SMD2 Functionality

EX-POST PRICING

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- Ex-post pricing is currently included in SMD2 initial roll-out

- NYISO recommends delaying it as an SMD2 function

EX-POST PRICING

- Primary reasons for inclusion in SMD2
  - FERC SMD NOPR recommendation
    - Sought comments
  - Pending NERTO startup on SMD2. It would have been consistent with ISO-NE SMD
  - Allowed NYISO to move toward regional consistency

EX-POST PRICING
Why delay it now?

- NYISO's NOPR response comments are still valid

  – Ex-post makes hybrid pricing complicated - doubles the work

  – Likewise for the SMD2 implementation of scarcity pricing

  – Will mandate metering that may impede demand response expansion

EX-POST PRICING
Why delay it now?

- Reduce project and operational complexity
  - Lowers cost and relieves schedule pressure
    - Ex-ante required regardless – needed to compute and post expected prices and dispatch instructions
    - Minimal immediate benefit for ex-post
    - Requires implementation of a second set of pricing logic and subsequent testing regimen
    - Expands the price validation process and cost

EX-POST

- FERC seems flexible on this issue
- If it should become desirable after an SMD order it is an add-on not a re-design to SMD2