

Consumer Impact Analysis

Tom Rumsey, Vice President- External Affairs New York Independent System Operator

Management Committee Meeting

July 27, 2011 Rensselaer, NY





Consumer Empowerment Initiatives

Improved Transparency

- Tech Conference on RTO/ ISO Responsiveness
- Posting of BOD meeting minutes
- Ease of use of website
- Release of 90 day bid data
- FERC Metric Report

Improved Coordination

- Consumer Advisory Council to BOD
- Update of Mission Statement
- Consumer Consultant
- Consumer Liaison
- Consumer Impact Analysis



Take-aways from the Benchmarking Study by The Analysis Group

- Identify threshold criteria for Impact Analysis (IA) and generally limit undertaking to those situations
- Include quantitative and qualitative analysis
- Formal process with flexibility to respond to stakeholders needs and changing circumstances
- Present stakeholders with analysis dashboard and provide backup data on analysis



Consumer Impact Analysis (IA) Evaluation Areas

RELIABILITY

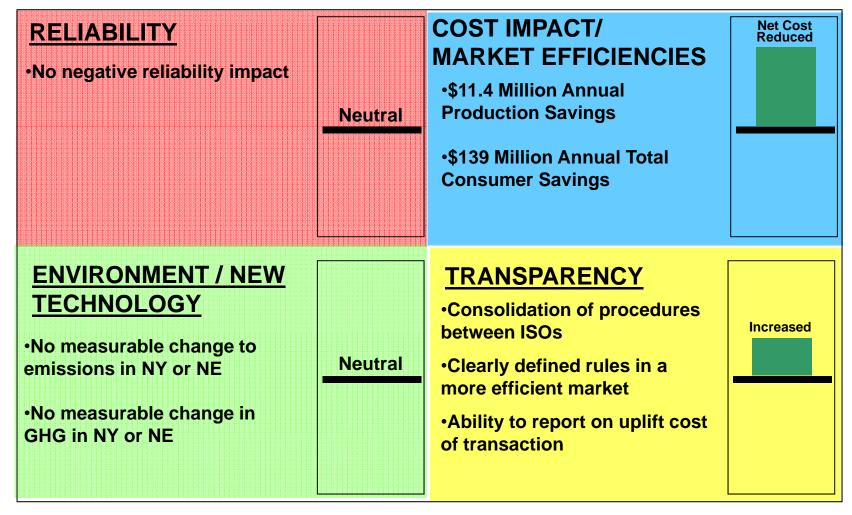
COST IMPACT/
MARKET
EFFICIENCIES

ENVIRONMENT / NEW TECHNOLOGY

TRANSPARENCY



Consumer Impact Analysis (IA) NYISO / ISO NE Coordinated Transaction Scheduling Hypothetical Output





Analysis Triggers

- Anticipated net production cost impact of \$5
 Million or more
- Expected consumer impact from energy or capacity market prices changes is greater than \$50 Million per year
- Incorporates new technology into NY Markets for first time
- Allows or encourages a new type or category of market products
- Creates a mechanism for out of market payments for reliability

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Anticipated 2011 Impact Analysis Project List

 Inter- Regional Interface Scheduling (IRIS) – ISO NE / NYISO

Projects for 2012 will primarily be identified from

- Significant Market Design Concepts
 - approved in the budget process
- Emergent stakeholder issues
- FERC directives where the NYISO has implementation flexibility
- PSC proposals



Example of Project Selection for Impact Analysis

2012 Project Candidate List

- Project candidates for 2012 are discussed in BPWG
- Prioritized project list and rankings are presented to BPWG

Preliminary 2012 Project List

- High level cost/benefit analysis for mandatory and high priority projects presented to BPWG
- Project list is reviewed internally to identify market design projects with potential significant consumer impact

Proposed 2012 Project List

- Feasibility assessment conducted and proposed projects for 2012 presented to BPWG
- Consumer Impact Analysis selection triggers are applied to proposed project list to identify projects for analysis
- Anticipated list of projects for consumer impact analysis is presented to BIC for review and comment 4th
 Quarter

Final 2012 Impact Analysis List

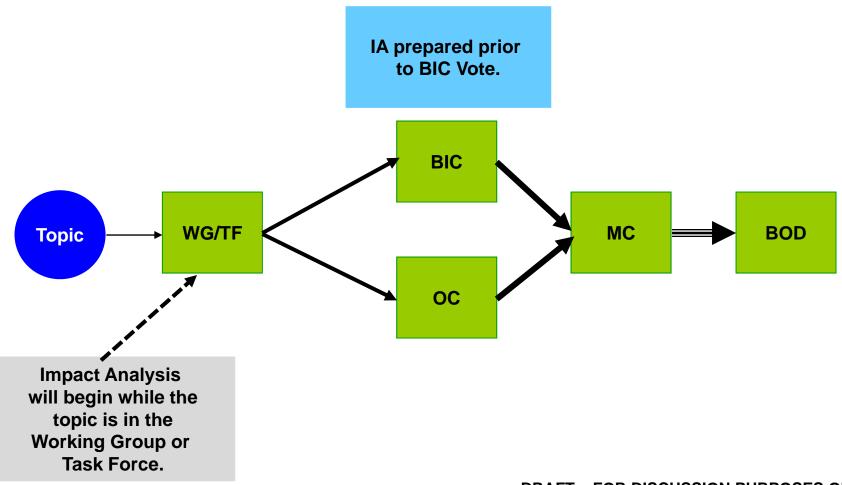
- NYISO 2012 Budget, including proposed project totals, presented to MC for vote, and Board Approval
- Adjustments to Impact Analysis List based upon feedback and NYISO resources
- Potential projects from emergent stakeholder issues or FERC requirements may be added based on resources

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Impact Analysis - Process Map

NYISO SHARED GOVERNANCE PROCESS





Impact Analysis Process Team

◆Project Executive Champions Rana Mukerji and

Tom Rumsey

◆Process Owner Consumer Liaison

◆Finance Rep Mary McGarvey

◆Planning Rep Henry Chao

◆Infrastructure Rep Rich Dewey

◆Operations Rep Rick Gonzales

◆Enterprise Services Rep Wayne Bailey

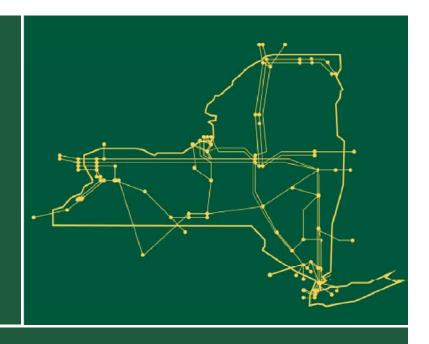


Summary

- Impact Analysis Process Team will review after one year
- Guidelines identify when Impact Analysis will be performed
- Standard, yet flexible format providing quantitative and qualitative impacts
- Integrated into established processes for stakeholder review
- Overview and backup analysis to all market participants



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.



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