Monthly Report

January 2004

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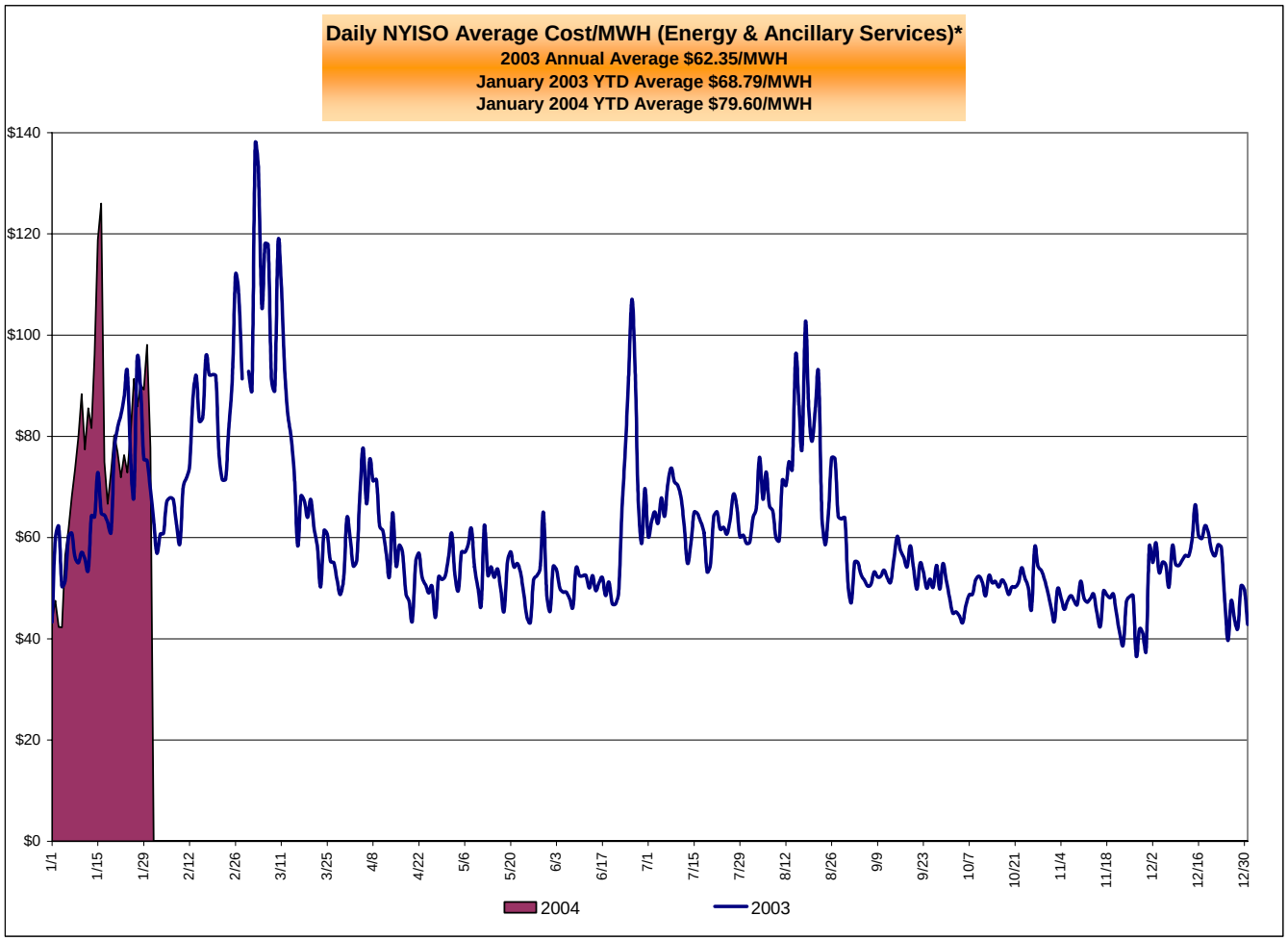
1. Executive Summary

A revised schedule for the deployment of SMD2 was announced with a "Ready to go-live" date of September 15, 2004. Since there is a requirement to give Market Participants a minimum of two weeks notice prior to implementation, the earliest date for deployment is October 1, 2004.

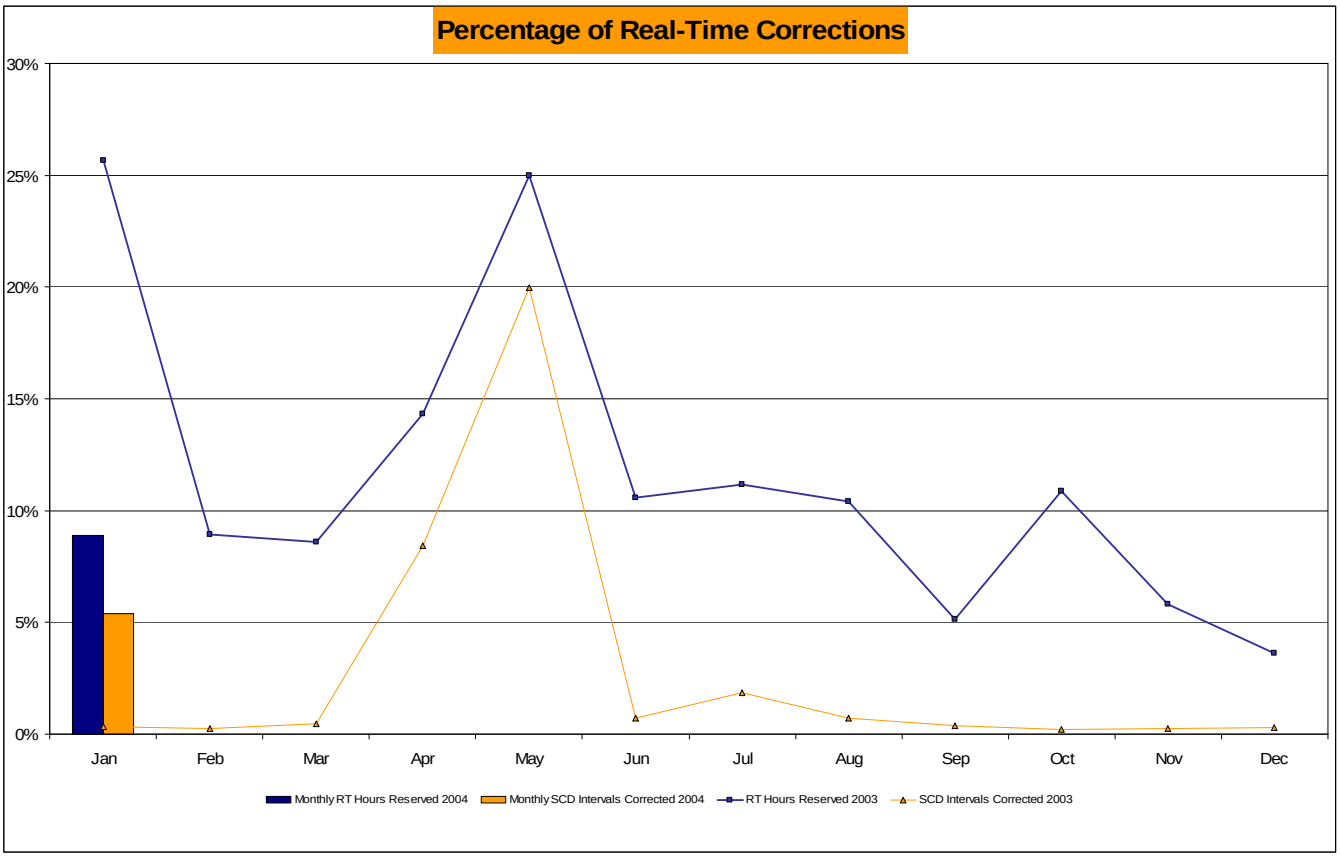
The 2005-2008 NYISO Strategic Plan was released after revisions based on a final round of comments from Market Participants.

Energy prices rose during January due to extremely cold weather, resulting in new winter peak loads on January 14 and 15, as well as record high fuel prices.

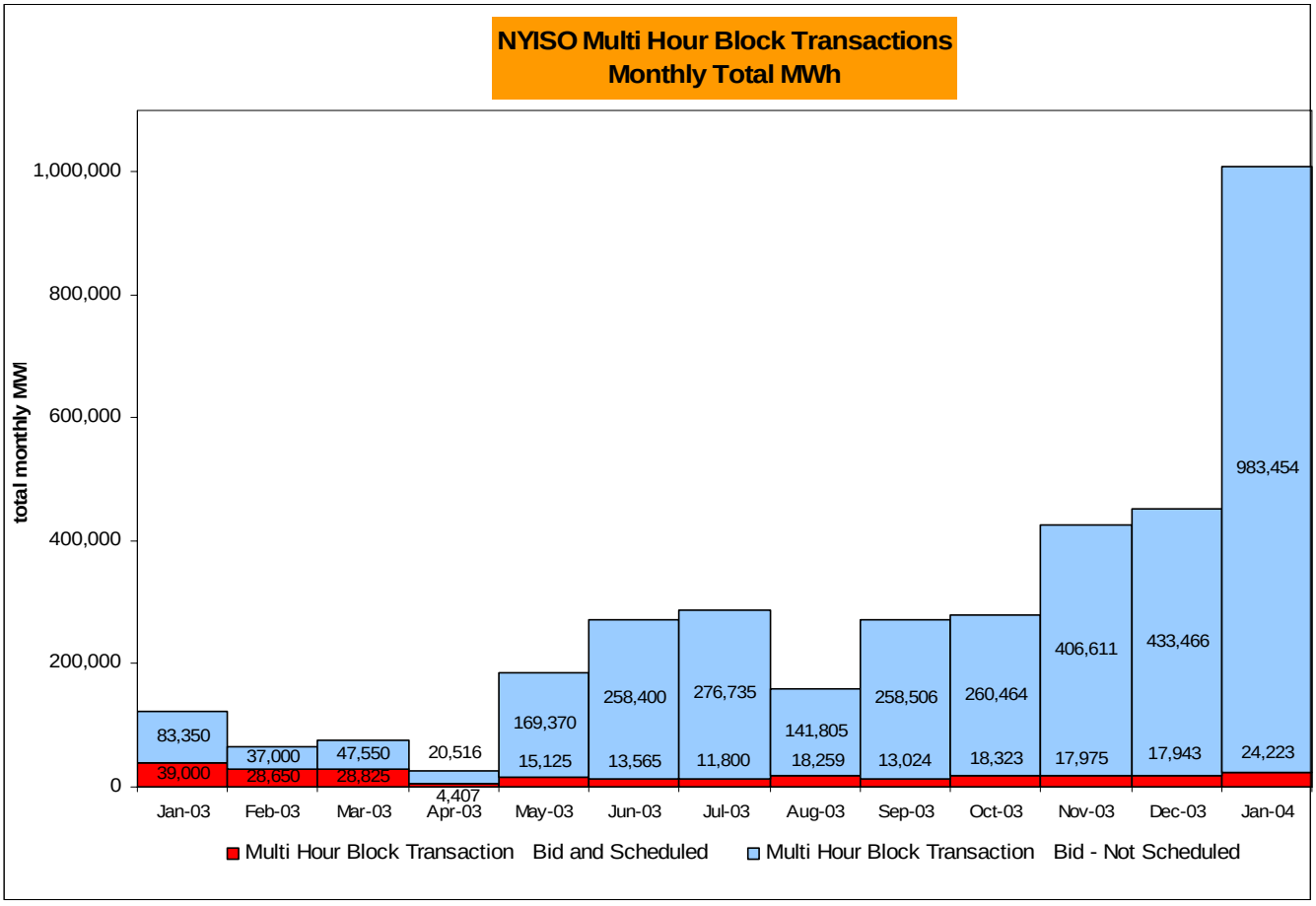


The good performance of the dual-fuel units was significant in meeting load without the threat of capacity shortages that were experienced by some of New York's neighbors.

Real-time price corrections rose substantially in January due to a modeling inconsistency that has been rectified. The resulting price changes were very small, about $0.01.



Block bid transactions continued the increasing trend in January.



2. System Operations

Management Summary

Peak load for the month, which also represented a new winter peak load, was 25,262 MW on Thursday, January 15. There were no Major Emergencies during the month. Alert states were declared on 21 occasions, with nine attributable to system frequency excursions. There were 36 occasions when reserve energy was activated during January; with 21 due to large control area errors and eight due to activation of shared reserves. CPS1 was 180%; CPS2 was 96.1%. There were two DCS events; on January 8, 2004 at 07:52, Roseton 1 tripped loaded at 500mw and RPU terminated at 08:01. On January 10, 2004 at 00:25, Roseton 1 tripped loaded at 600mw and RPU terminated at 00:35. Staff members attended the rollout workshop for the NERC Continuing Education Program. In January, the NYISO submitted four courses for Continuing Education certification. With the delay in SMD2 implementation to the fall, the System Operator Training Seminar (SOTS) was rescheduled to begin on February 24 and complete prior to the summer season.

Staff provided continuing support to the ongoing NERC and NPCC blackout investigation process in the MEN Benchmark analysis, and participation in NERC investigation review teams. Staff is beginning initial work on the representation for the Summer 2004 fault current assessment. The facility owners will review summer 2004 fault current assessment in February. The revised Load Power Factor Assessment report was distributed for review and discussion at the SOAS meeting; staff provided status of the review of this draft. Further discussion was deferred, however, because staff could not address all of the large number of comments and questions received just prior to the meeting. Staff distributed the NYISO Summer 2004 representation to the Operating Studies Task Force for review and comment, and supplied the final NYISO revisions for the MEN/VEM 2004 case. Staff worked with MMWG/BCD data coordinators to correct errors in the MEN/VEM 2004 summer base case that were created by the case merging process. NOAA/SEC reported one GIC event (Kp=7 or greater observed) during the month. There were four Kp=6 events. During the month, five events resulted in excursions of more than 30 MHz or a loss of greater than 1000 MW.

With regard to SMD2, staff began working with IT to create a hardware platform that Operations can use and control. This will allow Operations to verify SPRs, run other functional tests, bring the network model up to date, develop a model load procedure and start tuning the State Estimator. Meetings with IT have been held on a weekly basis to prioritize the work and report on issues. Staff has continued working on the network data and the model load process on the RANGER system. The success with a model load that was achieved during the FAT has not been replicated on Ranger. A new server was set up for the Data Engineering Tool along with a software upgrade. Staff participated in several meetings for the software design of the Day-Ahead AMP and RTC-AMP designs. Due to the delay of the SMD2 project, the Day-Ahead software will be deployed on the SPIDER platform this spring. Most of the software modification to implement this on the SPIDER platform have been made and are being tested. Staff completed testing software changes for the monthly deployment. These modifications included; a minor fix in the UC program, a fix in the Security Analysis program for monitoring transformers, increased messaging and TTC adjustment for the MSC-7040 outage, a change for BME to incorporate the variable regulation requirements and an addition to the “save case” program. The software was deployed on January 27. Staff participated in a meeting with PJM, Public Service Electric & Gas (PSEG), and Con Edison (CE) representatives to discuss the potential technical solutions to address operation of the PSEG-CE phase angle regulated interconnections. The proposed PJM-MISO Congestion Management Procedure, as well as other market operation mechanisms, was discussed as potential solutions. Staff coordinated the recent revision in the New York to New England transfer capability. ISONE re-evaluated this transfer capability based on recent high load operating conditions during the cold weather period and proposed to increase the capability from less than 100MW on peak to 1000MW. Operations staff, as well as Market Relations and Regulatory staff, continue to meet with LIPA, Northeast Utilities, and ISONE representatives to respond to concerns related to the Northport-Norwalk Harbor and Cross-Sound Cable interconnection scheduling. In January, scheduling staff processed 251 requests for generating unit DMNC testing and unit maintenance outages, confirmed 1,912 external control area transactions in the Day-Ahead Market checkout, and scheduled 574 NYS transmission facility maintenance outages.

The following table shows the number of reserve activations and the number that did not result in crossing zero, and the number of alert states in the current and past two years.

	2002			2003			2004		
	No. of Reserve Activations	No. of Alert States	Non-Zero Crossing	No. of Reserve Activations	No. of Alert States	Non-Zero Crossing	No. of Reserve Activations	No. of Alert States	Non-Zero Crossing
January	5	9	0	30	24	10	36	21	6
February	20	24	3	23	21	5			
March	24	31	6	24	10	7			
April	25	25	9	16	24	2			
May	11	19	2	10	13	2			
June	13	14	3	15	12	2			
July	66	33	41	12	18	1			
August	25	10	12	24	22	4			
September	23	20	9	12	6	0			
October	28	24	11	25	21	3			
November	25	26	4	17	12	3			
December	32	27	8	40	16	4			
Totals	**297**	**262**	**108**	**248**	**199**	**43**	**36**	**21**	**6**

Attachments

Attachment 2-A, NERC Control Performance Standard

3. Market Services

Management Summary

Customer Relations:

During January, we registered two new Customers, making the total number of NYISO Customers 218.

As part of our effort to support our Customers, the NYISO continues to track responsiveness to inquiries. For 2004, the Customer Relations goal has been set at 95%. For January, the Customer Resolution Survey was sent out with 96 answers to Customers' inquiries, no responses were received. Therefore, a 100% (superior) level rate was achieved for the month. (See Attachment 3-A)

Another of Customer Relations' goals is to trend the backlog of open inquiries. Attachment 3-B is a graph of open and closed tracking tickets; Attachment 3-C shows the length of time that tickets have been open, and Attachment 3-D shows the number of days that inquiries have been open as of the end of January.

During the month, Customer Relations continued meeting with Customer organizations as part of efforts to learn more about their businesses and their expectations of the NYISO. Two Customer visits took place in January.

Customer Technical Services:

This month's significant communications to Market Participants included a letter from FERC Chairman Pat Wood to Bill Museler regarding the FERC Technical Conference on the New York wholesale electric power market platform issues held on October 20th in New York City; an update of the SMD 2.0 project and the announcement of a September 15, 2004, target data; the release of an updated version of Technical Bulletin #28, addressing revised zonal weighting factors for the NYC zone that reflect recent transmission system changes to Consolidated Edison's Hellgate substation as part of the fault current mitigation plan; announcement of the draft joint NYISO/NYSERDA sponsored study and a January 14^{t} technical conference to evaluate the effects of the addition of more wind generation on the NY transmission system; the release of the SAS 70 Type 2 audit report, issued by KPMG, for the NYISO bid-to-bill process during the period 7/1-12/31/2003; a notice for an increase in the New York to New England transfer capability available for the ISO-NE and NYISO energy markets; and a DSS deployment that included 12 new reports.

Technical Bulletin # 28 was revised to include revised zonal weighting factors for the NYC zone.

CTS presented the results of the Fall Survey to the BIC and at the annual "All-Hands" employee meetings.

CTS completed and issued two separate web traffic reports – a weekly analysis posted on our intranet site, and a monthly, in-depth analysis.

CTS launched the Regulation Survey on behalf of MMP.

CTS drafted six Technical Bulletins regarding the various aspects of Station Power, released them for internal review and by Metering Task Force and BAWG participants and presented them at the January 27 MTF meeting.

CTS assisted Operations in drafting a Technical Bulletin on outage scheduling.

