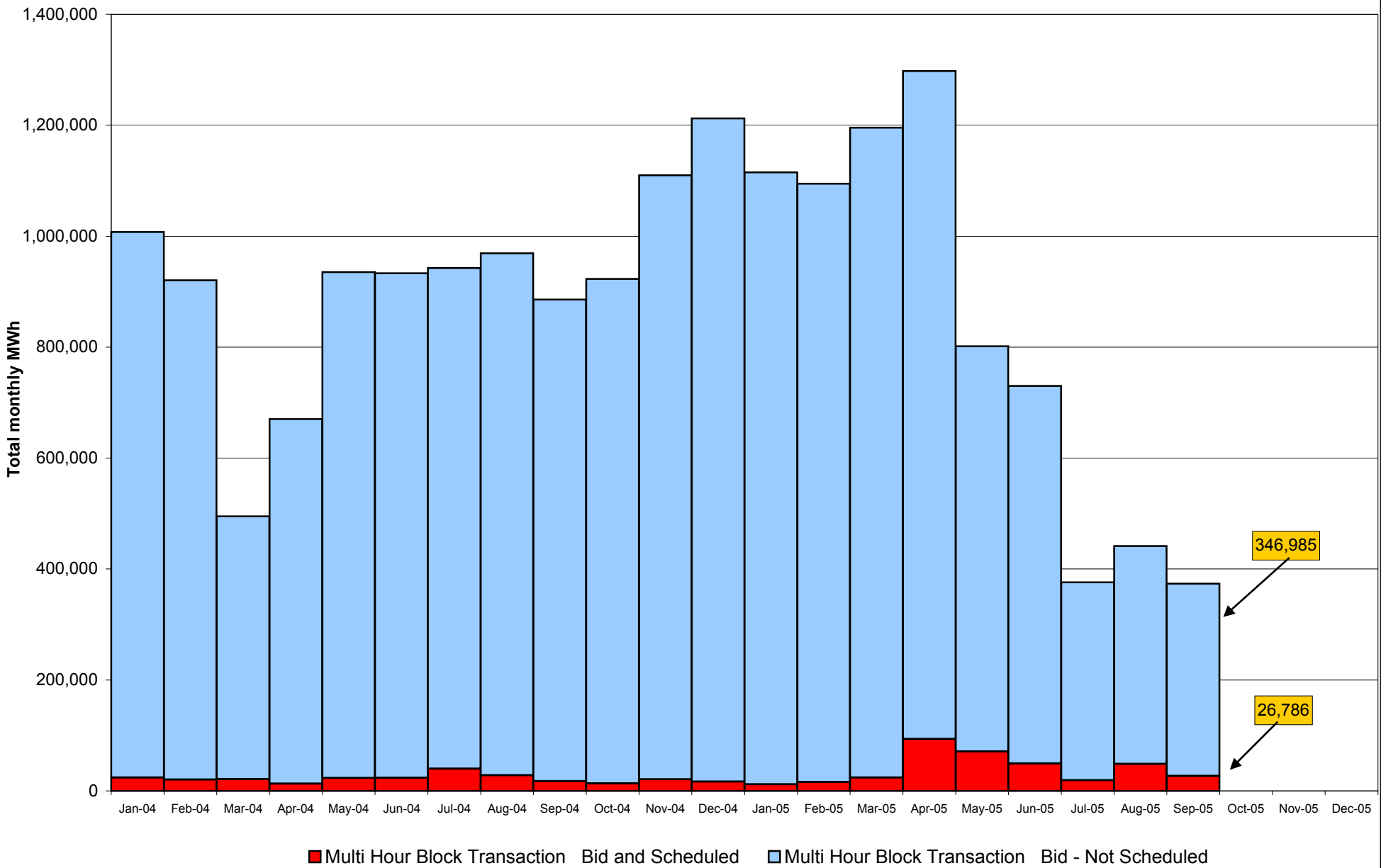


## Virtual Load and Supply Zonal Statistics September 2005

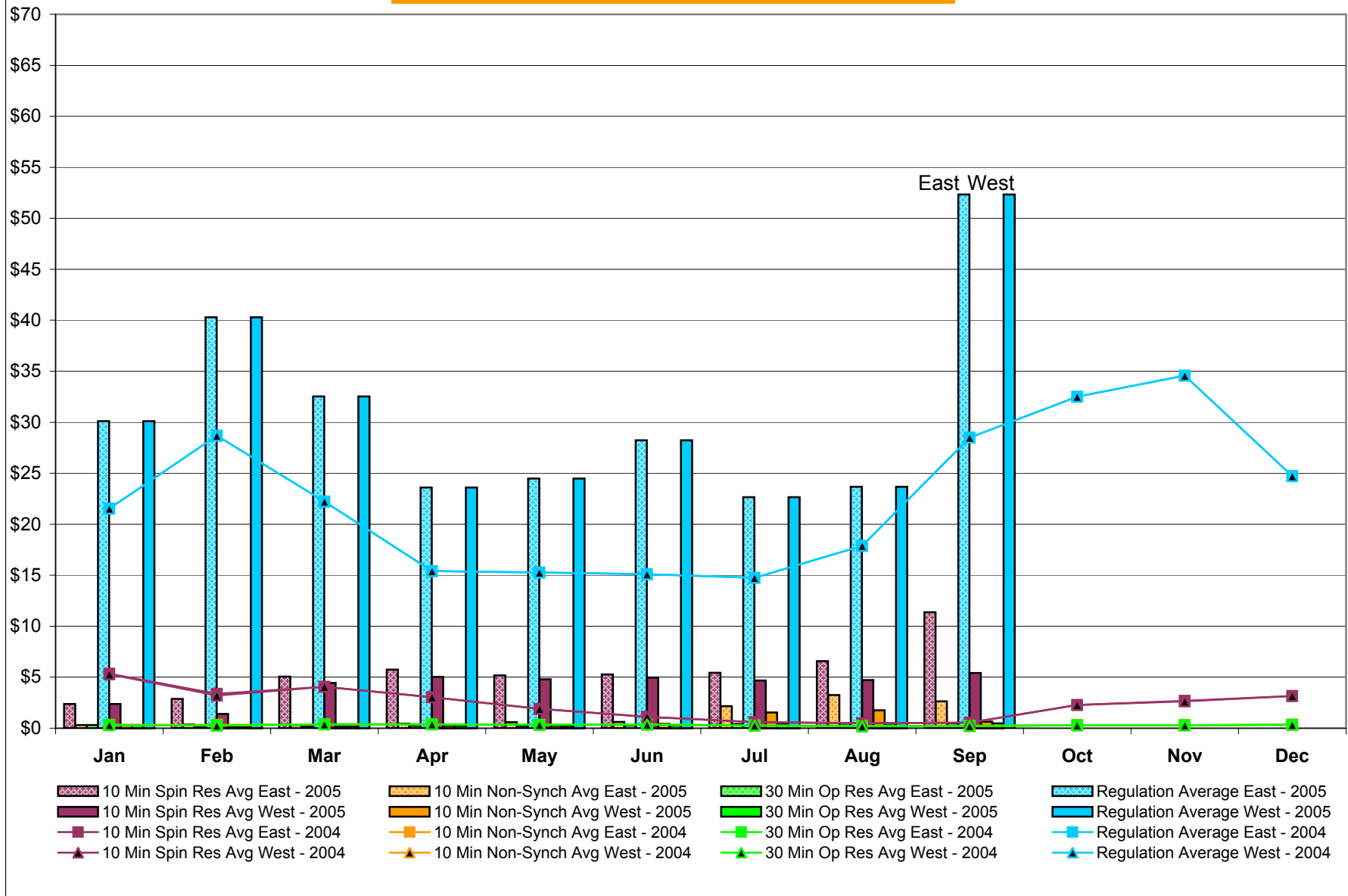




