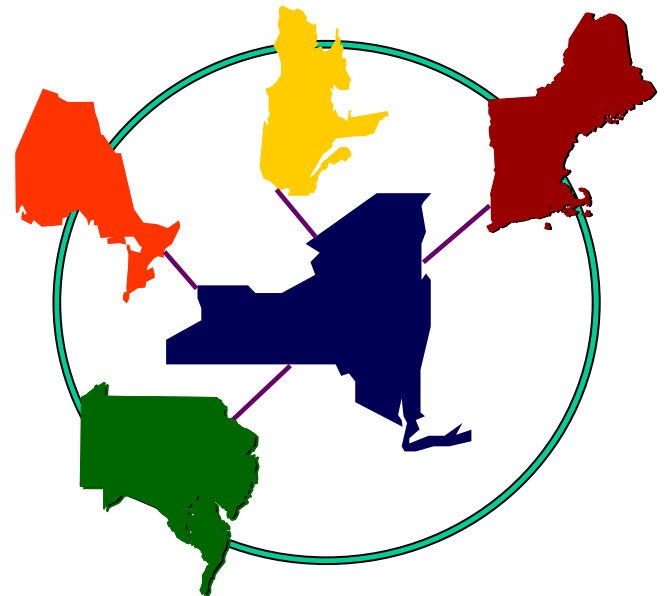


Northeast Seams Report

Update on Northeast Seams Issues

January 21, 2004

Business Issues Committee





Status of Seams Projects

4th Quarter 2003 Deliverables

Project	Due Date	Status
1. Evaluation of 7040 transfer limits	<ul style="list-style-type: none"> ▪ Q4 2003 (orig. June) ▪ Complete 	<ul style="list-style-type: none"> ▪ Draft study presented to SOAS in July for comment. The study did not recommend a change to the current limit, but did recommend developing a process to assess available margins to support HAM scheduling above current MW limits.
2. Maritimes participation in ACE Diversity Interchange	<ul style="list-style-type: none"> ▪ November (orig. Summer 2003) ▪ Complete 	<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. ▪ Changes to NYISO software have been completed.



Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
1. Facilitated Checkout (FCO)	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE, PJM, IMO, HQ & MISO - IMO now able to access NYISO transaction data in real-time as well; the IMO is working on implementation of the software, with expected completion in Q1 of 2004.
2. Harmonize New York Demand Response Programs With ISO-NE	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE - ISO-NE is developing a proposed schedule for implementation of a Day-Ahead Demand Response Program within the context of a comprehensive market enhancement plan and consistent with FERC's directives on this matter. NYISO plans to meet w/ISO-NE and PJM to review each ISO's programs and will bring back any suggested modifications to MPs prior to summer 2004.
3. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE & PJM - A NYISO status report is due to FERC in February 2004. NERA's final report will be available in January and will be discussed at a regional RAM meeting scheduled for February 26th in Connecticut.



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. ▪ Several meetings have been held between ISO-NE, NYISO and the NY and NE TOs during the 4th Quarter '03. ▪ A meeting is being scheduled with NE regulators in January to discuss the schedule for the elimination of export fees between the regions.
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. ▪ Four NY/NE stakeholder meetings have been held to date; the fourth meeting occurred on September 11th. ▪ Overall technical definition and stakeholder approval slated for completion in 2004 with a mid-2005 target for implementation subject to stakeholder approval and prioritization. ▪ IMO and PJM are being kept informed of progress.
3. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> ▪ ISO-NE, PJM and NYISO – NERA has completed the basic design tasks and is considering the need for and implications of a spot market, variable resource requirement (demand curve), and treatment of demand response. ▪ A Joint PRLWG/ICAPWG meeting was held on Dec. 11 to discuss the NERA design followed by a RAM meeting on Dec. 12 in Albany for regional stakeholder review. ▪ The next meeting is scheduled for February 26th in Connecticut.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
4. 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.
5. E-Tagging Integration	<ul style="list-style-type: none"> ▪ NYISO – Will implement automated tools to improve communication and updates of NYISO transaction bids and schedules with the E-Tag system. ▪ Automation provides direct benefits to other control areas, such as PJM, that are linking their systems to the E-Tag system for transaction scheduling inputs. ▪ Allows automated approval / denial of incoming E-Tag requests and automated updates for bid / schedule changes resulting from economic evaluations (e.g. Hour Ahead Market), checkouts, etc. to the E-tag system. ▪ Phase I development (operations automation) is complete and testing is underway. ▪ Phase II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa.
6. ISO-NE Phase II HVDC Evaluation	<ul style="list-style-type: none"> ▪ ISO-NE, NYISO, PJM and HQ - Joint project to update the PJM/NY/NE methodologies and procedures for operation of the Phase II HVDC interconnection between New England and Quebec.