CTS updated the DSS quick reference web pages to support the January 15th DSS deployment.

CTS staff provided assistance in defining and documenting the DA and RT automated mitigation procedures for SMD2 and provided assistance in defining and documenting the scarcity pricing rules for SMD2 during SCR/EDRP events.

CTS staff participated in the Issue Management Committee (IMC), the Issue Resolution Team (IRT), the Committee Coordination Team (CCT), and the Compliance Policy Task Force.

CTS met with Market Participants to discuss alternatives to VRD.

Resource Adequacy

- Resource Reliability:

Staff completed the February 2004 monthly ICAP and Spot Market Auctions. The UCAP Automation project is in the third iteration of construction. The development staff provided a demonstration of five of the critical functions of the application. All but one Use Case has been finalized and sponsor approved.

- Transmission Congestion Contracts:

Staff completed the February 2004 Reconfiguration Auction. Staff is nearing completion of the task to convert the SCUC network model to the TCC auction model for the Spring 2004 auction. This network conversion incorporated modeling changes necessary to implement the DAM congestion rent shortfall reduction methodology filed with FERC in mid-December. FERC has indicated to NYISO that the methodology will be approved in time for the Spring Auction that begins in mid-February. Revisions to the Transmission Services Manual incorporating the DAM congestion shortfall allocation methodology and TCC market audit recommendations was provided to Legal for review.

Look Ahead

Customer Technical Services:

CTS will continue to work on revising the Technical Bulletins for RTS.

CTS will release 6 Technical Bulletins on Station Power; Technical Bulletins on persistent dragging and the economic benefits of following basepoints; and a revised version of Technical Bulletin #116.

CTS will release the Web-Based Reconciliation User's Guide.

CTS will provide documentation for the UCAP Automation project.

CTS staff will attend Documentum end-user training.

CTS staff will continue to work on the Web portal FRS.

CTS staff will present survey results at MC, Market services quarterly meeting, and PPT.

CTS will close Regulation Survey and issue results to MMP.

CTS staff will participate as panelists at the superconductivity outreach workshop, in the EPRI ISI kickoff meeting in NYC, in a Market Services' ISO workshop, and host a Retail Access seminar on Feb 6.

CTS staff will participate in the Issue Management Committee (IMC), the Issue Resolution Team (IRT), the Committee Coordination Team (CCT), and take minutes at the February BIC.

Resource Adequacy

- Resource Reliability:

Complete the regular monthly ICAP auctions for February including the Spot Market Auction. Work with Customer Technical Services Staff to develop a User's Guide for the UCAP Automation application. Work with Training Staff to develop web based training material for the UCAP Automation application.

- Transmission Congestion Contracts:

Make the Spring 2004 TCC Auction network model available to Market Participants. Work with the Market Structures Working Group to develop a methodology for the release of transmission capacity reserved by the Transmission Owners in the Capability Period TCC auction back into the monthly TCC auctions.

Attachments

Attachment 3-A, Customer Resolution Survey
Attachment 3-B, Tickets Open, Tickets Closed as of End of Jan 2004
Attachment 3-C, Open Tickets by Month 2004
Attachment 3-D, Number of Tickets Open by Days Jan 2004

4. Corporate and Market Risk Management

Management Summary

Risk Assessment:

The Enterprise Risk Management (ERM) department continued to provide reports to the CEO and Board Audit Committee. Staff continued the process of monthly risk assessment reports and prepared recommendations. The Board Audit Committee was briefed on risk activities for the 4th quarter of 2003. The internal risk committee met in January to review the progress of the program and assess the risk exposure in November.

Industry Affairs:

- Seams Issues:

The ISO/RTO Council ("IRC") is supporting NAESB's Seams effort and is coordinating with NAESB. The IRC's Standards Review Committee ("SRC") reviewed NAESB's continued work on the draft matrix on seams issues. The SRC recommended forums (i.e. IRC, NERC, and NAESB) for several major categories where the issues may be assigned for primary responsibility to ensure that they are appropriately addressed. The issues are now also categorized according to national versus regional interests.

The NAESB Seams Subcommittee finalized additional changes and categorizations of Seams Matrix in January 2004. The Seams catalog will be reviewed by the Joint Interface Committee ("JIC") to determine how to best establish appropriate standards.

The Seams Matrix has over 130 issues entered by NAESB participants. Large portions of the entries were derived from the ISO/RTO's individual seams efforts, including the Northeast ISO's Seams Resolution Report. The Seams Matrix and the Seams Subcommittee report to the NAESB Wholesale Electric Quadrant Executive Committee can be found on NAESB Web site (http://naesb.org/weq/weq_ec.asp).

- OASIS Standards:

NAESB plans to adopt the Standards and Communications Protocol ("S&CP") documents for OASIS, plus various other attachments and appendices, from FERC Orders 889 and 605. These are documents that have already been reviewed and issued by the FERC. This is being done to address NAESB's procedural requirements. In order to develop and modify OASIS standards NAESB is "adopting" these past FERC orders and making them NAESB standards. Once adopted, NAESB will have the ability to modify the documents via its normal process, since it cannot change a standard that has been established by an external entity such as the FERC.

- NERC Standards Development and Review:

The NYISO coordinated its position and comments on the second version of NERC's '*Cyber Security*' SAR and '*Determine Facility Ratings, System Operating Limits, and Transfer Capabilities*' standard, posted for industry review and comment, with the ISO/RTO Standards Review Committee ("SRC"). IRC consensus comments were prepared and submitted to NERC by the SRC and individually by each of the ISO/RTOs with their respective comments. The NYISO also supported the NPCC regional comments, which were prepared in conjunction with NPCC task forces and working groups.

NERC posted the Coordinate Operations and Coordinate Interchange standards for industry review and comment. The NYISO will coordinate consensus positions and comments with the various industry groups.

Internal Audit:

During January, a project process Scorecard was issued for:

- SMD2.0 (Standard Market Design) (continuing review)

Draft reports and/or report reviews were in progress for:

- Creditworthiness
- Market Monitoring Unit: Mitigation
- Line Losses
- Quality Assurance

Fieldwork and/or planning were in process for reviews of:

- Bid Production Cost Guarantee/Residuals
- Grouped GT Basepoints
- IT Configuration Standards

The July through December 2003 SAS 70 Type 2 audit report was accepted by the NYISO Board's Audit and Compliance Committee, and was made available to Market Participants and their auditors. A new January through November 2004 SAS 70 Type 2 audit scope period began.

Auditing of the achievement of Year 2003 Corporate Incentive Goals was finalized during January. Monitoring of Year 2004 Corporate Incentive Goals began during January.

Market Monitoring:

- Market Review for January 2004:

Prices in the Day-Ahead Market (DAM) and the Real-Time (RT) Market increased this month due to the increase in fuel prices and the high daily sendout. Prices increased 44.4% in the DAM and 57.7% in RT in January 2004 compared to December 2003. Fuel prices increased between 64.3% (for Natural Gas) and 8.7% (Fuel Oil No. 6) over the last month and the average daily sendout rose 6.6% to 464 GWh/day in January 2004 (compared to December 2003).

Prices:

The January 2004 Average Monthly cost was $79.60, up from $54.76 last month (Attachment 4, Table 4-B). The Year-to-Date Average Cost of $79.60 in January 2004 was $10.81 higher than the January 2003 YTD price of $68.79 (Attachment 4, Chart 4-A).

LBMPs in the NYCA increased in all markets from December 2003 to January 2004. Prices in all three markets are also up compared to January 2003. The average DAM price rose from $51.95/MWh in December 2003 to $75.01/MWh in January 2004, an increase of 44.4%. The load-weighted RT price increased from $48.73/MWh in December 2003 to $76.85/MWh in January 2004, an increase of 57.7% (Table 4.1 below and Attachment 4, Table 4-E).

Table 4.1 Monthly Price Summary

	January 2004		
	DAM LBMP	HAM LBMP	RT LBMP
Price	$72.12/MWh	$77.51/MWh	$73.72/MWh
Standard Deviation	$25.99	$37.54	$32.61
Load-weighted Price	$75.01/MWh	$80.51/MWh	$76.85/MWh
Percent change over December 2003	44.4%	58.4%	57.7%
Percent change over January 2003	17.6%	22.8%	19.3%

Uplift increased substantially this month from $19,139,846 in December 2003 to $40,285,111 in January 2004 . Although many of the categories have changed from last month, most of the change stems from the near tripling of the Bid Production Cost Guarantee Balancing this month (Attachment 4, Chart 4-C).

Transactions:

Most energy transactions were either internal bilaterals (40% this month, down 5% from last month) or LBMP purchases (58% this month, up from 50% last month). The volume of internal bilaterals transactions has not changed substantially from last month so the percentage decrease in internal bilaterals (and the corresponding increase in LBMP purchases) is due to the high Monthly Sendout this month (see the next section for details). The percentage of DAM transactions increased slightly from 97.3% in December 2003 to 97.5% in January 2004 (Attachment 4, Table 4-D).

Sendout:

The January 2004 sendout was 14,384 GWh. The January 2004 daily average sendout of 464 GWh/day was higher than the December 2003 daily average sendout of 435 GWh/day. Compared to January 2003, the average daily sendout this month was up by 1.3% (Table 4.2 below).

Table 4.2 Monthly Summary Comparisons

	January 2004	*December 2003*	*November 2003*	*October 2003*	*September 2003*
Monthly Peak (Hourly Load): MW	25,262	23,483	21,647	21,077	23,784
Average Daily Sendout: GWh	464	435	402	397	433
Percent change over the previous year	+1.31%	-1.1%	-2.7%	-3.6%	-2.5%
Monthly Sendout: GWh	14,384	13,494	12,066	12,316	12,988

Fuel Costs:

All fuel prices increased this month relative to the prices last month and, with the exception of No. 6 Fuel Oil, all prices are up compared to prices in January 2003.

Natural Gas prices saw the largest increase (64.3%), relative to December 2003, followed by Kerosene, No. 2 Fuel Oil, and No. 6 Fuel Oil (13.0%, 9.0%, and 8.7% respectively). Natural Gas was the most expensive fuel during January 2004.

With the exception of No. 6 Fuel Oil, all fuel prices are above the prices of January 2003. Natural Gas is showing the largest price increase relative to last year (33.7% higher than in January 2003). The next largest price increase is Kerosene (13.4% higher than in January 2003) followed by No. 2 Fuel Oil (7.4% higher than in January 2003). The price for No. 6 Fuel Oil decreased by 9.4% relative to last year. All fuel prices are stated in $/MMBtu (Table 4.3 below).

Table 4.3 Summary of Fuel Costs for January 2004

	No. 6 Fuel Oil	Natural Gas	No. 2 Fuel Oil	Kerosene
Price:$/MMBtu	$5.43	$11.34	$6.93	$7.71
Change from December 2003	+ 8.7%	+ 64.3%	+ 9.0%	+ 13.0%
Change from January 2003	- 9.4%	+ 33.7%	+ 7.4%	+ 13.4%

Ancillary Services:

DAM 10 Min Spinning Reserves increased by 85.0% in the East and 88.0% in the West from December 2003 to January 2004. On a year-to-year comparison, DAM 10 Min Spinning Reserves are down 39.0% in the East and 36.3% in the West in January 2004.

DAM Regulation prices are down 4.0% this month compared to December 2003. Compared to January 2003, the DAM Regulation prices are also down (by 7.0%). (Attachment 4, Chart 4-W and Table 4-X).

- Price Reservations and Corrections:

The percentage of hours reserved increased this month, as did the percentage of intervals corrected. The percentage of hours reserved this month was 8.9%, up from 3.6% in December 2003. The percentage of intervals corrected increased from 0.3% in December 2003 to 5.38% this month. The high number of price corrections this month was caused by inconsistent deployment of zonal weighting factors. Most of the corrections were minimal ($.01 to $.02). There were 14 days without price corrections this month. (Attachment 4, Table 4-Q and Chart 4-R).

- Investigation and Physical Audit:

During the month of January 2004, four audits were performed and three investigations remain open.

- Mitigations and Penalties:

DAM In-city mitigations occurred every day in January 2004. In-city RT Mitigation operated on all days this month. The DAM Automated Mitigation Procedure (AMP) armed seven times during January 2004, but conduct and impact were not sufficient to warrant mitigation in any instance.

There were no other mitigations during January 2004.

Look Ahead

Risk Assessment:
Staff has developed methodologies for including more prospective analysis in future risk reports. Staff is also working on a continual process improvement program to be implemented throughout 2004.

Market Monitoring:

MMP staff worked diligently during January to maintain accurate reference prices in the face of highly volatile fuel prices and our staff will continue to carefully monitor fuel prices throughout the winter capability period. We will be slightly modifying our semi-annual reference price review and generator data request schedule to better align the review with seasonal environmental restrictions.

MMP is working with the NYISO Operations and Information Technology groups to ensure that the appropriate components of AMP 3,4 are incorporated into the legacy system in time for this summer.

Attachments

Attachment 4-A, Average Daily NYISO-Administered Total Price 2002-2003
Attachment 4-B, Average Monthly Rates NYISO-Administered Total Price 2000-2003
Attachment 4-C, OATT Schedule 1 – Uplift 2000 to 2003
Attachment 4-D, NYISO Markets 2002-2003 Transactions
Attachment 4-E, NYISO Markets 2002-2003 Energy Statistics
Attachment 4-F, NYISO Monthly Average Internal LBMP Prices 2002-2003
Attachment 4-G, Zonal Statistics for NYISO
Attachment 4-H, West Monthly Average LBMP Prices 2002-2003
Attachment 4-I, Capital Monthly Average LBMP Prices 2002-2003
Attachment 4-J, Hudson Valley Monthly Average LBMP Prices 2002-2003
Attachment 4-K, NYC Monthly Average LBMP Prices 2002-2003
Attachment 4-L, Long Island Monthly Average LBMP Prices 2002-2003
Attachment 4-M, DAM and RT Zonal Unweighted Monthly Average LBMP Components
Attachment 4-N, External Comparison ISO-NE
Attachment 4-O, External Comparison PJM
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Attachment 4-Q, Price Correction Statistics
Attachment 4-R, Percentage of Real-Time Corrections
Attachment 4-S, Virtual Trading Averages
Attachment 4-T, Virtual Load and Supply Zonal Statistics
Attachment 4-U, Multi-Hour Block Transaction Totals
Attachment 4-V, NYISO Monthly Average Ancillary Service Prices, DAM 2002-2003
Attachment 4-W, NYISO Monthly Average Ancillary Service Prices, BME 2002-2003
Attachment 4-X, NYISO Markets 2002-2003 Ancillary Service Statistics
Attachment 4-Y, NYISO In City Mitigation - 2003
Attachment 4-Z, NYISO Average Daily Load Bid Summary (New Chart)
Attachment 4-AA, NYISO LBMP Zone Map with Super-zones

5. Strategic Development

Management Summary

Business Planning

- 2004 Business Plan and Incentive Goals:

The 2004 Business Plan and Incentive Goals were briefed to employees at an all-hands meeting.

- Strategic Plan:

The Five-Year Strategic Plan was presented to employees and made available to Market Participants on www.nyiso.com

System & Resource Planning

- Resource Adequacy:

A report titled "Interim Review of Resource Adequacy, Covering the New York Control Area, for the years 2003 – 2006" was approved by the NPCC Task Force on Coordination of Planning (TFCP) on January 29, 2004. Staff continues to participate in NPCC tie benefits study. Staff is preparing data for the NPCC CP-8 2004 Summer Assessment.

- Transmission Planning:

The Operating Committee approved the SRIS for the Flat Rock 300 MW Wind Power project. The SRISs for the Conjunction Empire Connection, Global Prattsburgh Wind Park, and Entergy Indian Point Uprates projects are under review. The Class 2001 cost allocation settlement proceeding is still in progress. The Class 2002 and Class 2003 cost allocations remain on hold. The draft 2003 NY Area Transmission Review report remains under review by TPAS, the NYSRC RCMS, and the NPCC TFSS. Work on the Phase 1 System Planning Study continues. The NYISO has approached GE about performing part of the Planning Study. PowerGem continues to be involved in the congestion reporting aspect of the study. The ISOs have completed a Northeastern ISO/RTO Planning Coordination Protocol document, which each of the ISOs will present to their respective stakeholder groups in February. Staff continues to participate in NERC/MEN/NPCC study activities related to the August 14 Blackout. The NPCC TFSS has revised the NPCC Blackout Study Plan to address various comments received. The plan will be submitted to the NPCC RCC for approval in March. NYISO and NYSERDA have been reviewing comments on the draft Wind Generation Integration Study Phase 1 report with GE, and the final report is expected in early February. NYISO submitted its compliance filing for the FERC order on large generator interconnection standards. However, FERC issued another order stating that approval will be required before the compliance filing can go into effect.

- Load Forecasting:

The January Day-Ahead forecast average absolute error for the NYCA peak was 1.68% and the weather-adjusted error was 1.28%. Revised models for the Day-Ahead forecast are currently being tested at Operations Engineering

The 2004 ICAP load forecast was finished and sent to Market Participants. The peak forecast is 31,710 MW (31,800 MW when unmetered municipal generation is included). Staff is working with Resource Reliability to develop individual municipal and partial requirements customers load forecasts.

An analysis of the pattern of load growth in New York State was begun.

Staff participated in the initial meeting of a metering working group and is developing an inventory of the department's need for better metering.

Work on the ESP load forecasting process continued.

A call was held with ITRON to discuss Load Forecasting's requirements for load data access to track the performance of the new RTC and Day-Ahead forecasting models.

Look Ahead

Business and Strategic Planning

A measurement and monitoring program for implementation of the Strategic and Business Plans is being developed.

System & Resource Planning

- Resource Adequacy:

Complete locational ICAP requirements study and prepare report. Perform external ICAP study. Continue to research capacity unavailable during peak load conditions. Update load and capacity outlook for the summer of 2004. Complete loss of downstate generating unit analysis. Prepare data for planning process resource adequacy simulations. Prepare 2003 GADS data for use in 2005 IRM study.

- Transmission Planning:

Finalize group goals and work plan for 2004. Continue to provide assistance and review of studies for proposed new interconnections. Prepare to implement the new Interconnection Procedures outlined in the compliance filing. Continue to address issues related to system upgrades required for interconnections and the associated Class Year cost allocations. Address comments on the 2003 New York Area Transmission Review and issue a revised report for Operating Committee and TFSS approval. Continue work on the Phase 1 System Planning Study. Continue development of the Comprehensive (Phase 2) System Planning process and integration of the Northeastern ISO/RTO Planning Coordination Protocol. Continue work on the August 14 blackout investigation. Begin Phase 2 of the NYISO-NYSERDA Wind Generation Integration Study. Work on the annual EIA-NPCC Survey, NYISO Load & Capacity Data Report, and FERC 715 filings. Work on power flow, stability and short-circuit cases to be used in the 2004 New York Area Transmission Review, the 2004 NPCC Overall Transmission Study, and various other studies.

- Load Forecasting:

The Day-Ahead model will be re-estimated through January and evaluated against the current model.

Work will continue on developing a 10-year forecasting process for the electric system planning process.

Work will continue on the load forecasting component of the RTS.

The metering working group will continue to meet and develop further plans for improved metering.

Staff will attend the NERC LFWG meeting.