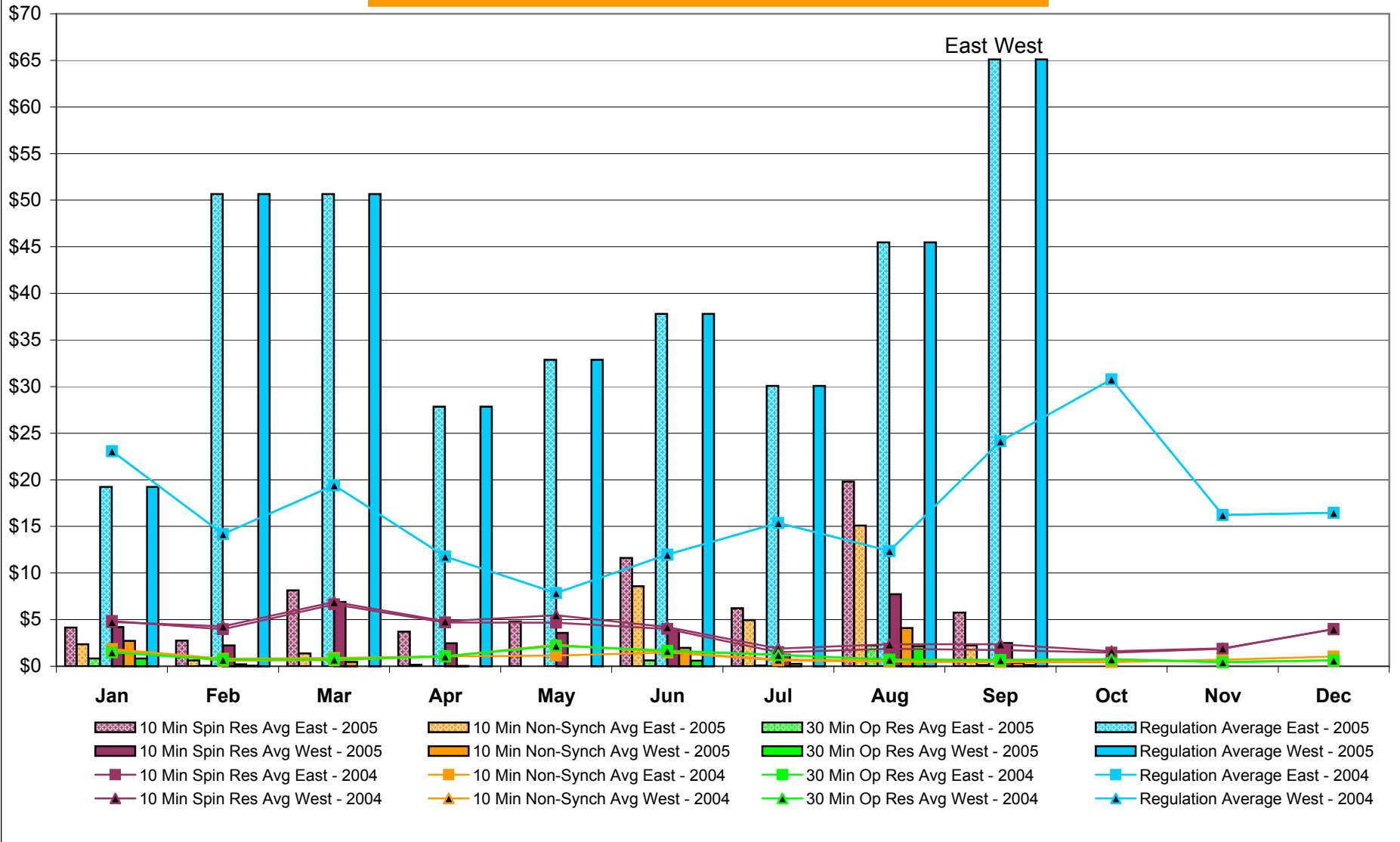
# NYISO Multi Hour Block Transactions Monthly Total MWh



