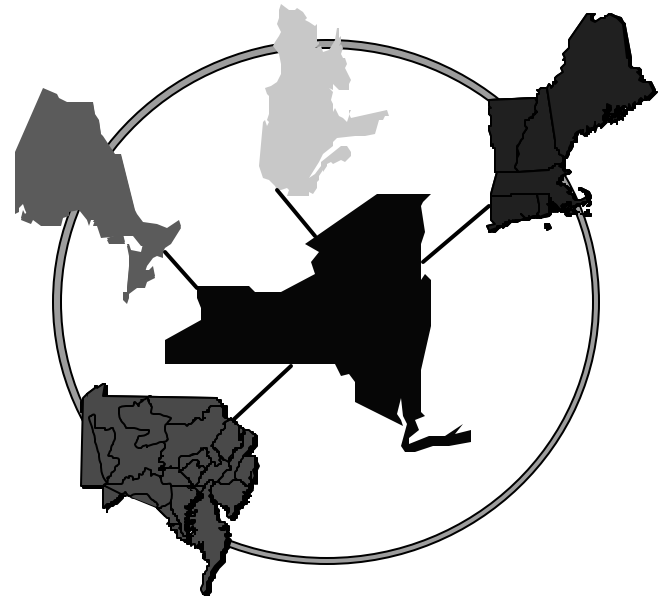
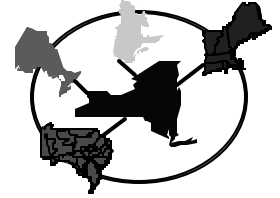


Northeast Seams Report

Update on Northeast Seams Issues

*Business Issues Committee Meeting
Agenda #5
August 13, 2003*

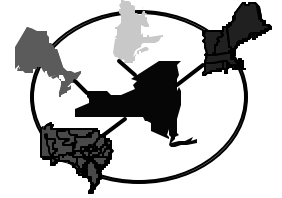




Status of Seams Projects

Current Quarter Deliverables

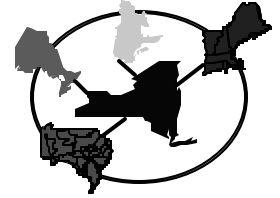
Project	Due Date	Status
1. Evaluation of 7040 transfer limits	<ul style="list-style-type: none">▪ August (orig. June)	<ul style="list-style-type: none">▪ Draft study presented to SOAS in July for comment. Final version scheduled to be provided to the Operating Committee in September.
2. Maritimes participation in ACE Diversity Interchange	<ul style="list-style-type: none">▪ Projected Summer 2003	<ul style="list-style-type: none">▪ Data link and AGC modifications completed in New Brunswick Power test site. NBP plans to implement on their production system in the very near future.▪ NYISO changes to ADI software are awaiting project prioritization.
3. OSS – PJM ramp data display	<ul style="list-style-type: none">▪ September (orig. August)	<ul style="list-style-type: none">▪ Feature expected to be deployed as part of a regularly scheduled software release in September.



Other Seams Related Activity

Recent Initiatives

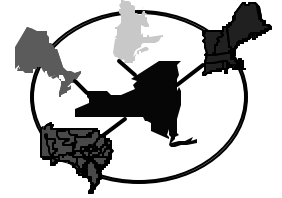
Issue	Activity Description
1. Elimination of Rate Pancaking	<ul style="list-style-type: none">▪ PJM, NYISO and ISO-NE – In June, the NYISO and New York TOs presented a proposal for the elimination of export fees to stakeholders in NY.▪ Larger stakeholder involvement is planned as part of the overall process.▪ The goal is to take action by the end of 2003 to begin the elimination of pancaking in 2004.
2. Virtual Regional Dispatch	<ul style="list-style-type: none">▪ NYISO and ISO-NE – A draft working paper has been distributed for market participant review.▪ Three NY/NE stakeholder meetings have been held to date; a fourth meeting set for September 11th.▪ IMO and PJM are being kept informed of progress.
3. Scarcity Pricing	<ul style="list-style-type: none">▪ NYISO and ISO-NE – NY implementation complete for reserve shortage cost pricing and to permit EDRP and SCR resources to set energy prices in real-time.▪ ISO-NE has filed a scarcity pricing proposal with FERC for implementation in July which is similar to the NYISO proposal for reserve shortage situations.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
4. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> ▪ ISONE, PJM and NYISO – NERA selected for development of the central resource market design. Work is underway. ▪ RAM group will continue to work on other issues outside the scope of the RFP in parallel with the RFP market study.
5. Open Scheduling System (OSS)	<ul style="list-style-type: none"> ▪ NYISO – Ongoing work with Sapient to specify the business design for future OSS capabilities such as in-day pre-scheduling, operator checkout tools and additional one-stop-shop functionality. ▪ NYISO, ISONE and PJM – Several meetings have occurred among staff at the three ISO's to coordinate the business design for integration of OSS with the OATI tagging authority. This functionality will also serve as a vehicle for improved scheduling and checkout coordination.
6. Multiple Proxy Buses	<ul style="list-style-type: none"> ▪ NYISO and ISO-NE – A draft white paper was distributed and discussed at a joint meeting between NY and ISO-NE Market Participants on May 29th in Albany. ▪ Discussions are ongoing with LIPA and ISO-NE regarding application of the CSC approach for the Norwalk-Northport 1385 cable.
7. Northeast Coordinating Committee	<ul style="list-style-type: none"> ▪ NYISO, IMO and ISO-NE - Northeast Independent Market Operator's Coordinating Committee - first status report issued in May 2003. ▪ Meeting held on July 29 to discuss coordination with NAESB and NERC. ▪ An expanded scheduling protocol has been implemented with the IMO that provides a 2-hour look-ahead of expected transaction schedules. This process has greatly improved scheduling coordination with the IMO.



Open Issues

Issue	Activity Description
1. Controllable Line Scheduling	<ul style="list-style-type: none">▪ Concept of operations for general methodology to schedule controllable lines has been drafted by NY and distributed to MSWG back in January. Stakeholder input will be gathered through the existing NY working group process which is open to all regional participants.
2. Multiple Proxy Buses For Free-Flowing Interfaces	<ul style="list-style-type: none">▪ There is a desire to provide east and west scheduling points for transactions on the NY-PJM interface. A draft white paper has been distributed for market participant review, and was discussed at the joint NY/NE meeting on 5/29/2003. This issue is being referred to the individual ISO Market Committees to discuss and refine the business issue definition.
3. Different Ramping Rules	<ul style="list-style-type: none">▪ Stakeholder desire for Operations to look at the short-term ability to make 30-minute schedule changes between NY and PJM. No work has been done on this issue due to the scheduled replacement of the NYISO's existing legacy system. The SMD-2 software architecture will be capable of supporting more frequent schedule changes once the applicable business rules and scheduling protocols are agreed upon with a participating external control area.