Attachments

Attachment 5-A, NYISO Daily Peak Load
Attachment 5-B, Day-Ahead Forecast (Weather-Adjusted) Performance Tracking
Attachment 5-C, Plot of 12-Month Moving Total of NYCA Weather Adjusted Energy Sendout
Attachment 5-D, Plot of Weather Adjusted 12 Month Moving Total Energy Sendout Annual Percent Change
Attachment 5-E, Plot of 12 Month Moving Total of NYCA Energy Sendout and Effective Degree Days for 10 years
Attachment 5-F, Plot of 12 Month Total Energy Sendout Annual Percent Change for 10 Years

6. Regulatory Affairs and General Counsel

Management Summary

The NYISO made ten FERC filings in January 2004. Various Market Participants made five NYISO-related filings (or groups of filings). FERC issued one substantive and one procedural order regarding NYISO dockets. Listings of the NYISO related regulatory filings and FERC orders issued in January are included as Attachments 6-A and 6-B.

NYISO Filing of Comments Regarding FERC's Conference on Supply Margin Assessment (SMA) (PL02-8-000) – Filed January 6, 2004:

The NYISO's comments support the continued exemption of transactions in markets administered by ISOs and RTOs with FERC approved market monitoring and mitigation procedures from market power screening or mitigation under the FERC's SMA test or any successor test. The NYISO stressed that its market mitigation procedures are carefully and narrowly tailored to the efficient operation of LBMP electric markets, while ensuring effective market power mitigation. It concluded that the NYISO-administered markets would not benefit from the layering of an SMA test on top of the existing measures and would be harmed by any inconsistencies between such new tests and the NYISO's existing measures.

NYISO Compliance Filing Regarding Creditworthiness and Working Capital (ER03-552-006) – Filed January 7, 2004:

As directed by FERC, the NYISO revised the calculation of the Operating Requirement for a customer that has executed a prepayment agreement to reflect only the NYISO's actual risk of nonpayment. As revised, a customer's Energy and Ancillary Services Component is reduced to ten days worth of purchases plus a reasonable estimate of the net amount that the customer owes the NYISO as a result of true-ups to prior invoices. The NYISO also filed a standard form of prepayment agreement to be included in the NYISO tariffs.

NYISO Rebuttal to Dynegy's Response to the NYISO's Motion to Vacate Arbitration Award (EL03-26-000) – Filed January 13, 2004:

The NYISO filed a rebuttal to the response of Dynegy Power Marketing, Inc. to the NYISO's motion to vacate the Arbitrator's award issued on October 28, 2002, in American Arbitration Association Case No. 13 198 00247 02. The NYISO's Motion to Vacate asked FERC to vacate the award because the award applies a "full bid" compensation standard that grants Dynegy additional payments for MW that were not erroneously mitigated by the AMP in the August 10, 2001 Day-Ahead Market, and is based on fundamental misunderstandings of the design and underlying economic principles of the New York electric markets, thereby resulting in costs for jurisdictional energy sales that are not are not consistent with the applicable NYISO tariff, and not just and reasonable.

NYISO Filing of a Request for Leave to Answer and Answer to Comments and Protests of the RTS Filing (ER04-230-000) – Filed January 14, 2004:

The NYISO stated that all protests in this proceeding should be rejected. The NYISO responded to comments regarding: RTS's elimination of price-chasing mechanisms; proposed market power mitigation enhancements; co-optimizing demand side resources; default bid rules for suppliers of Day-Ahead operating reserves; adjustment of ancillary services demand curves; bidding flexibility; virtual regional dispatch; deadlines on the implementation of future RTS enhancements; and determination of when RTS is ready for implementation.

NYISO and Transmission Owners Joint Filing of Standard Interconnection Procedures and a Standard Interconnection Agreement (ER04-449-000 and RM02-1-000) – Filed January 20, 2004:

Pursuant to Order No. 2003, the NYISO and the Transmission Owners jointly filed Standard Large Facility Interconnection Procedures as Attachment X of the NYISO's OATT. Those Interconnection Procedures apply to a Large Generating Facility, *i.e.*, a Generating Facility having a capacity of more than 20 MW as well as to

Merchant Transmission Facilities. The NYISO and the TOs also filed a Standard Large Generator Interconnection Agreement as Appendix 6 to the Interconnection Procedures. The filing utilized the FERC's *pro forma* Procedures and Agreement except where it was modified to reflect regional differences, current NYISO practices and to conform to NYISO OATT definitions and terminology.

NYISO Answer to Consolidated Edison *et.al.* Complaint Regarding the Calculation of Summer 2003 In-City ICAP Rebates (EL04-36-000) – Filed January 23, 2004:

Consolidated Edison Company of New York, Consolidated Edison Solutions, Keyspan Energy Services, Constellation New-Energy, Strategic Energy, New York Energy Buyers Forum, and Consumer Power Advocates (Complainants) requested FERC to order the NYISO to revise its calculation of the Summer 2003 In-City ICAP rebates and to refund $20,835,249 to the Complainants. The NYISO's response states that the Complaint is without merit and should be denied by FERC without a hearing. The dispute is a simple one of tariff interpretation. The NYISO stated that it conducted auctions, posted Market-Clearing Prices, and subsequently calculated the In-City rebates monthly, all according to the Services Tariff and, therefore, correctly calculated In-City ICAP rebates for the Summer 2003 Capability Period. The NYISO also responded that the Complainants made a baseless allegation that the NYISO violated its Code of Conduct when it answered a question from a customer about the Services Tariff - an activity the NYISO engages in regularly in the normal course of business.

Letter Orders:

During January 2004, FERC issued one letter order accepting ISO Agreement revisions regarding the designation of NYISO holidays and the computation of meeting announcement notice periods.

Look Ahead

The NYISO is preparing FERC filings regarding: joint comments with ISO-NE and PJM on Supply Margin Assessment Test exemptions; comments on must run generator compensation; FERC data request on the credit policy; a status report on the Resource Adequacy Model Working Group process; and congestion reduction proposal compliance.

Attachments

Attachment 6-A, NYISO Regulatory Filings – January 2004
Attachment 6-B, NYISO related FERC Orders – January 2004

7. Committee Activities

Management Summary

Management Committee (MC): The MC met by teleconference on January 7, 2004.

Business Issues Committee (BIC): The BIC met on January 21, 2004.

- The BIC on a show of hands approved a motion to amend the NYISO tariffs to delete the conditions on the application of the noncompetitive proxy bus pricing rule per FERC's order on December 23, 2003 and voted 65.43 percent to table a motion to approve tariff provisions authorizing the NYISO to account for Wholesale Transmission Service Charges and terminate service to a customer that fails to pay.

Operating Committee (OC): The OC met on January 22, 2004.

- The OC approved the: SRIS Scope for the East Coast Power Linden Generation Expansion Project, East Coast Power Linden VFT Inter-Tie Project Study Scope, and the Chautauqua Wind Power Project Study Scope. The OC also approved the SRIS for the Flat Rock Wind Power 300 MW Project.

New York State Reliability Council (NYSRC):

- Statewide Installed Capacity Requirement:
  - At its December meeting, the NYSRC Executive Committee established the statewide installed capacity requirement at 118% for the 2004 – 2005 capability year.

Look Ahead

Management Committee (MC):

- There will be an update of the SMD schedule, a presentation of the results of the Fall 2003 market participant survey, and by-laws proposals regarding owners of distributed generation.

Business Issues Committee (BIC):

- Issues to be discussed at BIC working groups include payment of TSCs on wheels-through and exports and internal controllable line scheduling.

Operating Committee (OC):

- The OC continues it efforts as it works toward a new Standard Interconnection Procedure as well as a Standardized Planning Process.

New York State Reliability Council (NYSRC):

- The next two meetings are scheduled for February 13, 2003 and March 12, 2004, respectively.

Attachments

Attachment 7-A, MC Motions – January 7, 2004

8. Information Technology

Management Summary

Changes for the billing/settlement of the Cross Sound Cable were successfully tested and deployed into the Production System.

A significant schedule adjustment and contract revision was made for the SMD2 project. These changes were necessitated by a number of factors, including delivery slippages on the part of the vendor (ABB), expressed desire on the part of the Market Participants to expand the testing and market trial timeframes, relatively high number of software defects requiring correction from the first delivery phase, and the close proximity of the Summer peak season to the project deployment date.

The new SMD2 project schedule will include a Phase 2 Factory Acceptance Test (FAT) at the NYISO site in April and May, an extended Market Trial period starting in June and continuing through August, and will be ready for commercial operation in the middle of September. The actual deployment date will be determined collaboratively with Market Participants, regulators, and other stakeholders following review of project progress, testing results, market conditions, and other factors.

The project development team is making good progress on Phase 2 design and development, and is tracking ahead of schedule in correcting the software defects that were identified during Phase 1 acceptance testing. NYISO testing environments in Albany are fully functional and actively utilized in performing Quality Assurance and integration tests of software developed by NYISO staff to interface with the ABB products.

Look Ahead

The New Billing Allocations (A686) Project and the Station Power Phase I Project (A647) will complete testing and be deployed to the Production System.

Infrastructure updates to the Weblogic Servers to support Application Clustering of the Production Web Servers will complete testing and be deployed to the Production System.

Upgrade of the Billing and Accounting System (BAS) Database to Oracle 9i will be tested and deployed into the Production System.

The SMD2 project team will take delivery of a new software release from ABB that is planned to contain resolution to the majority of the high severity defects identified during Phase 1 acceptance testing. The development tasks being performed by the NYISO staff will be completed and turned over to Quality Assurance for testing. The development underway by NYISO staff includes those changes necessary in the MIS and Billing systems to accommodate the new software and rules.

The detailed testing schedule for Market Trials will be completed, and a process will be initiated where Market Participants will be able to submit sample Upload / Download files for testing by the NYISO in advance of "Sandbox" testing to follow in the Spring. Internal QA testing and extensive functional testing of the market applications will continue through the month.

The Decision Support System (DSS) team will continue their detailed design review for the changes introduced by the SMD2 project to ensure that data changes can be accommodated by the DSS. A planning process will continue to target system enhancements that will improve the usability and adoption of the DSS.

9. Human Resources

Management Summary

Two new employees and four new contractors were hired in January.

There were two terminations in January.

A total of 17 interviews (for both employee and contractor positions) were conducted in January. From these interviews, six external offers were made (two direct hire, four contractor) and five were accepted.

We participated in the Times Union Job Fair with 14 volunteers from NYISO.

Twelve power plus awards were awarded to employees in HR, IT, Market Services, and Finance.

The NYISO Records Management Document Destruction Reports were distributed to several department heads for determinations on their documents that were listed with a planned destruction date of December 31, 2003. A revised NYISO Records Retention Schedule was posted to the NYISO Intranet Site.

Phase I of Documentum's User Acceptance Testing has been completed by the Business Users - Regulatory Affairs & Committee Support. Documentum end-user training and the go live dates will be rescheduled.

The Corporate Incentive Program payouts were presented to employees at an All Employee Meeting in January.

Completed the 2003 401k valuation information and provided to Third Party Administrator for incorporation into the Form 5500 later this year.

Work continues on a market training program for the SMD2/RTS Energy Management System implementation to be delivered this spring.

Several DSS introductory programs were conducted during January by way of Webex.

The Web-Based Safety and Code of Conduct re-certification course was completed, tested, and reviewed during December. Security modifications have been made so that the course can be applied via on-line means to all NYISO employees and contractors in February.

NYMOC received the highest NYISO rating during the 2003 ODC Customer Survey (5.50 on a 1 to 7 scale – representing a 9.4% increase over the 2002 customer rating).

Look Ahead

The next NYMOC (New York Market Orientation Course) is scheduled for April 19-22, 2004 in Albany.

Plans for the 2004 Learning Connection and Organizational Excellence employee programs are being developed.

The third quarter review of the NYISO Mentoring Program will be conducted on February 5. Results will be used to plan the next program.

DEPARTMENT	Current Staff 01/31/2004	Current Openings	Total Budgeted Employees 12/31/2004
Executive	2	1	3
Finance	24	11	35
Administration & Compliance	17	2	19
Human Resources	15	1	16
Information Systems	108	23	131
Market Services	44	3	47
Operations	73	0	73
Strategic Planning	14	0	14
MMU & Business Planning	37	5	42
Government Affairs & Comm.	1	1	2
Communications	4	1	5
General Counsel	7	0	7
Regulatory Affairs	4	1	5
Total	**350**	**49**	**399**

10. Government Affairs and Communications

Management Summary

Media Inquires and News Releases:

The NYISO managed 60 inquiries and five news releases in January.

Jan 8	"NYISO Releases Report on the August 14 Blackout…"
Jan 13	"Public Relations Veteran Joins Communications Team at the NYISO"
Jan 15	"New York Independent System Operator Announces Record Winter Peak Electric Demand"
Jan 16	"New York Independent System Operator Announces Another Record Winter Peak Electric Demand"
Jan 26	"New York Independent System Operator Promotes Sandra Sanford to Vice President of Human Resources"

Interviews & Presentations:

Jan 9	Interview, Korean Broadcasting System, Ken Klapp
Jan 16	Interview, "Power Daily Northeast", John Charlton
Jan 16	Interview, Channel 10 TV, Ken Klapp
Jan 17	Interview, Channel 23 TV, Carol Murphy

Government Affairs:

Jan 8	Rollout of "Interim Report on the August 14, 2003 Blackout"
Jan 23	Legislative briefing on "Interim Report … 2003 Blackout"

Tours:

Jan 14	GE Power Systems Training Class
Jan 18	United Kingdom Met Office
Jan 22	APTransco, India
Jan 22	Veritas Software Corporation
Jan 26	Barclays Capital, UK
Jan 27	New Employees

Internal Communications:

Employee:	Jan 22	"Year in Review" presentation at 'All Employees Meeting'
	Jan 29	"The Independent" was published and issued.

Web Site: 210 postings were added to the site, and 18 Webmaster and 13 Portal requests were resolved.

Look Ahead

Feb 1	Interview, Columbia University
Feb 24	Tour for New Employees
Feb 25	Tour for Korean Power Exchange
Feb 26	Tour for J. Power, Japan
Mar 1	Tour for Schenectady Amateur Radio Association (engineers and scientists from the Schenectady area)

11. Finance

Management Summary

Budget:

The NYISO is finalizing the 2003 budget status. Preliminary unaudited results indicate ~$0.9 million related to load overcollections and ~$1.0 million related to budget underspending. NYISO will finalize these results in February.

Credit Department:

The Credit department continues its efforts to work with Market Participants to implement the FERC Order on Creditworthiness as it relates to collateral requirements.

The provisions of the Order related to working capital rebalancing are being implemented as well.

Market Settlements Activities:

The consolidated invoice issued in January 2004 represented the December 2003 Energy & ICAP charges, the December 2002, and August 2003 settlement adjustments, and the December 2001 final settlement.

Look Ahead

The next BSP meeting is scheduled for February 17. At this meeting, NYISO will present the unaudited 2003 budget vs. actual results, and will review the progress to date for developing a recommendation to unbundle Rate Schedule 1.

NYISO has been notified by the FERC that it intends to conduct an audit of NYISO's compliance with FERC's accounting and reporting requirements and regulations. FERC will be onsite at NYISO the week of February 2. Similar audits of other ISOs/RTOs are also being conducted.

Deloitte & Touche will return on February 23 to conduct year-end fieldwork for the 2003 financial statement audit.

NYISO has filed a petition with the Public Service Commission seeking approval of a new $100 million financing covering anticipated needs for 2004 – 2006. The Public Service Commission is expected to rule on this filing on March 16.

Attachments

Attachment 11-A, NYISO Budget vs. Actual Analysis
Attachment 11-B, Gross Revenue – Energy Market
Attachment 11-C, Market Participant Energy Billings – Receivables
Attachment 11-D, Market Participant Energy Billings – Payables

12. Administration and Compliance

Management Summary

Facilities and Security:

Staff continues to meet with contractors relative to the exterior site modifications and lobby renovations to review project schedule and work activities including temporary enclosures of the lobby area for winter. Dispatcher Training Group has been relocated to the Wolf Road facility with the completion of the ACC Control Room and Simulator Room areas.

NYISO's Security Consultant, Ralph Earl Associates, Inc. has completed a review of the planned security modifications to the Power Control Center and a set of proposed cost saving revisions for adequacy in meeting NYISO Security Policy. The results from this review were presented to NYISO Management. Remaining work for the Security Consultant includes commentary on NYISO utilization of the Guard Force.

A Physical Security Review was released by Internal Audit on December 1. This review indicated sixteen recommendations, 15 recommendations are complete the remaining requires the Facility Modifications in progress and will be complete by June 1.

Security has enhanced its Mail Handling Procedures, Vehicle Gate Entry Process; created an Executive Protection Policy and a Policy to include local and Federal Emergency Response Personnel into NYISO Security Training; has proposed the expansion of the guard force to include the all NYISO facilities on a 24/7 basis and the incorporation of Parking Decals at NYISO Facilities.

Contract Administration:

January has been an extremely active month for the renewal and or new generation of work scopes (SOWs) for our contractors across the company. Managers and supervisors have been contacted individually with a note regarding their obligation to update these documents. Managers are complying with our request for timeliness, and we expect to be near completion of this process by mid-February. Routine contractual support actions continue in spite of these alternate issues.

Support for the new facility conceptual design has been continuous and will become slightly more detailed as we move into the phase II element of planning. The PCC renovation efforts have been slowed by the need for contributing contractor support information and our ability to organize our needs with the construction contractors. Two facility related RFPs were solicited and placed during the month, and another SOW is pending for the Phase II conceptual development.

We continue to negotiate Walt Pfuntner's CME Messaging proposal project, and we await the return of two other bid proposals for service related projects early in February. We expect to support the generation of several other RFPs toward the end of February.

Project Management:

In January there was one project-related deployment to the DSS application that implemented a number of new reports, made minor fixes to some existing reports, and enhancements to existing data universes.

The 2003 Customer Satisfaction Survey identified a number of opportunities to improve MP involvement and NYISO communication about project collaboration and delivery. Specific steps planned in 2004 include:

First quarter:

- Develop a consolidated report showing project deliverables, cost and schedule
- Post on MDEX the deliverables, cost and schedule for each budgeted 2004 project
- Develop a method to measure performance relative to project deliverables

Second quarter: • Survey the PPT for MP satisfaction with the MDEX posting of project information
Third quarter: • Review and refine questions to be used in the 2004 Customer Satisfaction Survey relative to project collaboration and delivery • Solicit input from MPs as part of the project lessons learned process
Fourth quarter: • Review results of the 2004 Customer Satisfaction Survey • Develop a list of planned enhancements in project collaboration and delivery for 2005

The table below summarizes the number of projects currently defined in the projects portfolio.