## NYISO Monthly Average Ancillary Service Prices Day Ahead Market 2004 - 2005

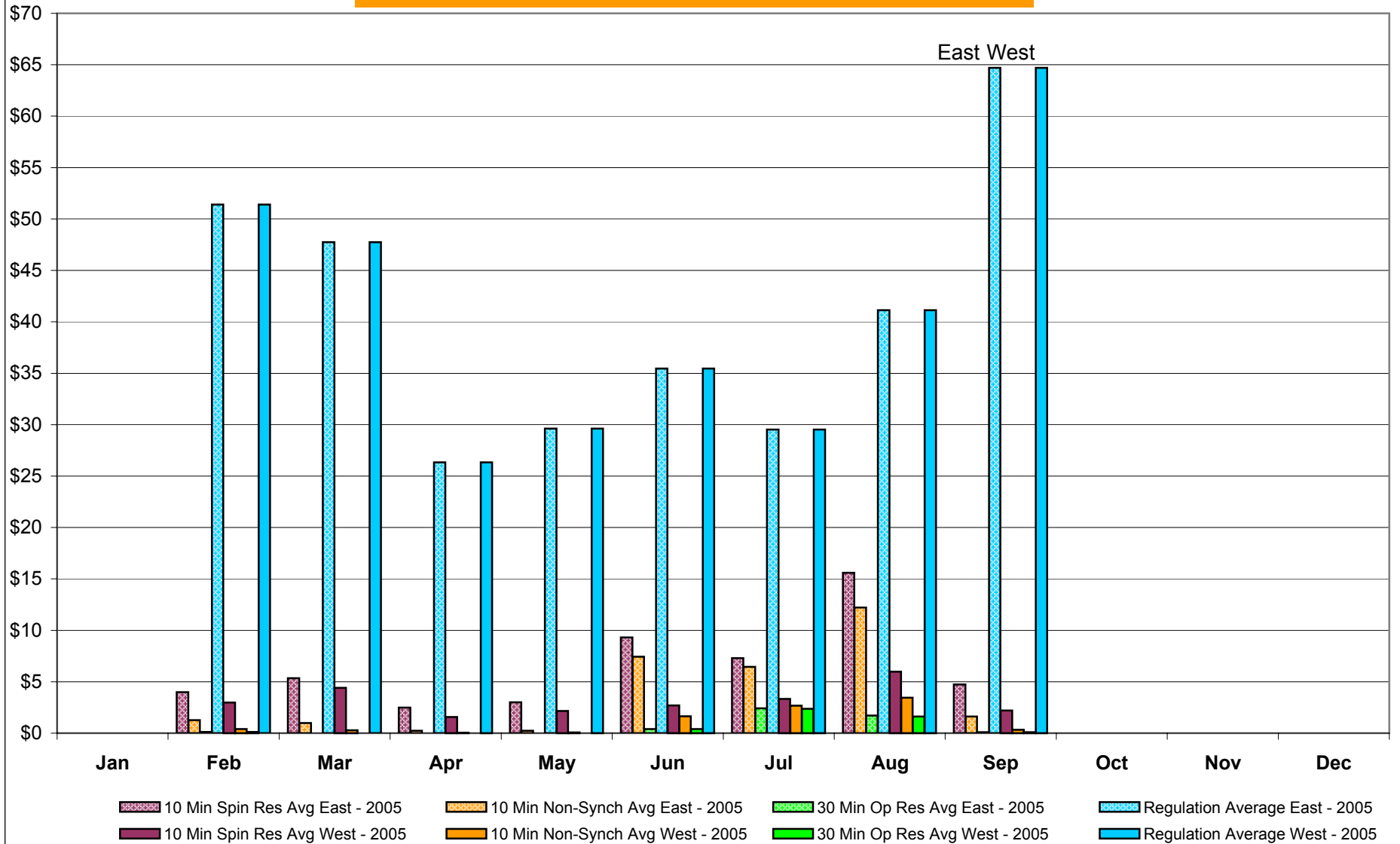


## NYISO Monthly Average Ancillary Service Prices RTC\* Market 2004 - 2005



\* Referred to as RTC beginning February 2005  
Prior to February 2005 known as BME or Hour Ahead Market (HAM)

## NYISO Monthly Average Ancillary Service Prices Real Time Market\* 2004 - 2005



\* The Real Time Ancillary Market began in February 2005

## NYISO Markets Ancillary Services Statistics

### ANCILLARY SERVICES Unweighted Price (\$/MWH) 2005

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b><u>Day Ahead Market</u></b>												
10 Min Spin East	2.38	2.87	5.06	5.76	5.19	5.26	5.44	6.59	11.38			
10 Min Spin West	2.37	1.39	4.43	5.03	4.80	4.96	4.68	4.73	5.41			
10 Min Non Synch East	0.31	0.37	0.31	0.44	0.60	0.61	2.16	3.25	2.65			
10 Min Non Synch West	0.31	0.13	0.20	0.24	0.23	0.43	1.54	1.75	0.63			
30 Min East	0.31	0.13	0.19	0.24	0.22	0.29	0.41	0.44	0.47			
30 Min West	0.31	0.13	0.19	0.24	0.22	0.29	0.41	0.44	0.47			
Regulation East	30.10	40.28	32.53	23.61	24.49	28.23	22.66	23.67	52.33			
Regulation West	30.10	40.28	32.53	23.61	24.49	28.23	22.66	23.67	52.33			
<b><u>RTC* Market</u></b>												
10 Min Spin East	4.15	2.75	8.13	3.71	4.80	11.61	6.23	19.80	5.75			
10 Min Spin West	4.20	2.23	6.90	2.46	3.58	3.84	1.24	7.72	2.50			
10 Min Non Synch East	2.35	0.62	1.38	0.14	0.00	8.58	4.96	15.08	2.22			
10 Min Non Synch West	2.72	0.21	0.47	0.03	0.00	1.96	0.25	4.09	0.37			
30 Min East	0.83	0.05	0.00	0.00	0.00	0.62	0.08	2.22	0.12			
30 Min West	0.83	0.05	0.00	0.00	0.00	0.61	0.00	2.15	0.12			
Regulation East	19.23	50.66	50.65	27.85	32.87	37.80	30.07	45.47	65.10			
Regulation West	19.23	50.66	50.65	27.85	32.87	37.80	30.07	45.47	65.10			
<b><u>Real Time Market**</u></b>												
10 Min Spin East	-	3.99	5.34	2.47	3.00	9.30	7.30	15.60	4.75			
10 Min Spin West	-	2.97	4.42	1.56	2.16	2.69	3.33	5.99	2.19			
10 Min Non Synch East	-	1.27	0.98	0.25	0.24	7.43	6.46	12.22	1.63			
10 Min Non Synch West	-	0.41	0.29	0.02	0.07	1.63	2.68	3.44	0.33			
30 Min East	-	0.12	0.00	0.00	0.00	0.40	2.43	1.71	0.09			
30 Min West	-	0.11	0.00	0.00	0.00	0.40	2.36	1.61	0.09			
Regulation East	-	51.41	47.74	26.33	29.62	35.47	29.52	41.14	64.70			
Regulation West	-	51.41	47.74	26.33	29.62	35.47	29.52	41.13	64.70			

### ANCILLARY SERVICES Unweighted Price (\$/MWH) 2004

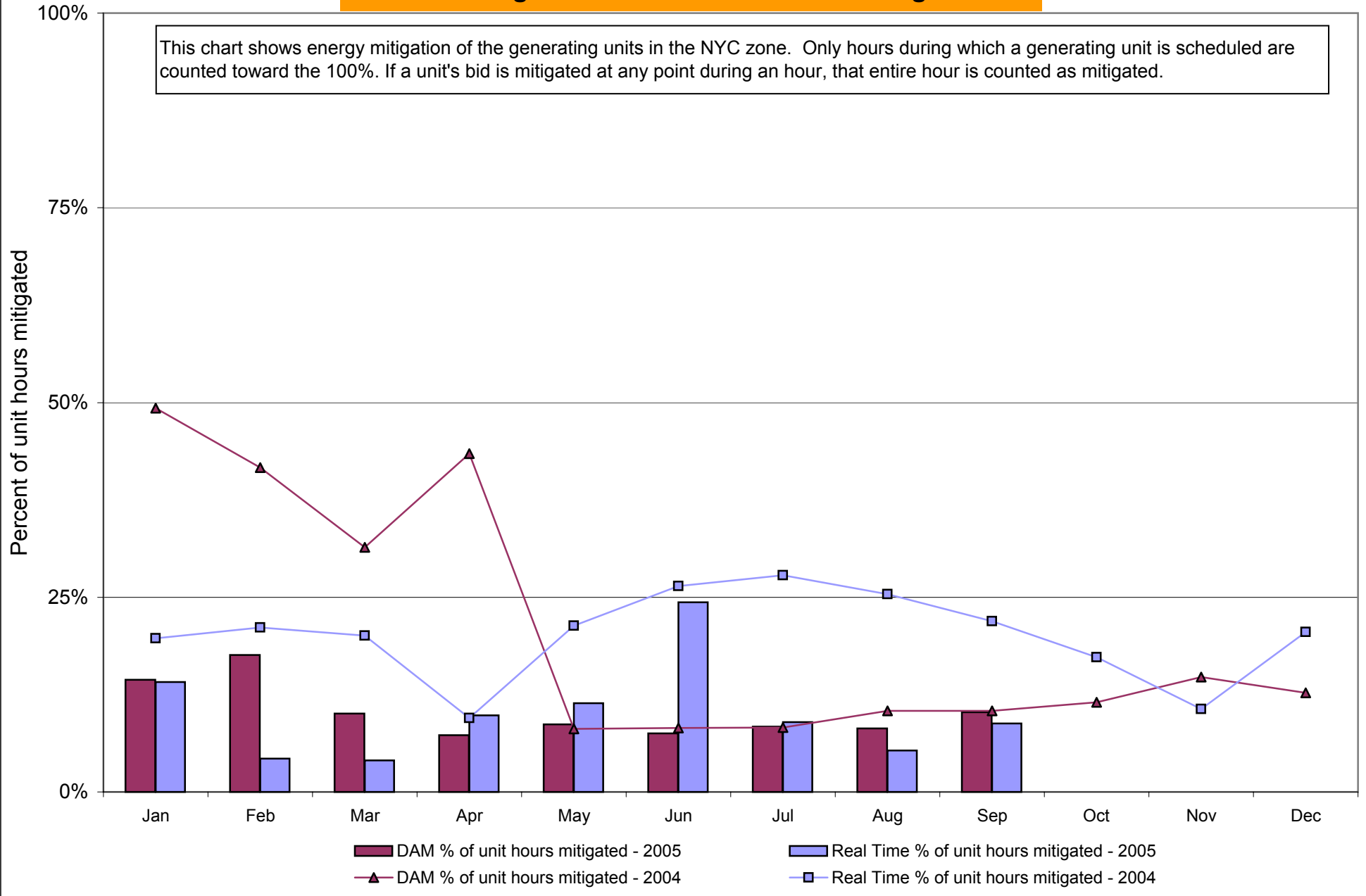
	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
<b><u>Day Ahead Market</u></b>												
10 Min Spin East	5.35	3.36	4.05	3.04	1.91	1.11	0.60	0.49	0.55	2.28	2.69	3.17
10 Min Spin West	5.29	3.20	4.05	3.04	1.90	1.11	0.58	0.47	0.54	2.27	2.63	3.16
10 Min Non Synch East	0.33	0.33	0.39	0.38	0.34	0.35	0.27	0.21	0.23	0.30	0.30	0.35
10 Min Non Synch West	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
30 Min East	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
30 Min West	0.32	0.27	0.39	0.38	0.33	0.35	0.26	0.20	0.22	0.29	0.29	0.34
Regulation East	21.54	28.69	22.23	15.41	15.26	15.10	14.74	17.88	28.50	32.51	34.56	24.71
Regulation West	21.54	28.69	22.23	15.41	15.26	15.10	14.74	17.88	28.50	32.51	34.56	24.71
<b><u>RTC* Market</u></b>												
10 Min Spin East	4.84	3.96	6.65	4.69	4.67	3.99	1.51	1.87	1.75	1.45	1.86	3.99
10 Min Spin West	4.75	4.27	6.89	4.82	5.48	4.20	1.90	2.36	2.36	1.60	1.92	3.95
10 Min Non Synch East	1.85	0.81	0.87	1.05	1.14	1.49	0.62	0.49	0.45	0.45	0.71	1.03
10 Min Non Synch West	1.71	0.60	0.64	1.06	2.31	1.49	0.73	0.61	0.60	0.66	0.50	0.62
30 Min East	1.51	0.70	0.72	1.06	2.20	1.67	1.23	0.71	0.67	0.76	0.45	0.63
30 Min West	1.51	0.70	0.72	1.06	2.20	1.67	1.23	0.71	0.67	0.76	0.45	0.63
Regulation East	23.07	14.18	19.41	11.78	7.85	11.98	15.38	12.36	24.14	30.79	16.24	16.45
Regulation West	23.07	14.18	19.41	11.78	7.85	11.98	15.38	12.36	24.14	30.79	16.24	16.45