Project Category	Previously Scheduled [1]	Completed	Added	Currently Scheduled [2]
Priority Projects	41	1	0	40
Studies and Training	21	0	0	21
Total	62	1	0	61

Notes: [1] Previously Scheduled – reflects status as of the Jan. 12
[2] Currently Scheduled - reflects status as of Feb. 9

Projects that were completed, initiated, deferred or reassigned

Projects Completed	
A583	Billing System Improvements – Phase 2
Projects Added	
	None

Look Ahead

Facilities and Security:

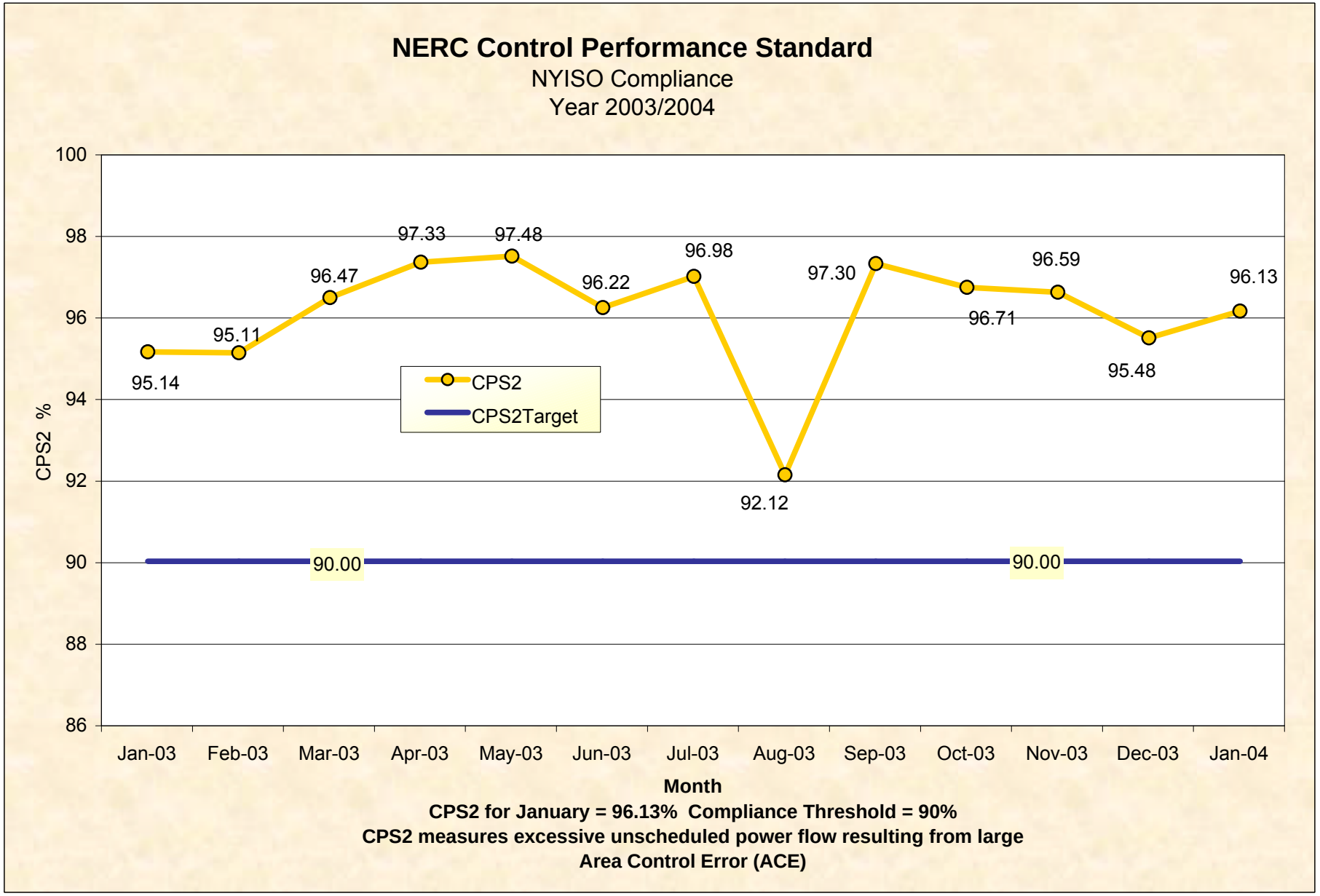
Security Staff, working with the Security Consultant will review of the current utilization of the Guard force.

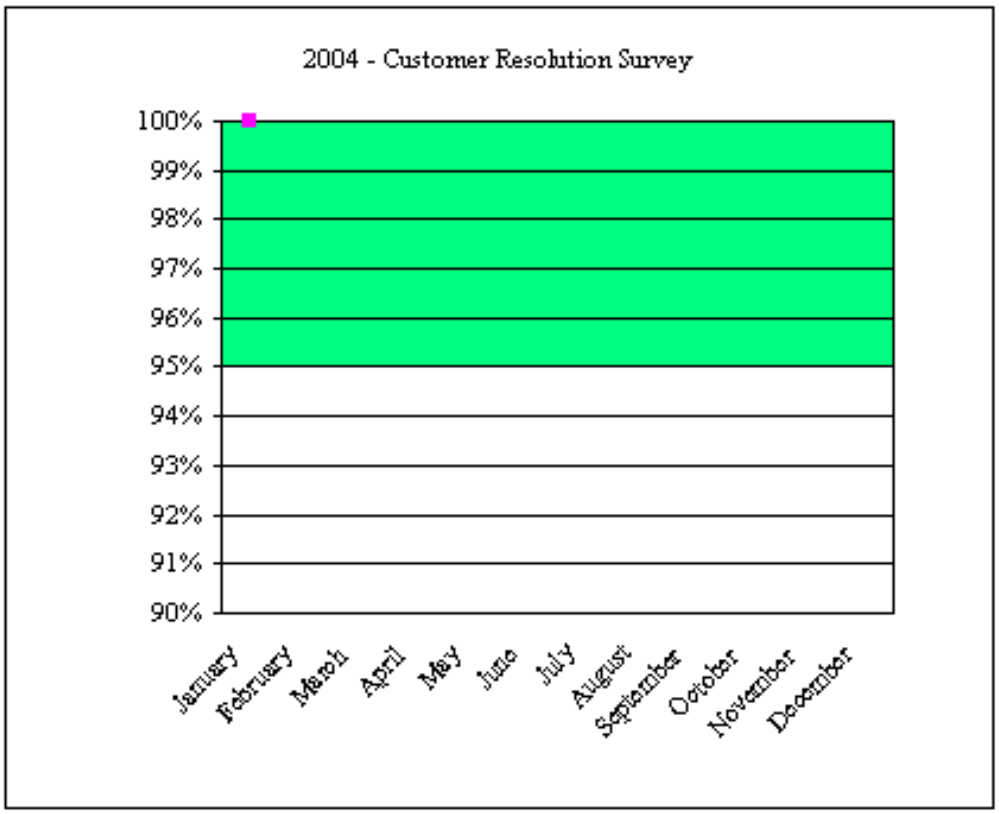
Project Management:

Planned project deployments in early February include: new billing allocations, station power and the Oracle 9i upgrade to BAS.

Attachments

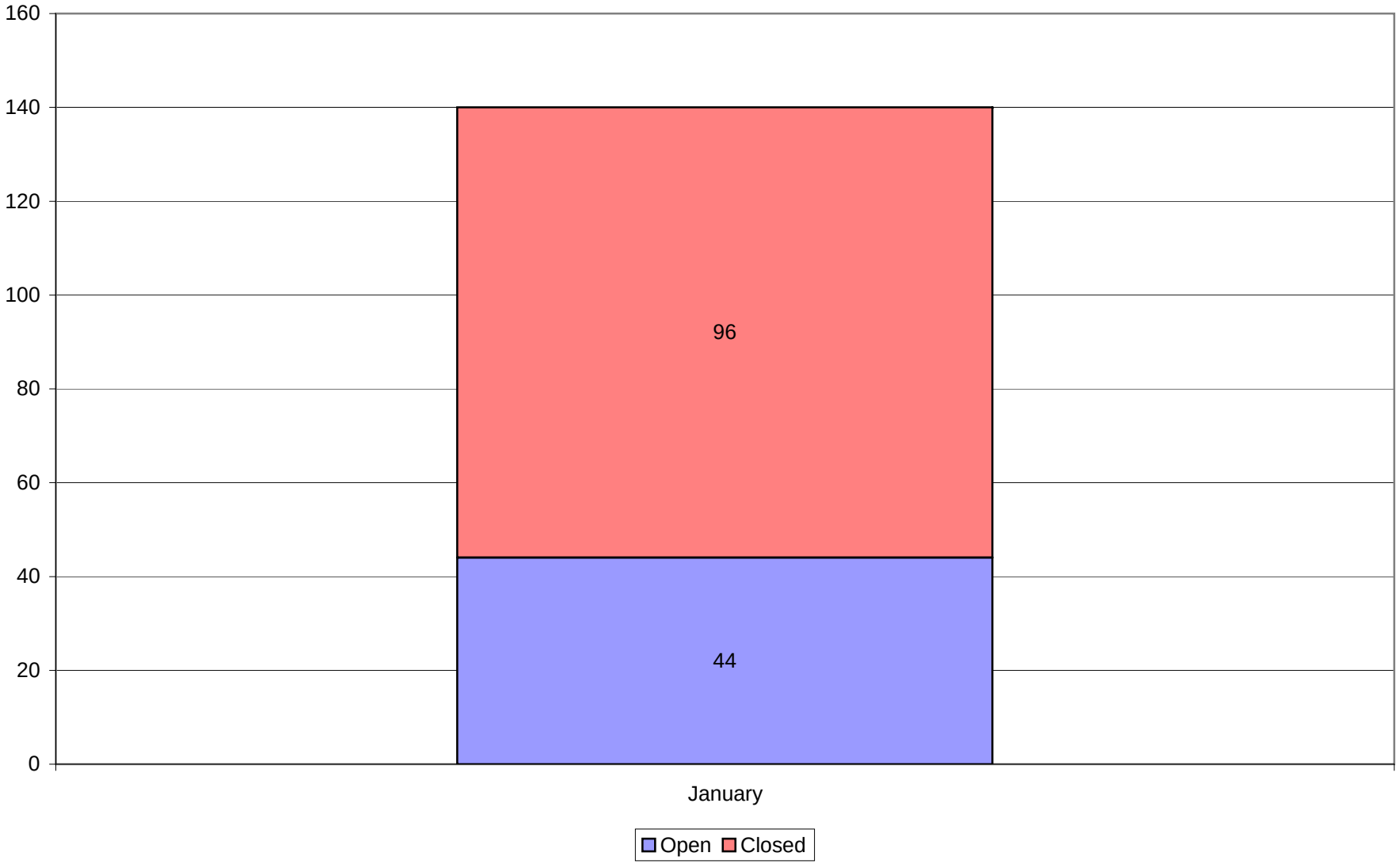
Attachment 12-A, Summary report - Status of Priority Projects
Attachment 12-B, Projects Portfolio

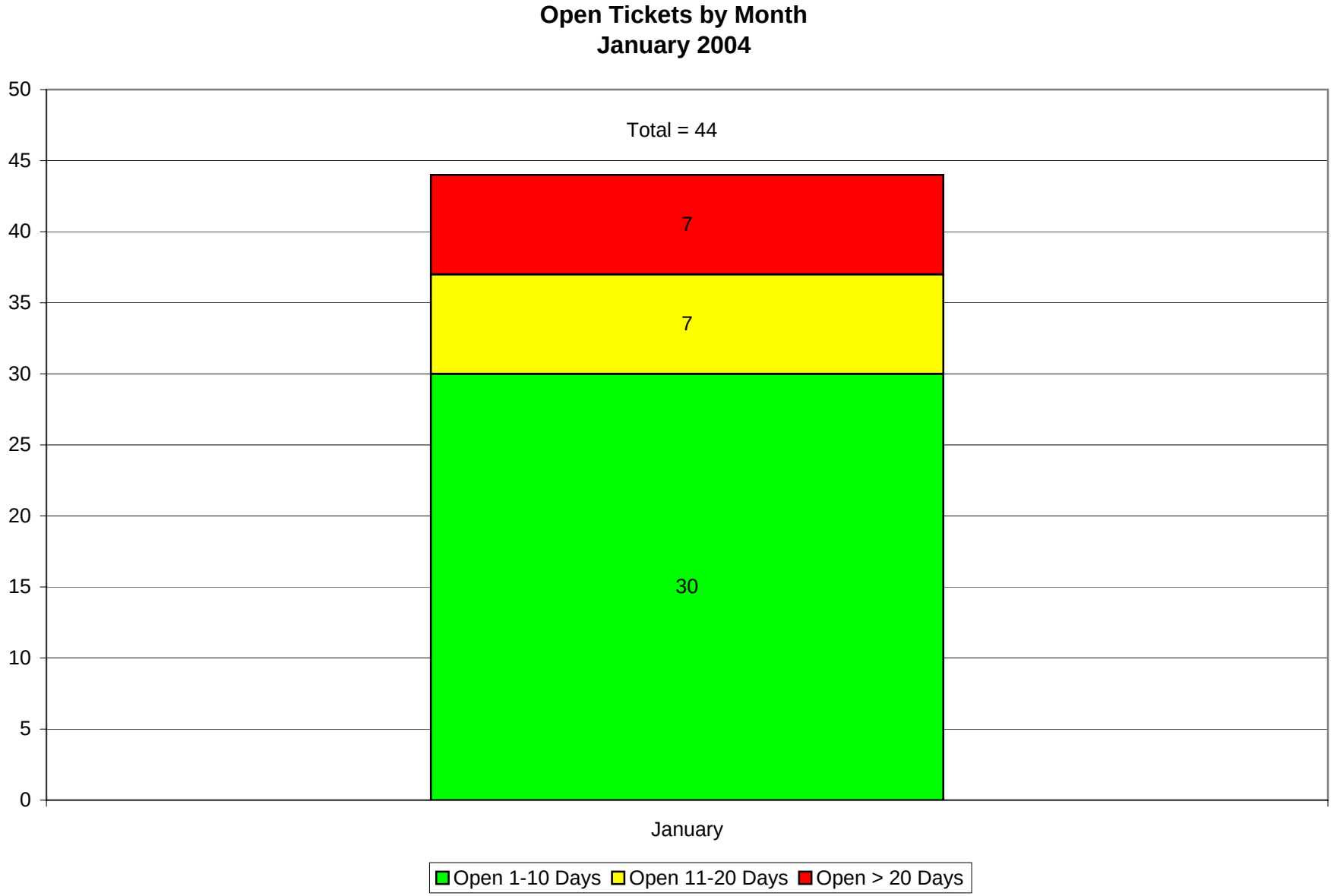

NERC Control Performance Standard
NYISO Compliance
Year 2003/2004
100
98
96
94
92
90
88
86
CPS2 %
95.14
95.11
96.47
97.33
97.48
96.22
96.98
92.12
97.30
96.71
96.59
95.48
96.13
90.00
90.00
CPS2
CPS2Target
Jan-03
Feb-03
Mar-03
Apr-03
May-03
Jun-03
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03
Jan-04
Month
CPS2 for January = 96.13% Compliance Threshold = 90%
CPS2 measures excessive unscheduled power flow resulting from large
Area Control Error (ACE)



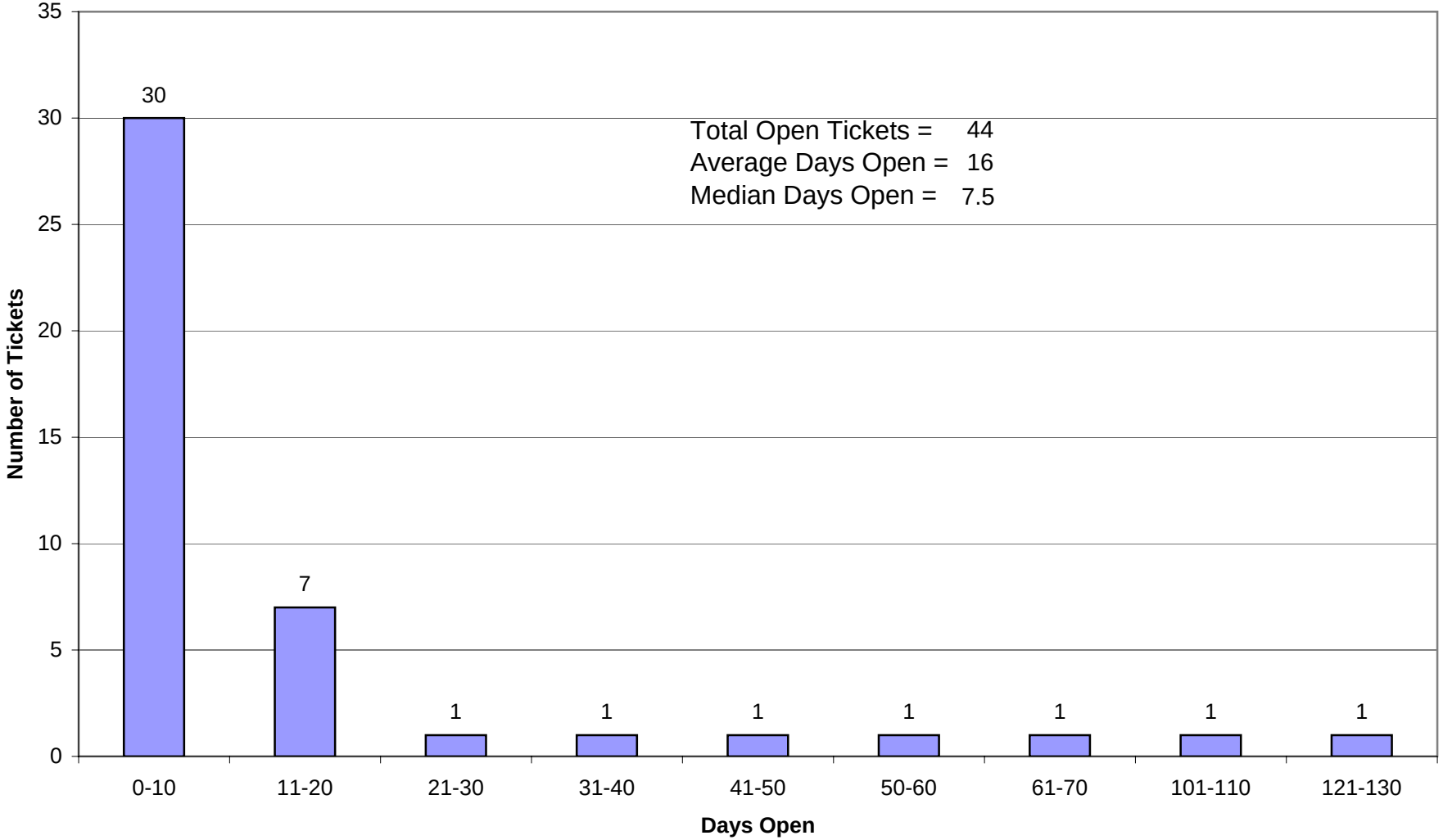
The Customer Resolution Survey Goal for 2004, has been set set at 95%. For the month of January, 96 inquiries were sent sent out. No replies were received that the response was not timely. A 100% (superior) level was achieved for the month.