\* Referred to as RTC beginning February 2005  
 Prior to February 2005 known as BME or Hour Ahead Market (HAM)

\*\* The Real Time Ancillary Market began in February 2005

## NYISO In City Energy Mitigation (NYC Zone) 2004-2005

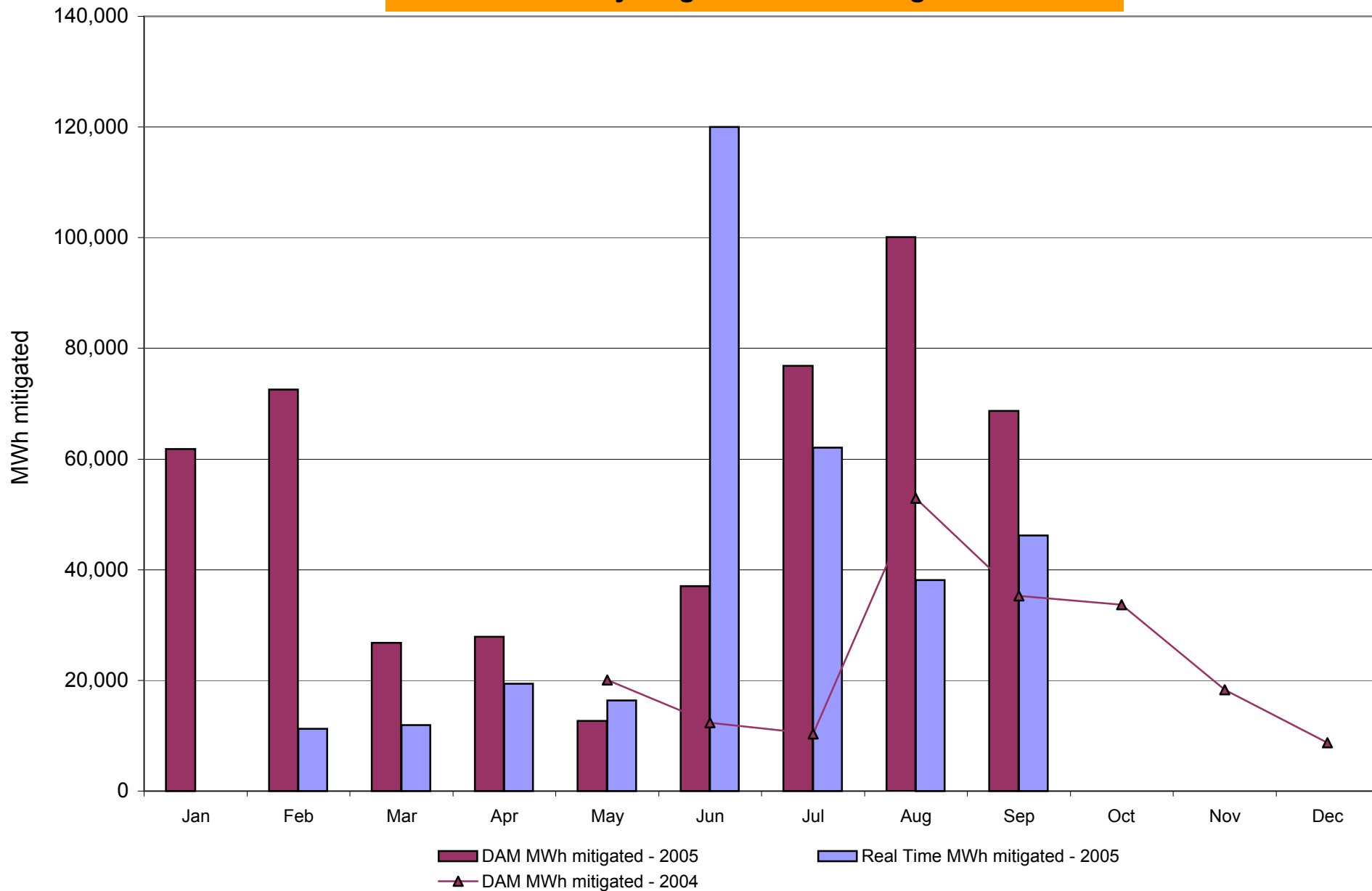
### Percentage of committed unit-hours mitigated



DAM Mitigation software change deployed on 5/1/2004

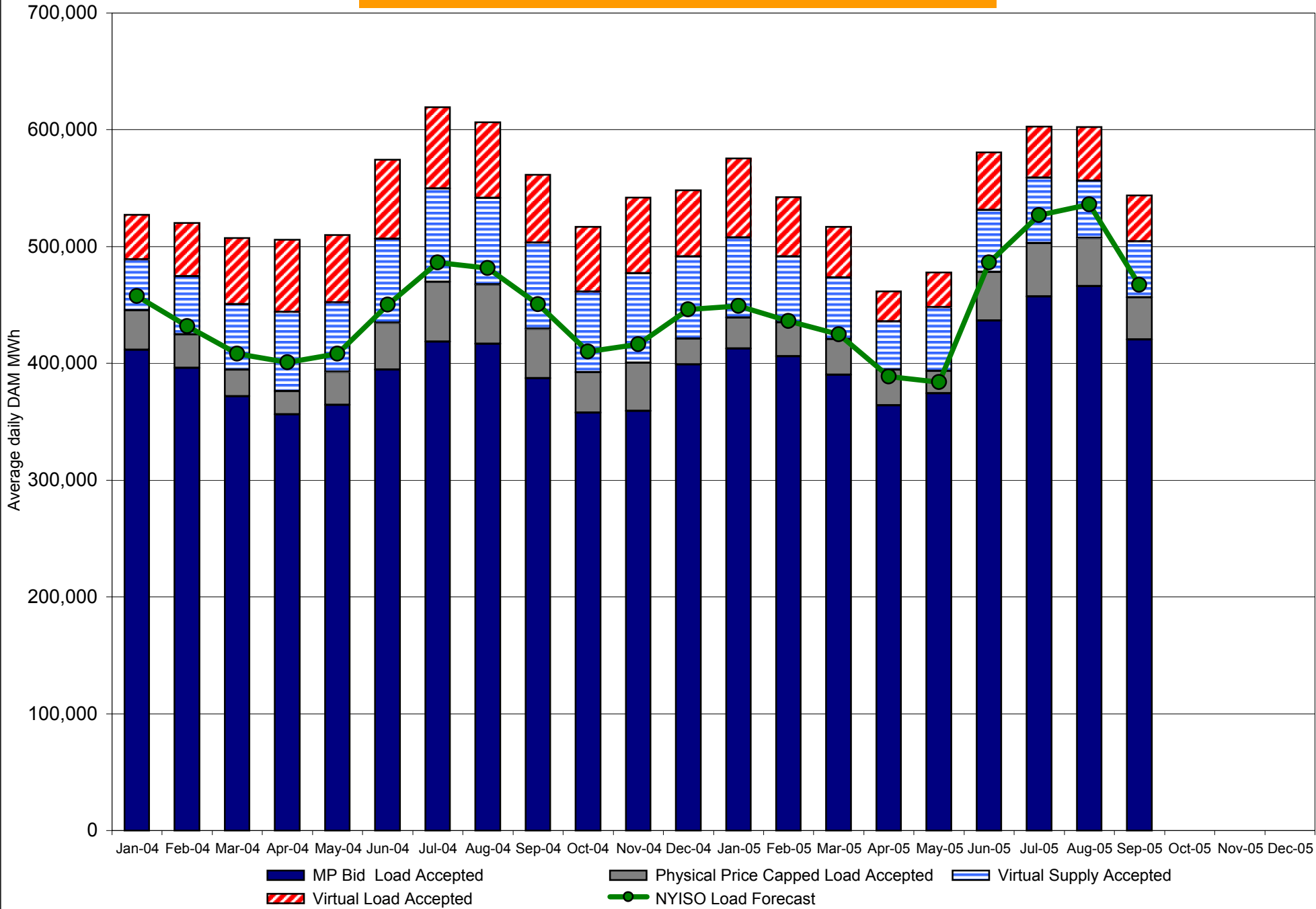
## NYISO In City Energy Mitigation (NYC Zone) 2004-2005