Tickets Open, Tickets Closed as of End of January, 2004




Open Tickets by Month
January 2004
50
45
40
35
30
25
20
15
10
5
0
Total = 44
7
7
30
January
Open 1-10 Days
Open 11-20 Days
Open > 20 Days

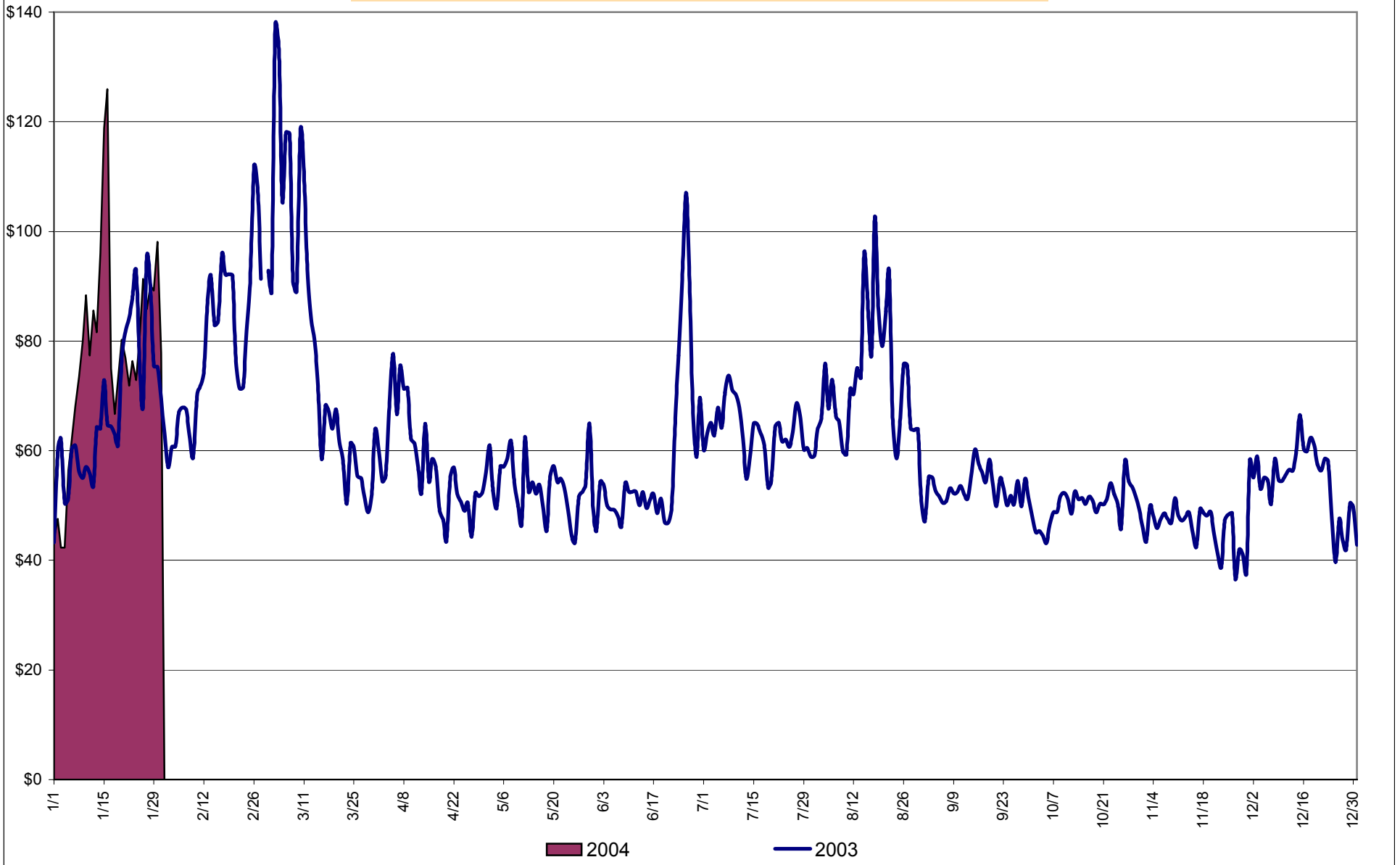
Number of Tickets Open By Days
January 2004



3-D

Daily NYISO Average Cost/MWH (Energy & Ancillary Services)*

2003 Annual Average $62.35/MWH
January 2003 YTD Average $68.79/MWH
January 2004 YTD Average $79.60/MWH



* Excludes ICAP payments

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

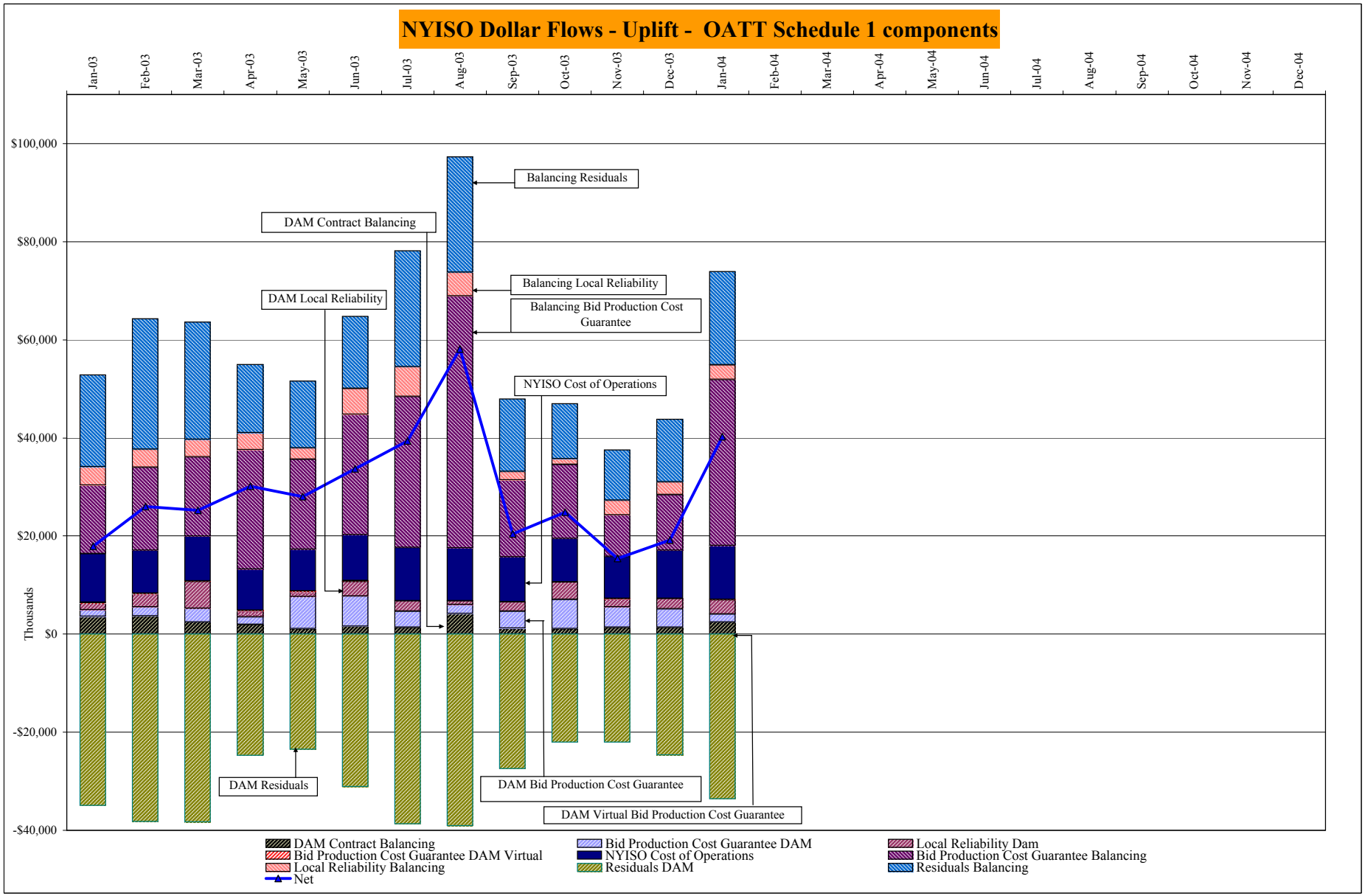
2004	January	February	March	April	May	June	July	August	September	October	November	December
LBMP	75.70											
NTAC	0.47											
Reserve	0.27											
Regulation	0.18											
NYISO Cost of Operations	0.73											
Uplift	1.88											
Voltage Support and Black Start	0.36											
Avg Monthly Price	79.60											
Avg YTD Price	79.60											

2003	January	February	March	April	May	June	July	August	September	October	November	December
LBMP	66.33	76.65	78.37	54.27	49.76	57.37	60.11	68.14	50.83	47.02	43.39	52.41
NTAC	0.41	0.35	0.66	0.45	0.44	0.39	0.53	0.36	0.24	0.29	0.51	0.36
Reserve	0.46	0.35	0.45	0.39	0.47	0.24	0.15	0.22	0.13	0.10	0.18	0.16
Regulation	0.26	0.27	0.38	0.31	0.65	0.31	0.19	0.18	0.32	0.49	0.43	0.25
NYISO Cost of Operations	0.68	0.68	0.68	0.68	0.68	0.68	0.69	0.69	0.68	0.69	0.68	0.69
Uplift	0.31	1.08	1.01	1.68	1.48	1.67	1.76	2.69	0.76	1.16	0.42	0.56
Voltage Support and Black Start	0.33	0.33	0.33	0.33	0.34	0.33	0.34	0.34	0.33	0.34	0.34	0.33
Avg Monthly Price	68.79	79.71	81.88	58.13	53.82	61.00	63.77	72.61	53.30	50.08	45.95	54.76
Avg YTD Price	68.79	74.00	76.58	72.19	68.80	67.41	66.75	67.67	66.14	64.64	63.08	62.35

* Excludes ICAP payments

Market Monitoring
Prepared: 2/11/2004 10:30

These numbers reflect the rebilling of prior periods.



DAM Contract Balancing amounts are for payments made to generating units go 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. The value for April 2003 is $135,233.
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 Charg

NYISO Markets Transactions

Transactions by Market 2004	January	February	March	April	May	June	July	August	September	October	November	December
Day Ahead Market MWH	14,614,304											
DAM LSE Internal LBMP Energy Sales	52%											
DAM External TC LBMP Energy Sales	4%											
DAM Bilateral - Internal Bilaterals	41%											
DAM Bilateral - Importl/Non-LBMP Market Bilaterals	1%											
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%											
DAM Bilateral - Wheel Through Bilaterals	1%											
Balancing Energy Market MWH	367,460											
Balancing Energy LSE Internal LBMP Energy Sales	66%											
Balancing Energy External TC LBMP Energy Sales	57%											
Balancing Energy Bilateral - Internal Bilaterals	-20%											
Balancing Energy Bilateral - Importl/Non-LBMP Market Bilaterals	0%											
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%											
Balancing Energy Bilateral - Wheel Through Bilaterals	-4%											
Transactions Summary												
LBMP	58%											
Internal Bilaterals	40%											
Import Bilaterals	1%											
Export Bilaterals	1%											
Wheels Through	1%											
Market Share of Total Load												
Day Ahead Market	97.5%											
Balancing Energy +	2.5%											
Total MWH	14,981,764											
Average Daily Energy Sendout/Month GWh	464											

Transactions by Market 2003												
Day Ahead Market MWH	14,187,752	12,695,868	13,126,563	11,997,655	12,029,453	13,341,831	15,444,857	15,759,082	13,003,309	12,507,780	12,332,456	13,973,266
DAM LSE Internal LBMP Energy Sales	46%	48%	46%	49%	46%	48%	55%	57%	49%	48%	47%	48%
DAM External TC LBMP Energy Sales	1%	1%	1%	1%	2%	2%	1%	0%	1%	2%	2%	2%
DAM Bilateral - Internal Bilaterals	50%	49%	50%	46%	49%	46%	43%	40%	48%	47%	48%	46%
DAM Bilateral - Importl/Non-LBMP Market Bilaterals	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	2%	2%	2%	1%	1%	1%	1%	1%	2%
Balancing Energy Market MWH	347,539	285,381	376,222	235,800	278,939	291,519	208,142	-55,913	394,363	338,562	319,065	385,707
Balancing Energy LSE Internal LBMP Energy Sales	58%	35%	52%	72%	48%	39%	53%	-146%	65%	53%	26%	43%
Balancing Energy External TC LBMP Energy Sales	58%	80%	95%	73%	69%	78%	79%	242%	44%	61%	77%	68%
Balancing Energy Bilateral - Internal Bilaterals	-6%	-10%	-2%	0%	-5%	5%	-2%	-75%	1%	3%	0%	-2%
Balancing Energy Bilateral - Importl/Non-LBMP Market Bilaterals	4%	1%	1%	1%	1%	0%	0%	2%	0%	0%	0%	0%
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	-38%	0%	0%	0%	0%	-14%	0%	0%	0%	0%
Balancing Energy Bilateral - Wheel Through Bilaterals	-14%	-7%	-8%	-46%	-14%	-23%	-31%	-109%	-10%	-16%	-3%	-9%
Transactions Summary												
LBMP	49%	50%	49%	52%	49%	52%	56%	58%	51%	52%	51%	52%
Internal Bilaterals	48%	47%	48%	45%	48%	46%	42%	40%	46%	46%	47%	45%
Import Bilaterals	1%	1%	1%	1%	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%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	2%
Market Share of Total Load												
Day Ahead Market	97.6%	97.8%	97.2%	98.1%	97.7%	97.9%	98.7%	100.4%	97.1%	97.4%	97.5%	97.3%
Balancing Energy +	2.4%	2.2%	2.8%	1.9%	2.3%	2.1%	1.3%	-0.4% ✱	2.9%	2.6%	2.5%	2.7%
Total MWH	14,535,291	12,981,249	13,502,785	12,233,455	12,308,392	13,633,350	15,652,999	15,703,169	13,397,672	12,846,342	12,651,521	14,358,973
Average Daily Energy Sendout/Month GWh	458	450	418	393	382	432	497	498	433	397	402	435

+ 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.

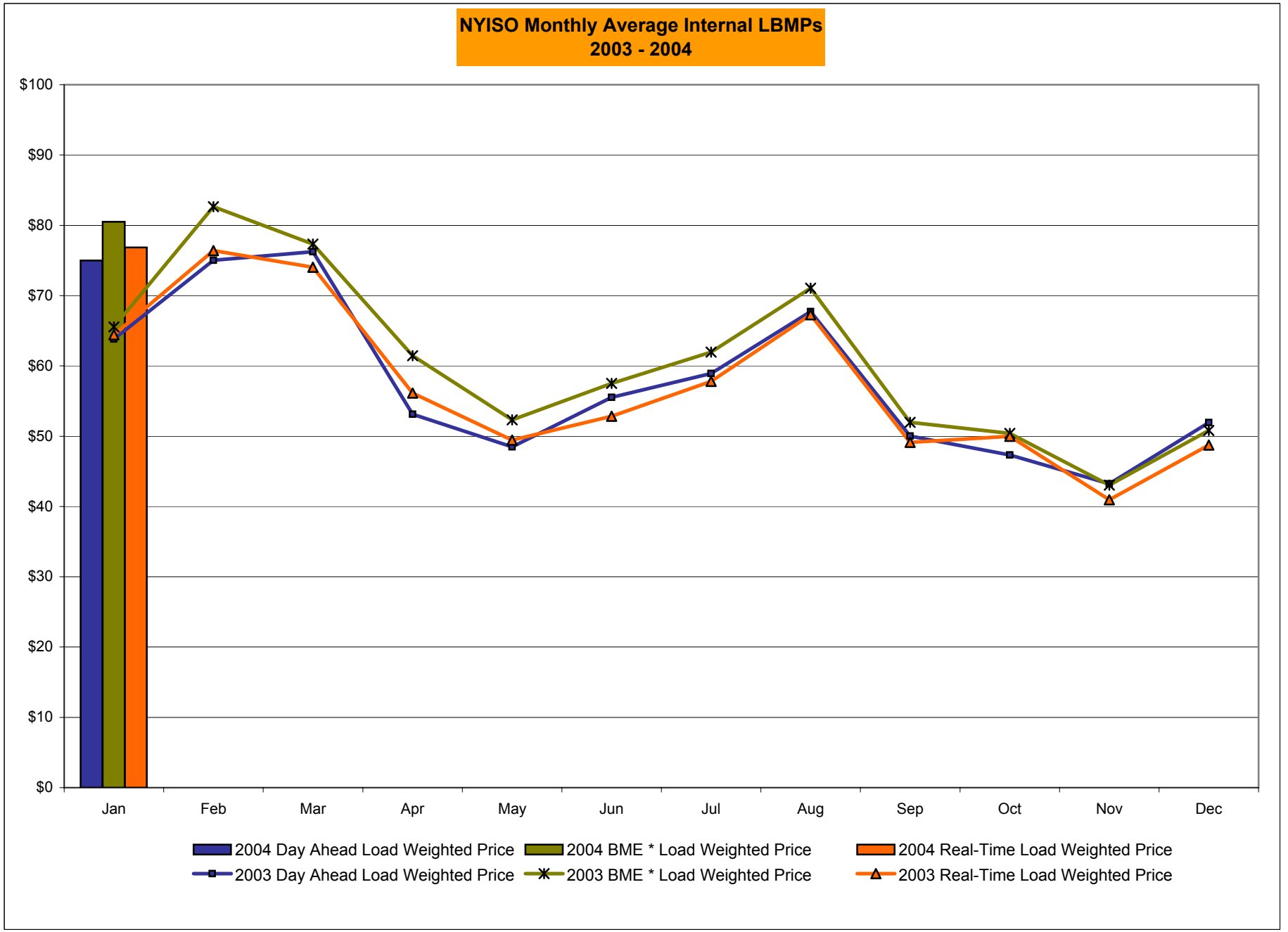
NYISO Markets 2004 Energy Statistics

	January	February	March	April	May	June	July	August	September	October	November	December
DAY AHEAD LBMP												
Price *	$72.12											
Standard Deviation	$25.99											
Load Wtg.Price **	$75.01											
BME * LBMP**												
Price *	$77.51											
Standard Deviation	$37.54											
Load Wtg.Price **	$80.51											
REAL TIME LBMP												
Price *	$73.72											
Standard Deviation	$32.61											
Load Wtg.Price **	$76.85											
Average Daily Energy Sendout/Month GWh	464											