### Monthly megawatt hours mitigated



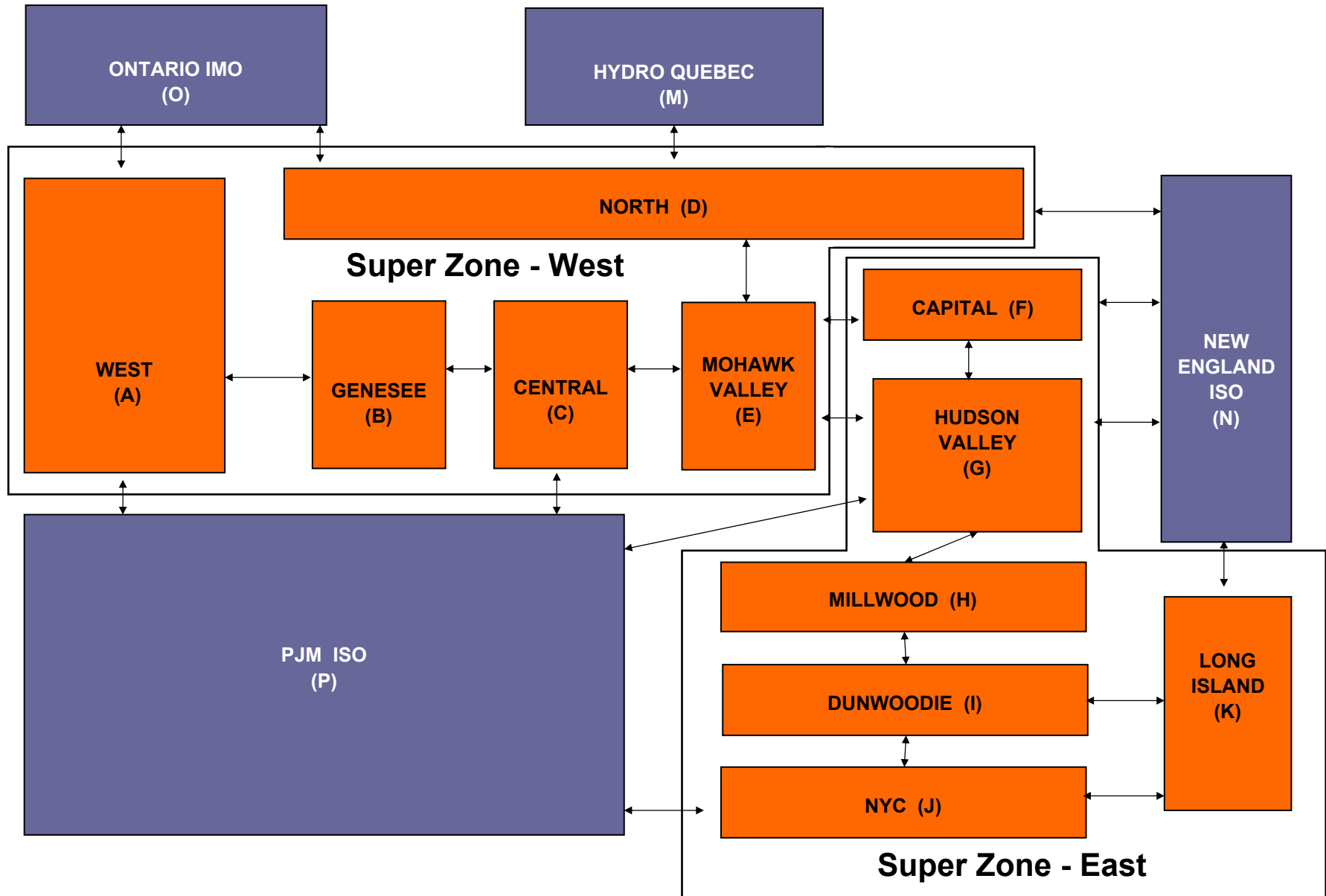
RT mitigation data available with SMD2 deployment  
 DAM mitigation software change deployed on 5/1/2004

# NYISO Average Daily DAM Load Bid Summary





# NYISO LBMP ZONES



**Billing Codes for Chart 4-C**

<b>Chart 4-C Category Name</b>	<b>Billing Code</b>	<b>Billing Category Name</b>
Bid Production Cost Guarantee Balancing	81203	Balancing NYISO Bid Production Cost Guarantee - Internal Units
Bid Production Cost Guarantee Balancing	81204	Balancing NYISO Bid Production Cost Guarantee - External Units
Bid Production Cost Guarantee Balancing	81205	Balancing NYISO Bid Production Cost Guarantee Expenditure due to Curtailed Imports
Bid Production Cost Guarantee Balancing	81208	Balancing NYISO Bid Production Cost Guarantee - Internal Units
Bid Production Cost Guarantee Balancing	81209	Balancing NYISO Bid Production Cost Guarantee - External Units
Bid Production Cost Guarantee Balancing	81213	Balancing NYISO Bid Production Cost Guarantee Expenditure due to Curtailed Imports
Bid Production Cost Guarantee Balancing	81305	Balancing Market Congestion Balancing
Bid Production Cost Guarantee Balancing	81312	Balancing Market Congestion Balancing
Bid Production Cost Guarantee DAM	81201	DAM NYISO Bid Production Cost Guarantee - Internal Units
Bid Production Cost Guarantee DAM	81202	DAM NYISO Bid Production Cost Guarantee - External Units
Bid Production Cost Guarantee DAM	81206	DAM NYISO Bid Production Cost Guarantee - Internal Units
Bid Production Cost Guarantee DAM	81207	DAM NYISO Bid Production Cost Guarantee - External Units
Bid Production Cost Guarantee DAM Virtual	81501	DAM Virtual Bid Production Cost Guarantee
DAM Contract Balancing	81315	DAM Contract Balancing
DAM Contract Balancing	81317	DAM Contract Balancing
Local Reliability Balancing	81002	Balancing Local Reliability Bid Production Cost Guarantee
Local Reliability DAM	81001	DAM Local Reliability Bid Production Cost Guarantee
NYISO Cost of Operations	80901	NYISO Cost Of Operations
NYISO Cost of Operations	80902	NYISO Cost Of Operations
Residuals Balancing	81302	Balancing Market Energy Residual
Residuals Balancing	81304	Balancing Market Loss Residual
Residuals Balancing	81306	Emergency Energy Purchases
Residuals Balancing	81307	Emergency Energy Sales
Residuals Balancing	81309	Balancing Market Energy Residual
Residuals Balancing	81311	Balancing Market Loss Residual
Residuals Balancing	81313	Emergency Energy Purchases
Residuals Balancing	81314	Emergency Energy Sales
Residuals DAM	81301	Day Ahead Market Energy Residual
Residuals DAM	81303	Day Ahead Market Loss Residual
Residuals DAM	81308	Day Ahead Market Energy Residual
Residuals DAM	81310	Day Ahead Market Loss Residual

# Price Error Elimination Activities

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- **Recent software enhancements**
  - ✓ *Out of Merit (OOM) treatment of bid flags (Aug.)*
  - ✓ *Generator operating status issue (Aug.)*
  - ✓ *Load forecasting modeling improvements (Sept.)*
  
- **Pending software enhancements**
  - ✓ *Islanded Generator Bus modeling anomaly (Oct. 11)*
  - ✓ *Multiple price posting process improvements (Oct. 11)*
  
- **Related activities intended to reduce price errors**
  - ✓ *Lean Six Sigma project deliverables*
  - ✓ *Software testing process improvements*
  - ✓ *Software designs targeted to elimination of errors*

# TCC Settlement Audit Update

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- **Mike Cadwalader and Mark Younger nearing completion of their spreadsheet formula accuracy review for each of the four Capability Periods**
  - ✓ *Meeting held with TOs and interested Market Participants on October 7 to review routine TCC auction practices and procedures*
- **Ernst & Young has completed development of the proposed audit procedures and fee estimate (the Phase 1 Report)**
  - ✓ *Phase 1 Report under review*
  - ✓ *Review of the calculations will begin after approval of procedures*
- **Next review meeting with TOs and TCC Holders scheduled for October 20**

# NYISO Committee Sector Meetings Schedule

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◆ Public Power/Environmental	Monday, October 24 10:00 – 2:00	NYISO – Washington Ave Conference Room WA
◆ End Use	Friday, October 28 11:00 - 3:00	NYISO – Washington Ave Conference Room WA
◆ Transmission Owners	Wednesday, November 2 10:30 - 2:30	NYISO – Washington Ave Conference Room WA
◆ Other Suppliers	Thursday, November 3 10:00 – 2:00	NYISO – Washington Ave Conference Room WA
◆ Generation Owners	Friday, November 4 10:00 – 2:00	NYISO – Washington Ave Conference Room WA

**Reminder: please submit your discussion topics to [lbullock@nyiso.com](mailto:lbullock@nyiso.com) by Oct 11<sup>th</sup>.**

# Annual Sector Confirmation & Membership Fees

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## ➤ Annual Sector Confirmation

- *Per NYISO Agreement, Committee members must advise the President of the NYISO, in writing, of the sector in which the Party is qualified to participate and chooses to vote, no later than November 30, 2005.*
- *Confirmations must be provided on company letterhead and shall be addressed to:*  
*Mr. Mark Lynch, NYISO President and CEO*  
*New York Independent System Operator*  
*3890 Carmen Road*  
*Schenectady, NY 12303*
- *Letters may be mailed in hardcopy or sent electronically to Leigh Bullock at [lbullock@nyiso.com](mailto:lbullock@nyiso.com)*

## ➤ Payment of Annual Governance Committee Membership Fees

- *In response to MC request, the fees can now be billed on the consolidated invoice for customers who receive an Energy or ICAP invoice.*
- *The membership fee will appear as an adjustment line item on the 12/7/05 invoice listed as: Yearly Governance Fee.*
- *Committee members who do not receive invoices or who do not wish to have their membership fee included on the consolidated invoice, will be billed manually as has been done in the past.*
- *Sector Confirmation letters must be received by the deadline in order for the yearly membership fee to be included on your consolidated invoice.*

# Responses to Questions on President's Report Charts

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- Explain the reason for the high prices (e.g. - fuel prices vs. scarcity conditions). Looking for confirmation that MMP is monitoring the situation and that no market abuses are occurring (Larry DeWitt/Mike Mager)
  - ✓ *High prices are closely linked to high fuel prices but to ensure that the high prices are not due to market power MMP closely monitors the markets and market participant behavior.*
  - ✓ *On a daily basis, the Mitigation group examines high prices, monitors a variety of indicators for market power and monitors the mitigation of units.*
  - ✓ *Should market participants suspect that market power is being exercised in any NYISO markets, we request that they contact the NYISO.*

# Responses to Questions on President's Report Charts

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- Explain the divergence of prices on the CSC between the NY and NE view of the prices at that interface - Chart 4-Q (Howard Fromer)
  - ✓ *The divergence of prices on the CSC between NY and NE are because the tie is not a freely scheduled interface. Transactions wanting to use the CSC must have an Advanced Reservation ID in addition to a NERC tag.*
  - ✓ *The NY side price is highly correlated with the LI zonal price since there often exists congestion between LI and the rest of the state (and there is proportionally less congestion within the LI zone). In the same way, the price at the NE end of the CSC reflects NE prices.*
  - ✓ *There may be sustained divergences on both sides of the CSC because price divergences are not arbitrated away.*



# Responses to Questions on President's Report Charts

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➤ Explain the increasing trend in the amount of NYC mitigation - Chart 4-AB (Howard Fromer)

✓ *This chart shows the monthly MWh mitigated In City. The NYC mitigation levels in chart 4-AB depend on the following:*

▶ Load Levels

- As the sendout in NYC increases, there are more MWh subject to mitigation and we tend to see more MWh mitigated. The record loads this summer contributed to the increased sendout in NYC and hence more MWh subject to mitigation and an increase in the mitigation in MWh.

▶ Load Pocket Thresholds

- Changes can affect mitigation levels. If LP Thresholds decrease, they can increase the amount of mitigation, all else being equal. This summer, both DAM and RT LP thresholds have been increasing so that is not the cause of the increase in DAM In City Mitigation.

▶ Bidding Behavior

- MMP has not identified any lasting trends in MP behavior over this summer so that also does not account for the changes.

# **VP Market Structures Position**

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- If interested, send resume via email to [pbenson@heidrick.com](mailto:pbenson@heidrick.com), or via fax to (212) 370-9035