NYISO Markets 2003 Energy Statistics

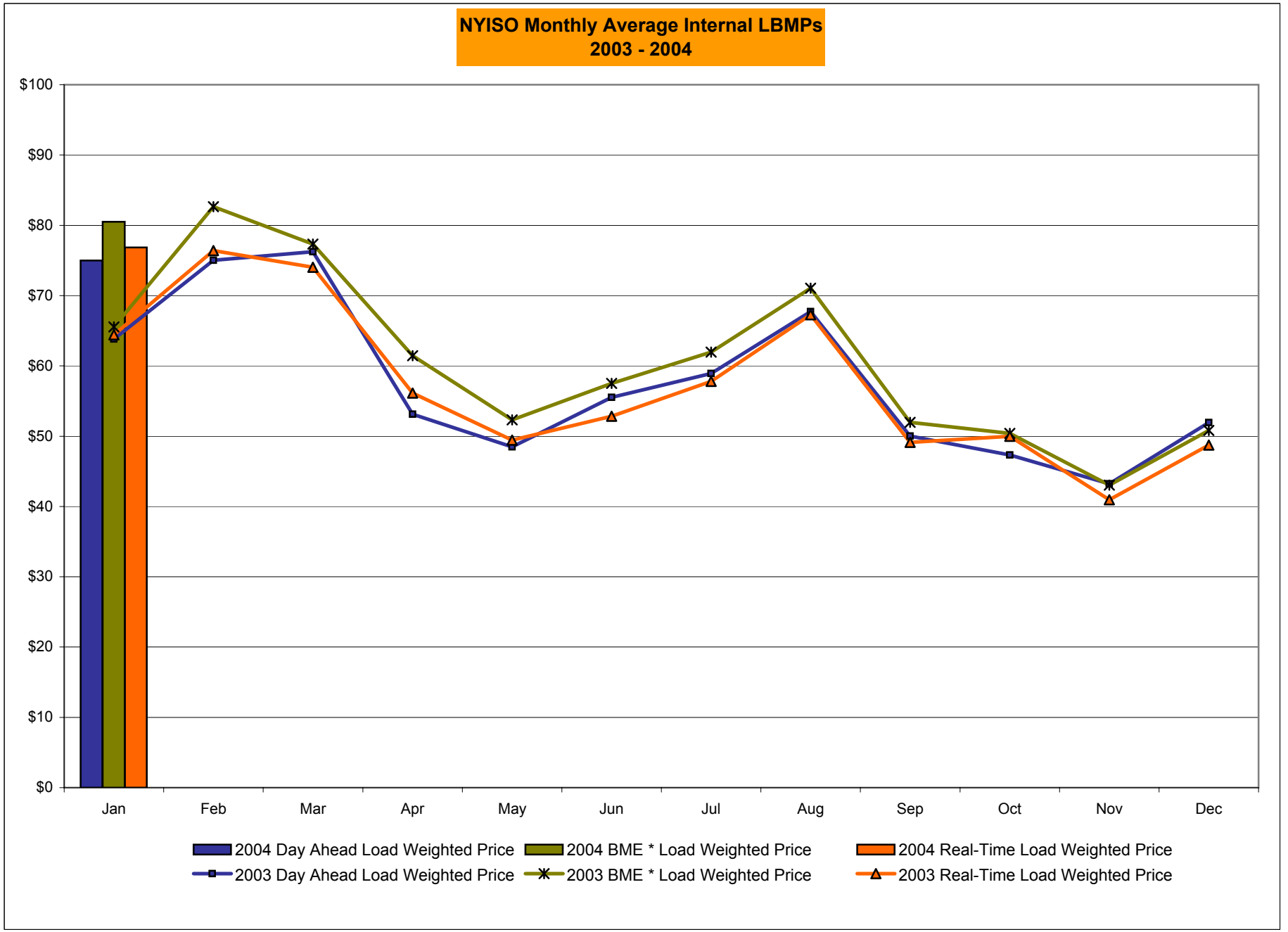
	January	February	March	April	May	June	July	August	September	October	November	December
DAY AHEAD LBMP												
Price *	$61.33	$72.81	$73.18	$51.58	$46.43	$51.45	$57.10	$64.94	$48.29	$45.81	$41.58	$50.07
Standard Deviation	$20.09	$21.12	$29.70	$12.47	$14.03	$21.27	$11.88	$18.06	$11.04	$10.91	$12.06	$14.92
Load Wtg.Price **	$63.81	$75.03	$76.25	$53.14	$48.47	$55.52	$58.93	$67.71	$50.02	$47.34	$43.21	$51.95
BME * LBMP**												
Price *	$63.19	$80.25	$74.27	$59.22	$50.27	$53.84	$59.99	$67.63	$50.34	$48.74	$41.01	$48.73
Standard Deviation	$25.43	$41.53	$32.77	$25.00	$16.37	$22.27	$14.82	$72.20	$14.01	$15.35	$18.51	$18.89
Load Wtg.Price **	$65.54	$82.65	$77.33	$61.45	$52.31	$57.49	$61.94	$71.07	$51.96	$50.39	$43.05	$50.81
REAL TIME LBMP												
Price *	$61.53	$74.03	$70.54	$53.94	$46.74	$48.96	$55.94	$64.32	$47.24	$48.57	$38.72	$46.45
Standard Deviation	$30.16	$37.46	$37.97	$28.70	$23.03	$21.57	$13.68	$34.91	$15.52	$25.74	$22.35	$20.55
Load Wtg.Price **	$64.43	$76.41	$74.02	$56.14	$49.44	$52.82	$57.79	$67.27	$49.12	$49.98	$40.96	$48.73
Average Daily Energy Sendout/Month GWh	458	450	418	393	382	432	497	498	433	397	402	435

* Average zonal load weighted prices
** Average zonal load weighted prices, load weighted in each hour
*** Commonly referred to as Hour Ahead Market (HAM)



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared: 2/6/2004 14:45



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared: 2/6/2004 14:45

January 2004 Zonal Statistics for NYISO ($/MWH)

	WEST Zone A	GENESEE Zone B	NORTH Zone D	CENTRAL Zone C	MOHAWK VALLEY Zone E	CAPITAL Zone F	HUDSON VALLEY Zone G	MILLWOOD Zone H	DUNWOODIE Zone I	NEW YORK CITY Zone J	LONG ISLAND Zone K
DAY AHEAD LBMP											
Unweighted Price *	56.13	59.60	61.54	59.53	61.86	63.69	63.72	63.88	64.80	91.77	75.26
Standard Deviation	18.65	19.42	20.07	19.02	20.05	20.54	20.63	20.68	21.01	44.32	23.30
BME ** LBMP											
Unweighted Price *	58.31	60.89	66.76	64.25	67.03	68.21	69.48	69.23	70.22	93.38	95.83
Standard Deviation	26.88	27.25	30.52	26.86	28.23	29.12	29.74	29.61	30.09	50.83	130.80
REAL TIME LBMP											
Unweighted Price *	56.39	60.43	61.20	59.09	61.85	64.49	62.32	63.01	64.03	96.08	76.21
Standard Deviation	25.85	27.53	27.61	26.44	27.78	28.95	27.95	28.19	28.66	58.54	31.66

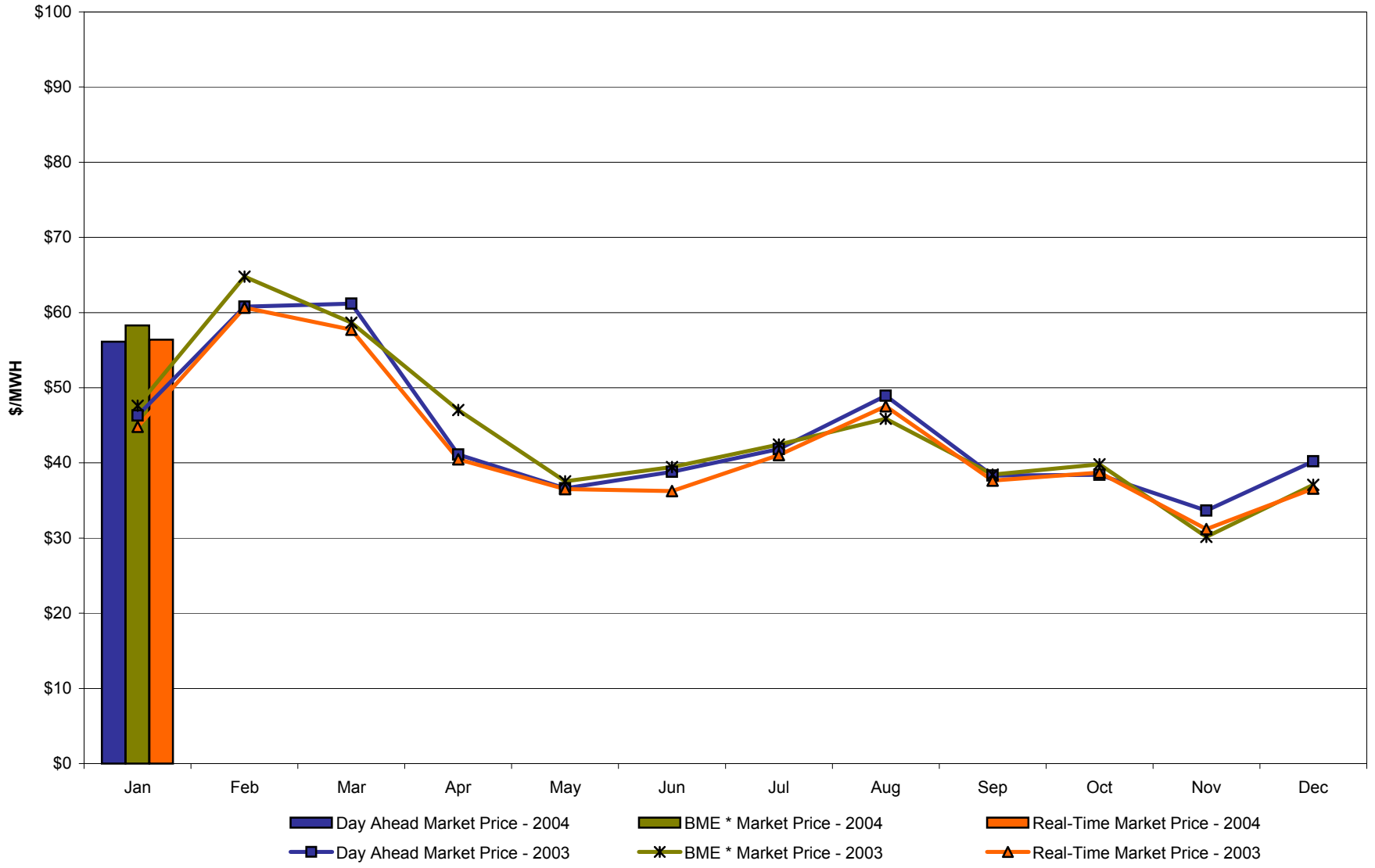
	ONTARIO HYDRO Zone O	HYDRO QUEBEC Zone M	PJM Zone P	NEW ENGLAND Zone N
DAY AHEAD LBMP				
Unweighted Price *	55.08	61.28	57.82	66.48
Standard Deviation	18.17	19.91	19.94	26.01
BME ** LBMP				
Unweighted Price *	54.43	85.45	60.79	75.42
Standard Deviation	62.10	135.03	48.25	46.23
REAL TIME LBMP				
Unweighted Price *	53.58	79.40	55.22	68.11
Standard Deviation	61.29	134.43	45.77	43.88

* Straight zonal averages

** Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared 2/11/2004 9:00

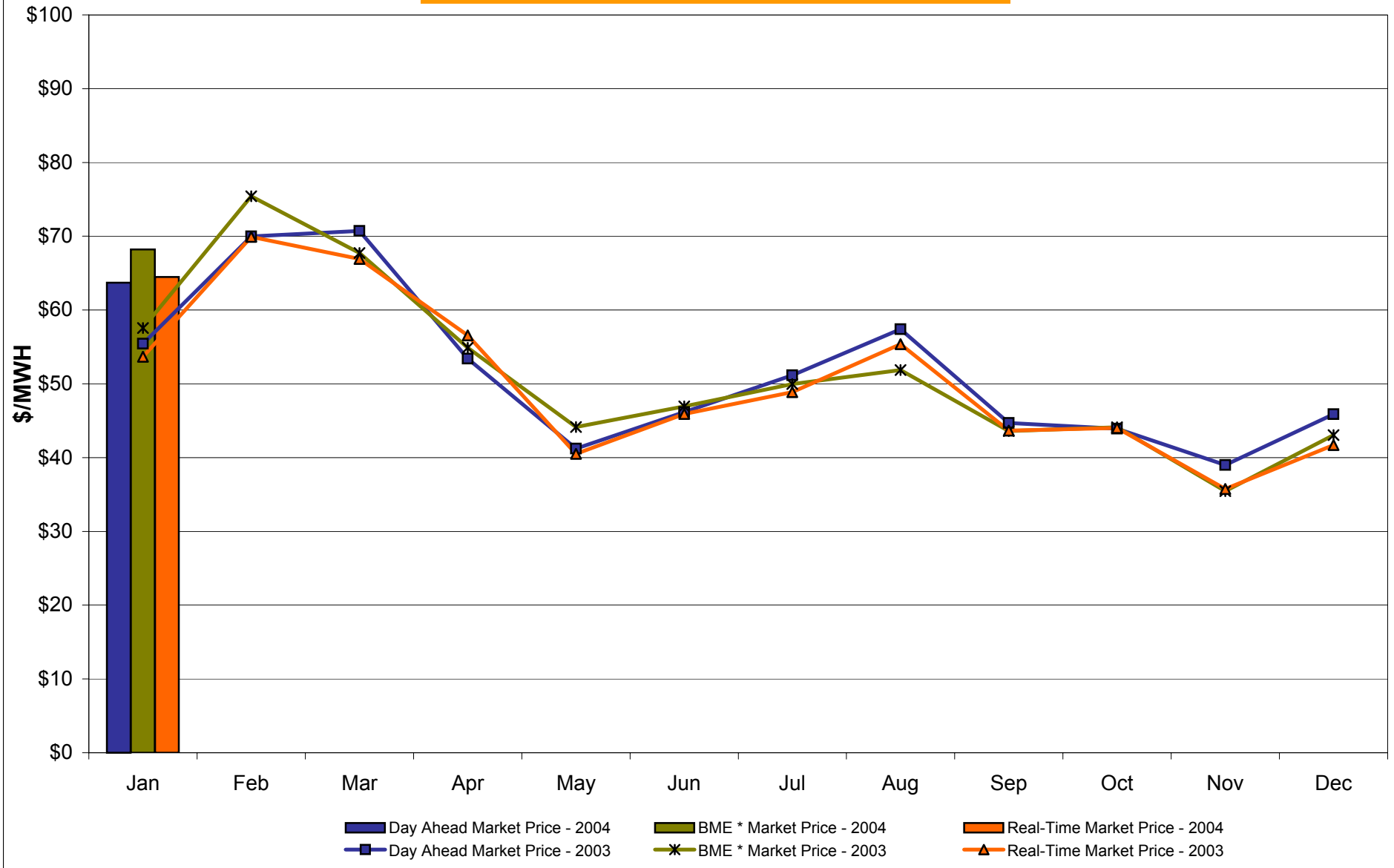
West Zone A
Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared: 2/6/2004 13:30

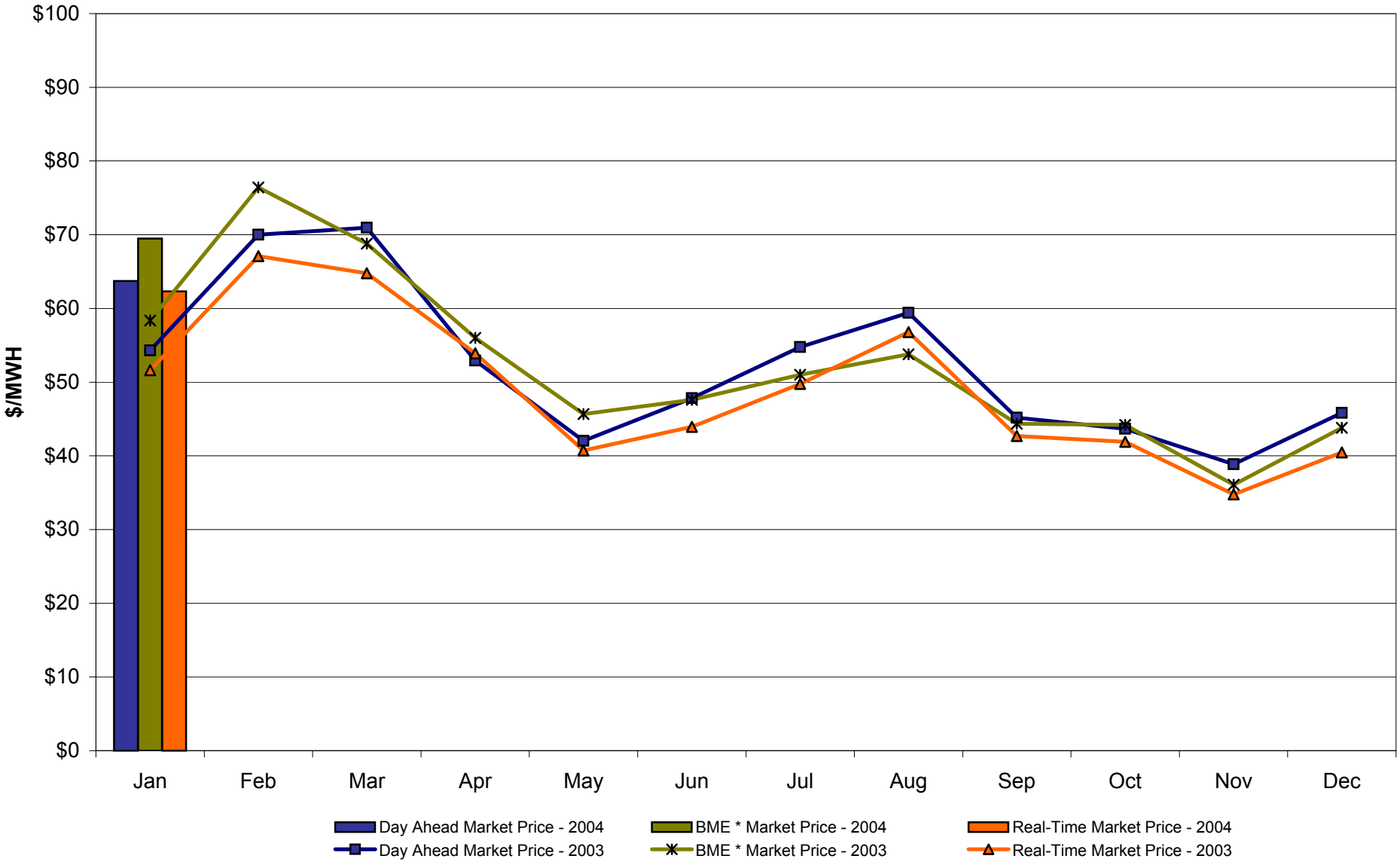
Capital Zone F
Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared: 2/6/2004 13:30

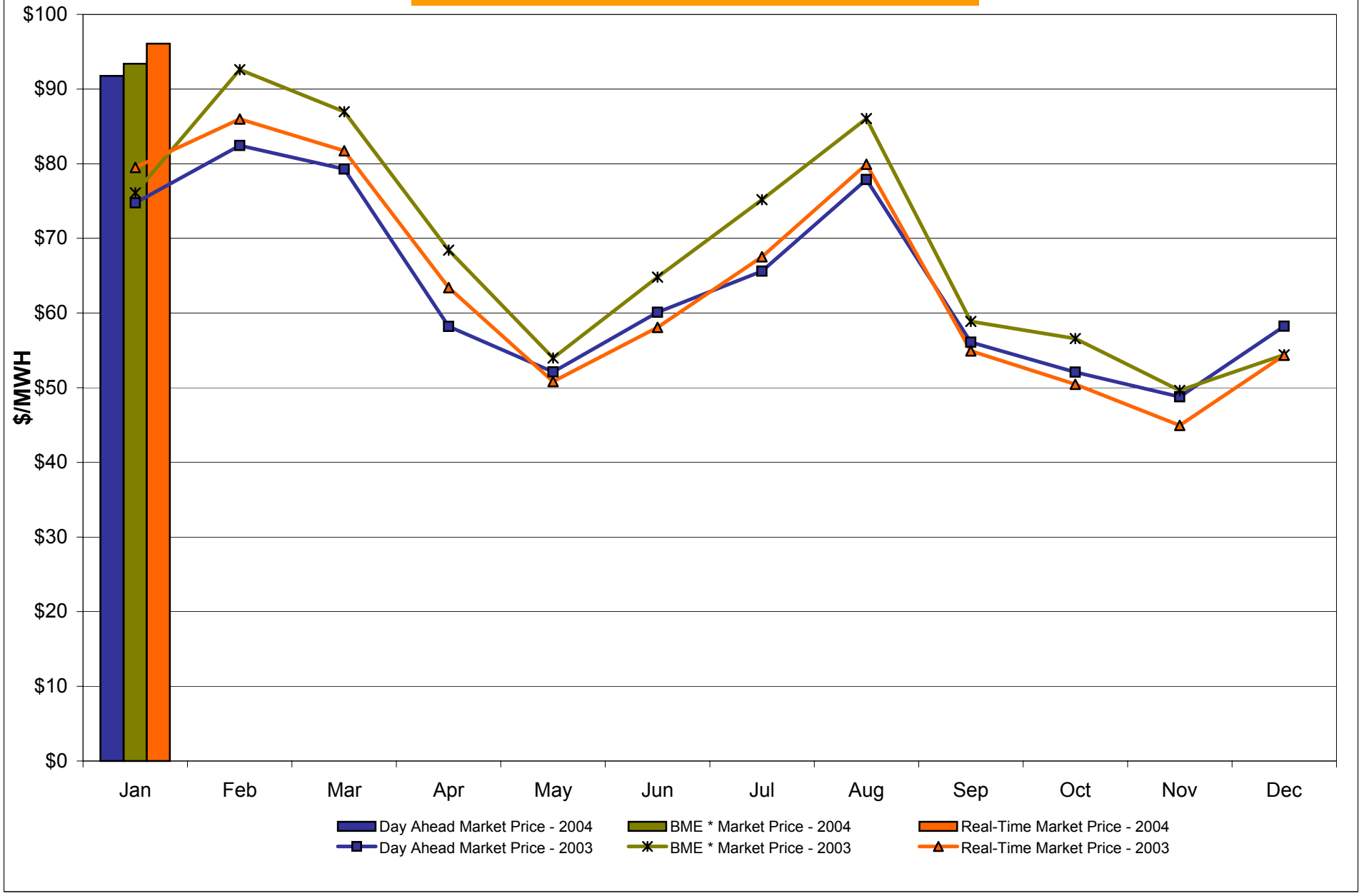
Hudson Valley Zone G
Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared: 2/6/2004 13:30

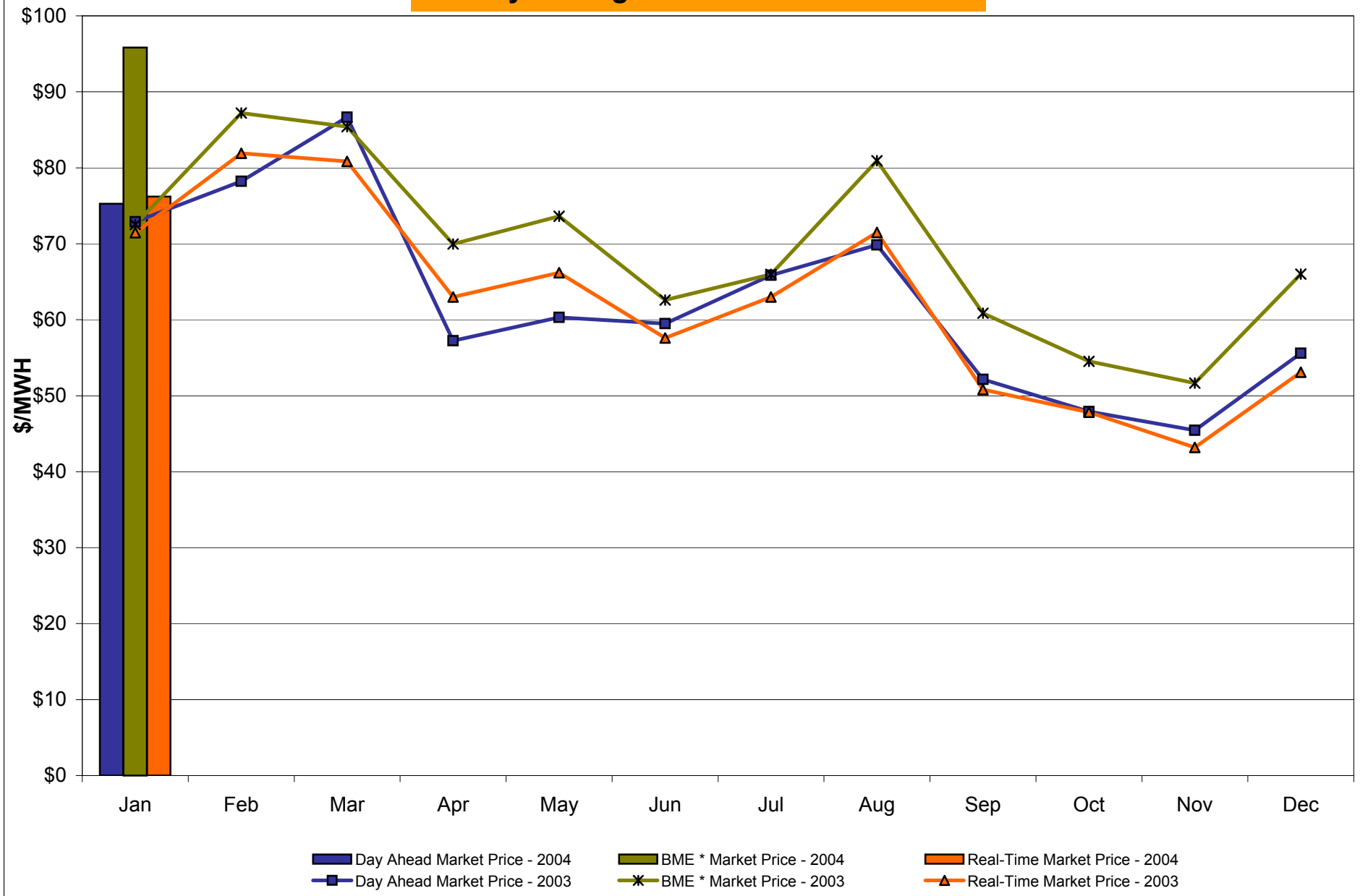
NYC Zone J
Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

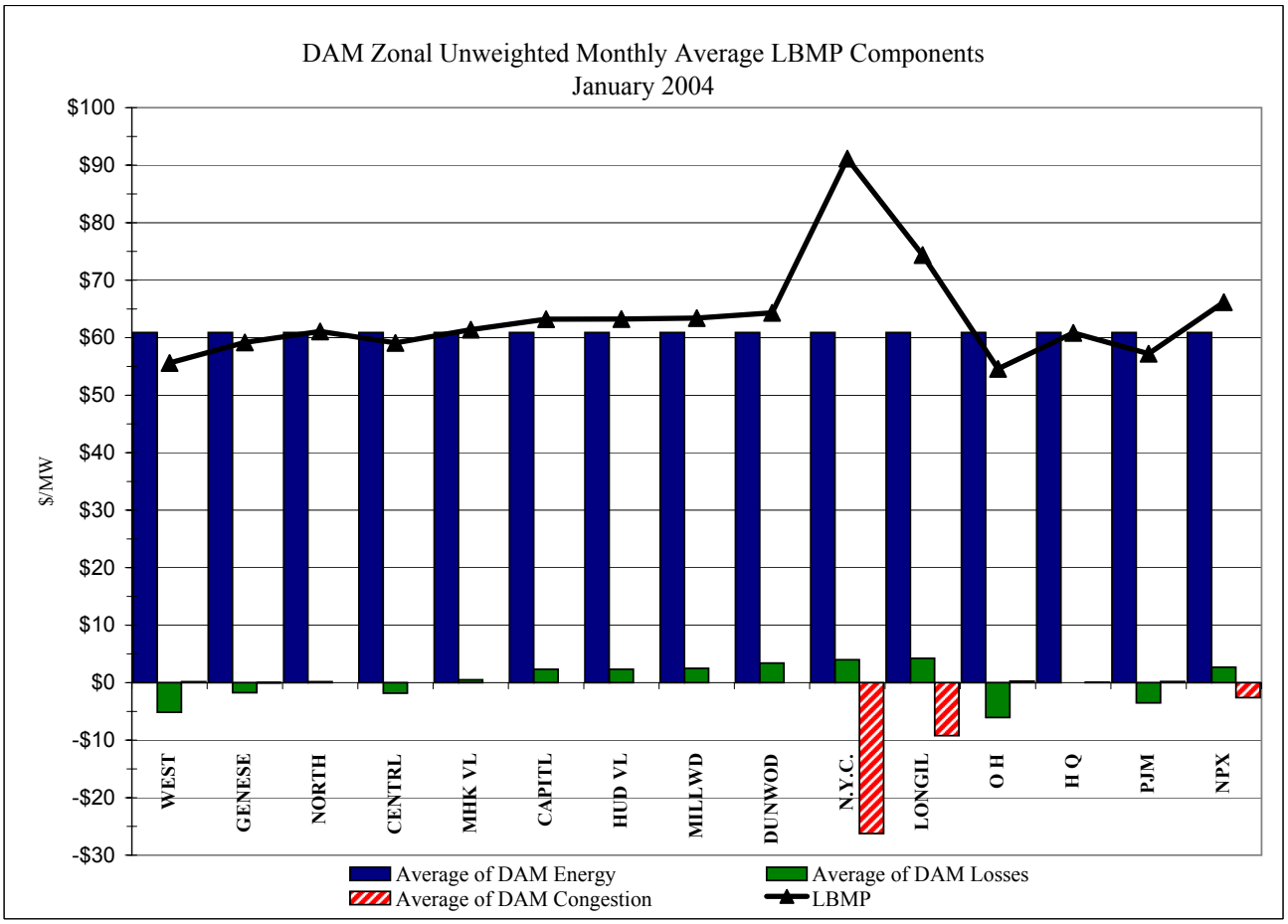
Market Monitoring
Prepared: 2/6/2004 13:30

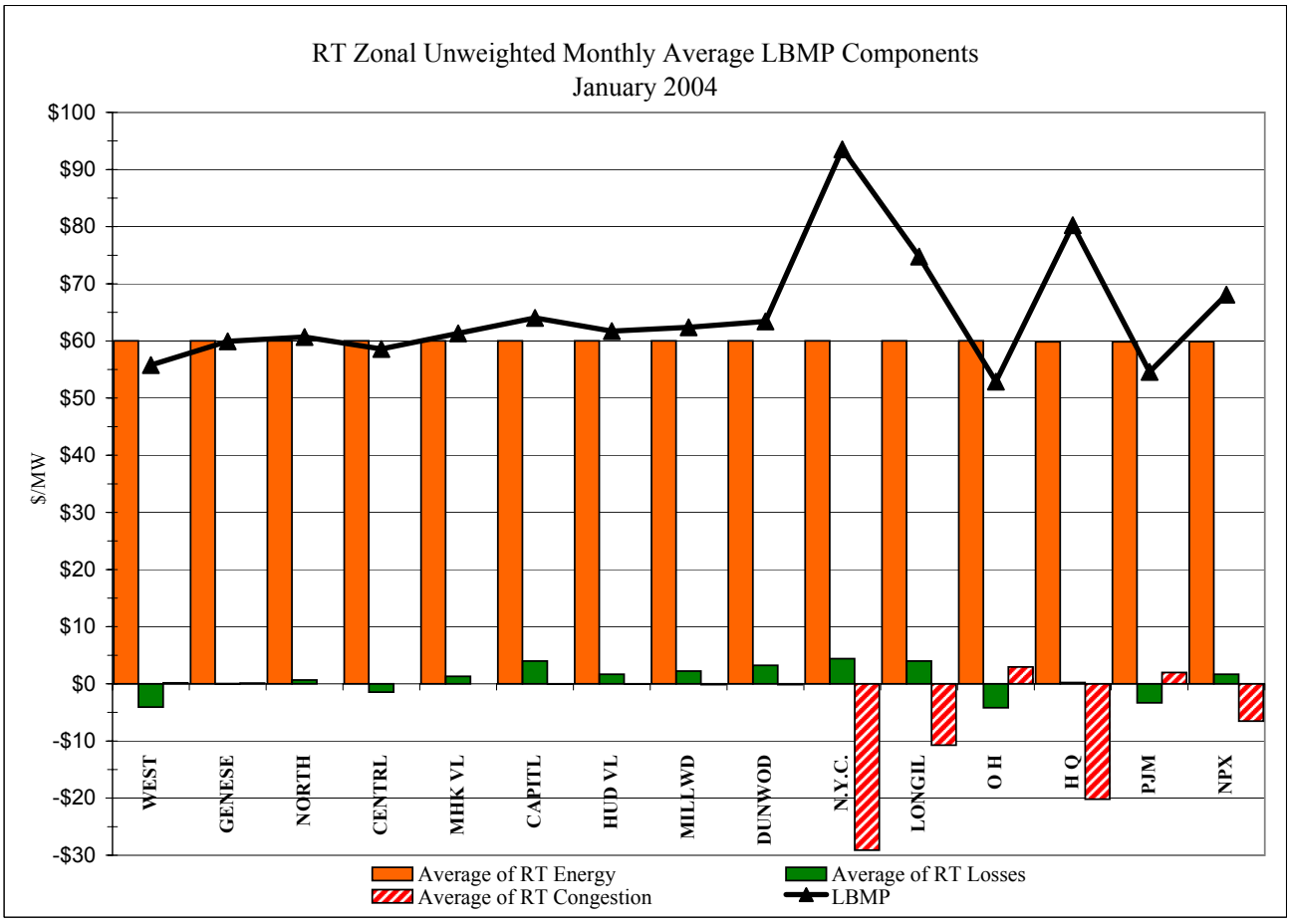
Long Island Zone K
Monthly Average LBMP Prices 2003 - 2004



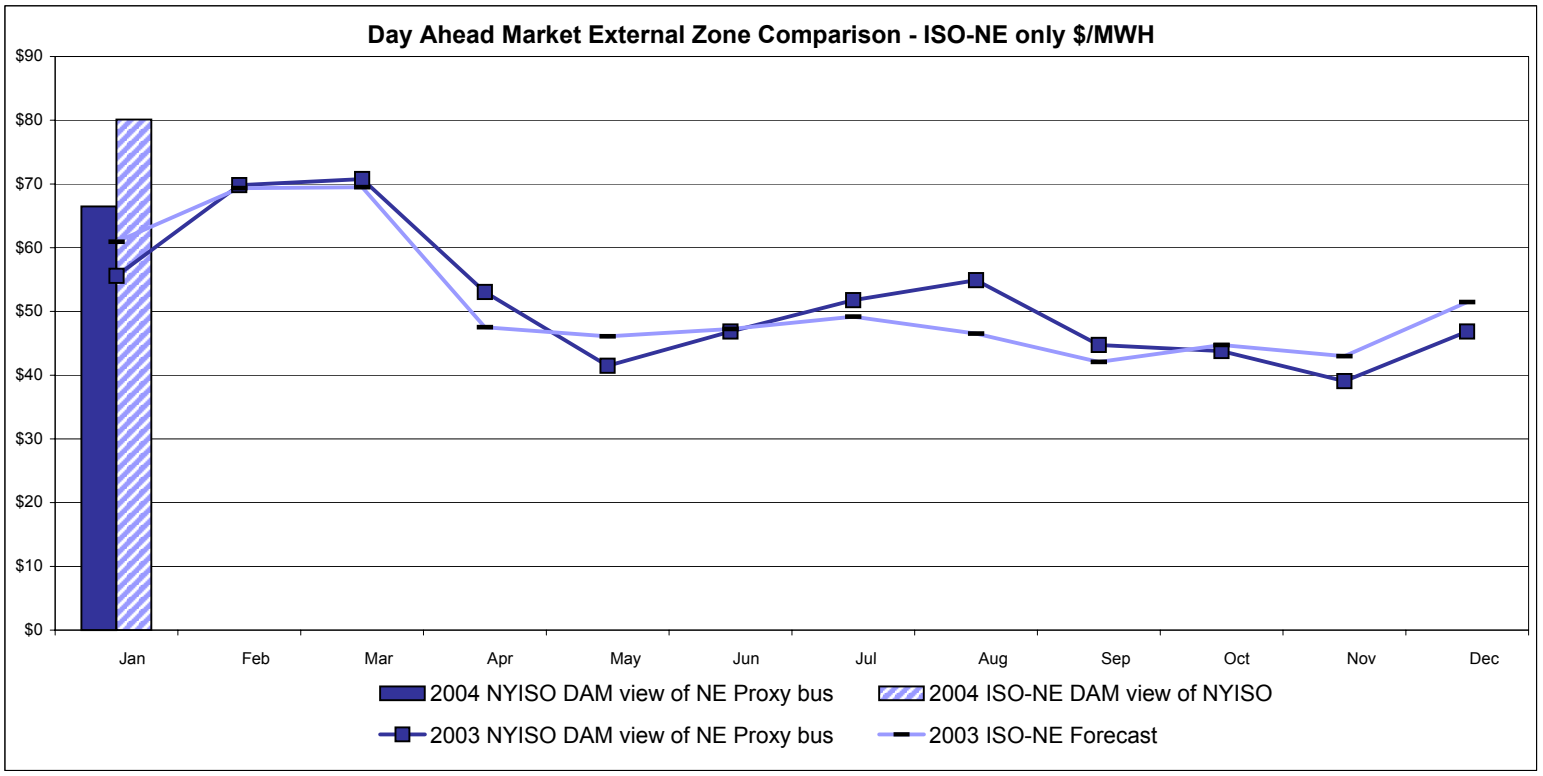
* Commonly referred to as Hour Ahead Market (HAM)

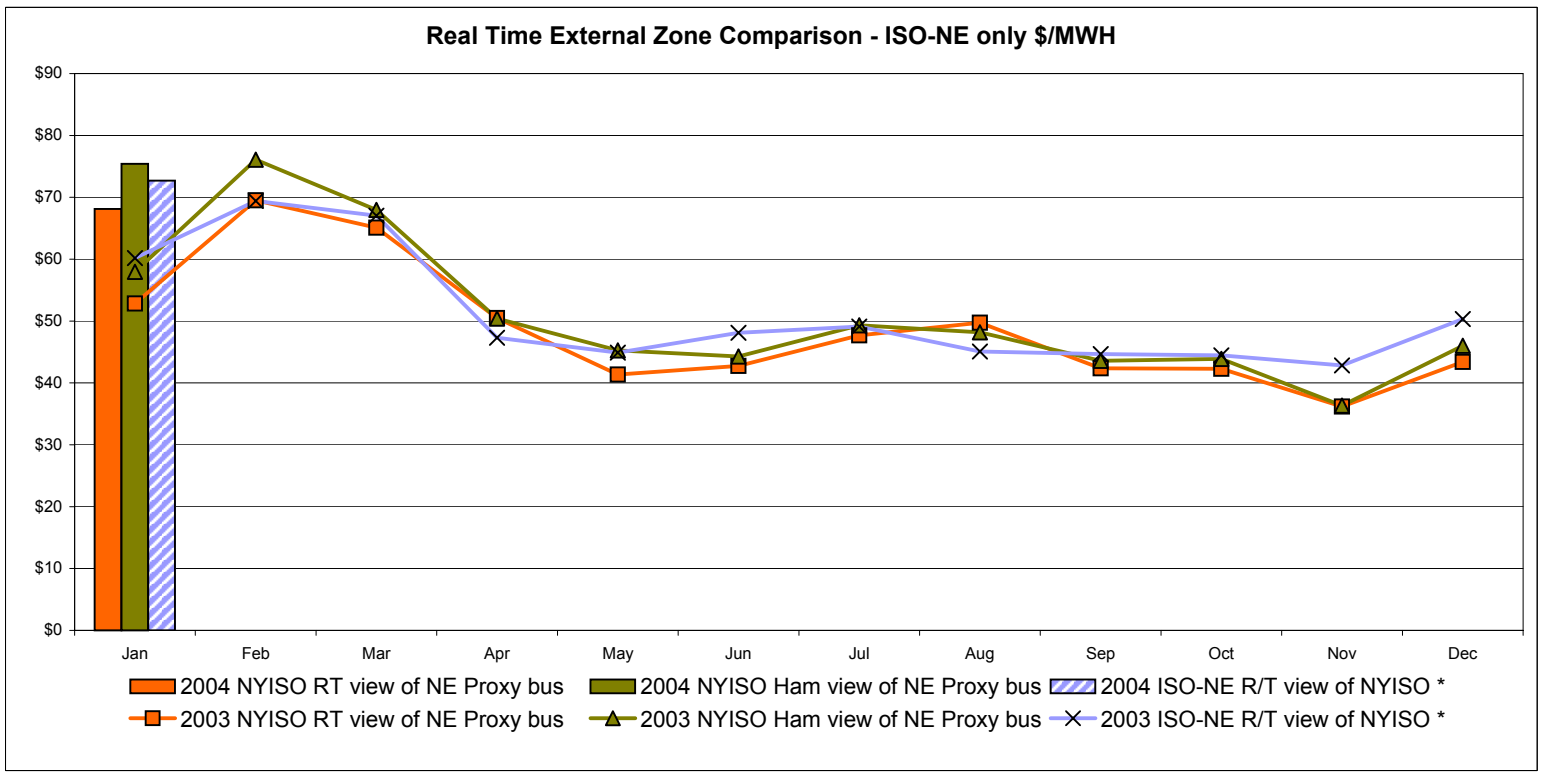
Market Monitoring
Prepared: 2/6/2004 13:30


DAM Zonal Unweighted Monthly Average LBMP Components
January 2004
$/MW
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
-$10
-$20
-$30
WEST
GENESE
NORTH
CENTRL
MHK VL
CAPITL
HUD VL
MILLWD
DUNWOD
N.Y.C.
LONGIL
O H
H Q
PJM
NPX
Average of DAM Energy
Average of DAM Losses
Average of DAM Congestion
LBMP


RT Zonal Unweighted Monthly Average LBMP Components
January 2004
$/MW
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
-$10
-$20
-$30
WEST
GENESE
NORTH
CENTRL
MHK VL
CAPITL
HUD VL
MILLWD
DUNWOD
N.Y.C.
LONGIL
O H
H Q
PJM
NPX
Average of RT Energy
Average of RT Losses
Average of RT Congestion
LBMP

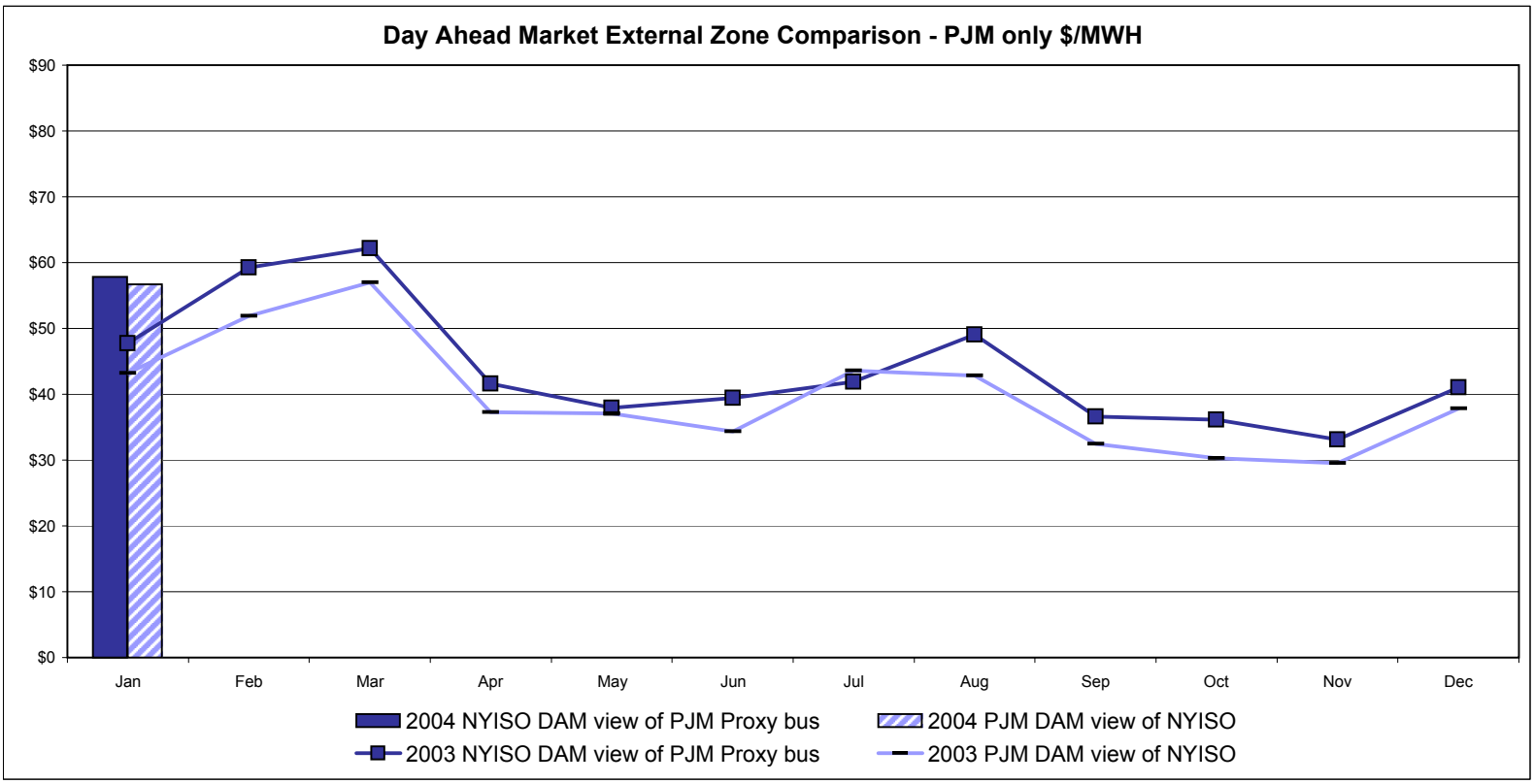
External Comparison ISO-NE

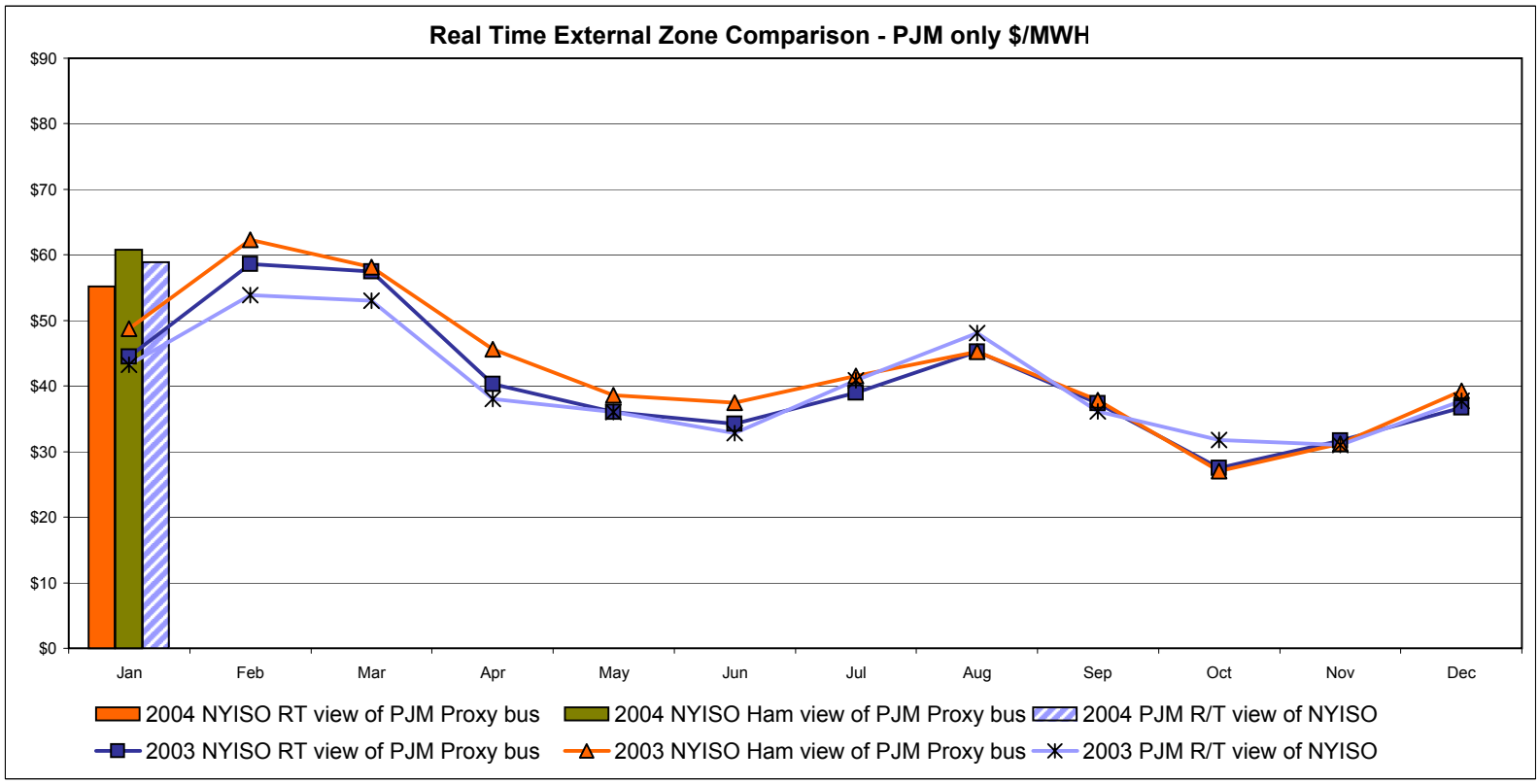




Note:
ISO-NE Forecast is an advisory posting @ 18:00 day before
* Effective 3/1/2003 SMD implemented by ISO-NE. The DAM and R/T prices at the Roseton interface are now used.

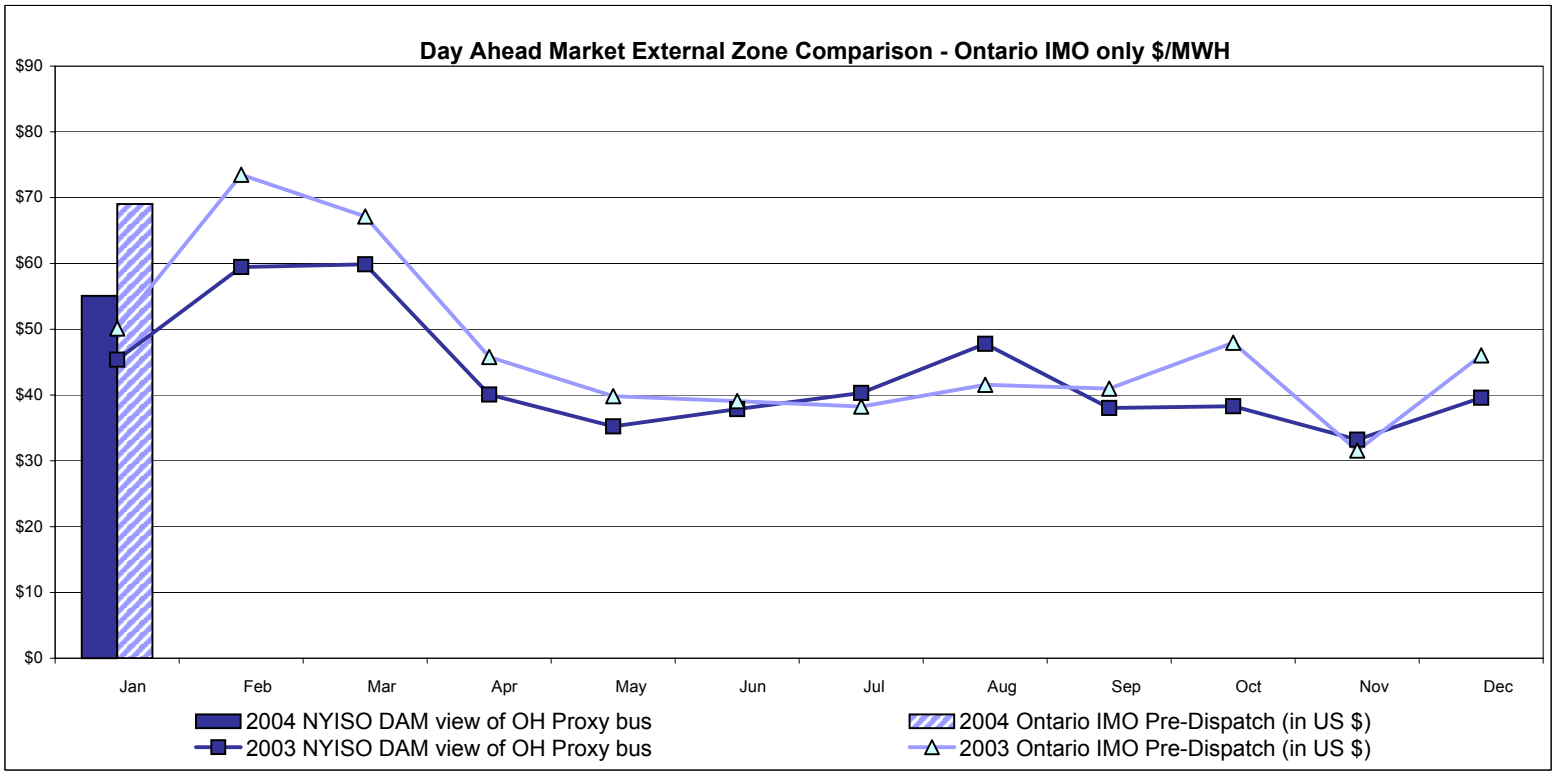
External Comparison PJM

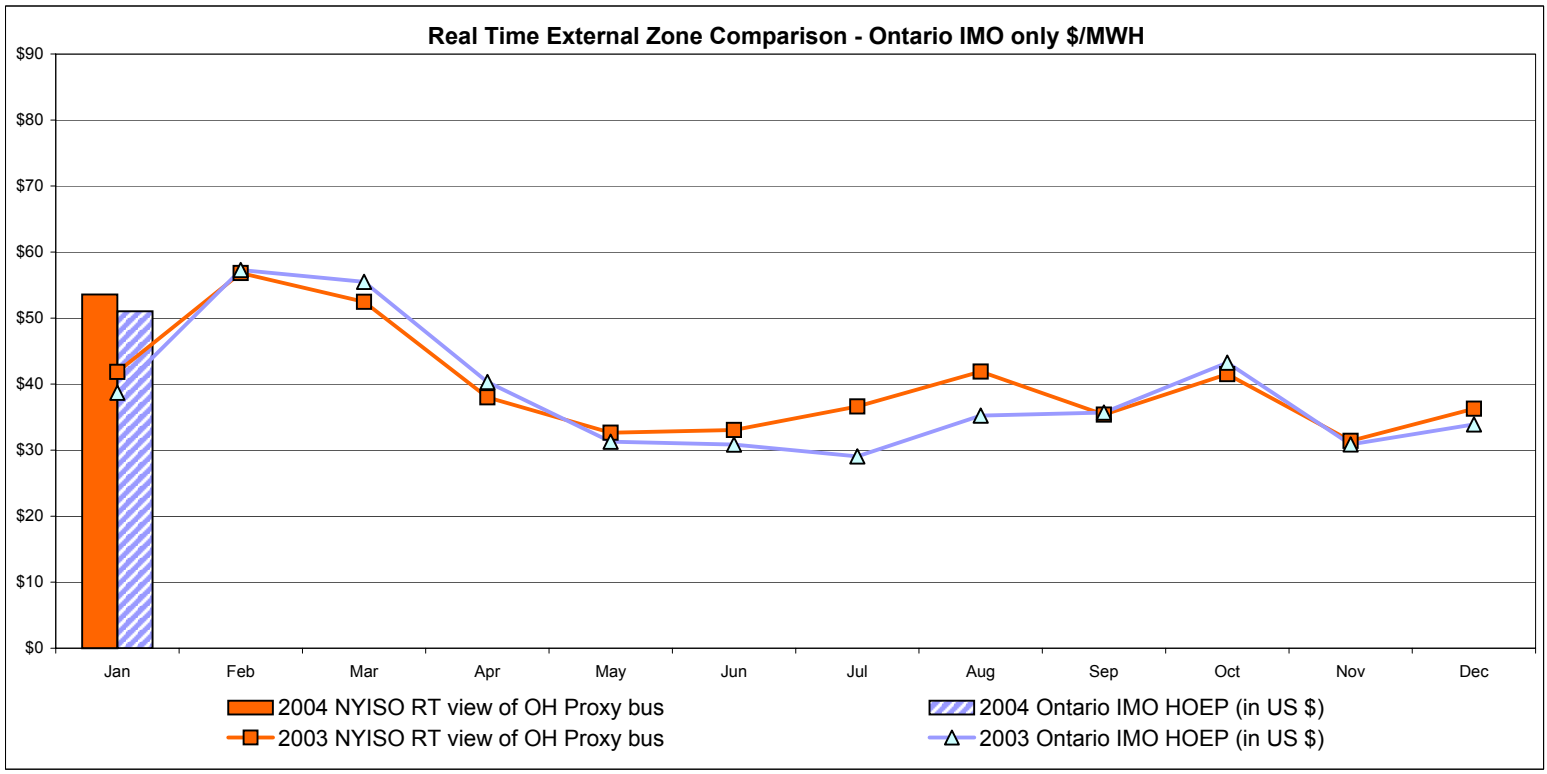




Note:
After 5/1/02 PJM lists only one interface as NYIS

External Comparison Ontario IMO





Notes: Exchange factor used for January 2004 was .77 to US $
HOEP: Hourly Ontario Energy Price
Pre-Dispatch: Projected Energy Price
Pre-Dispatch data from 8/14/03 Hr 15 thru 8/21/03 not included

NYISO Price Correction Statistics

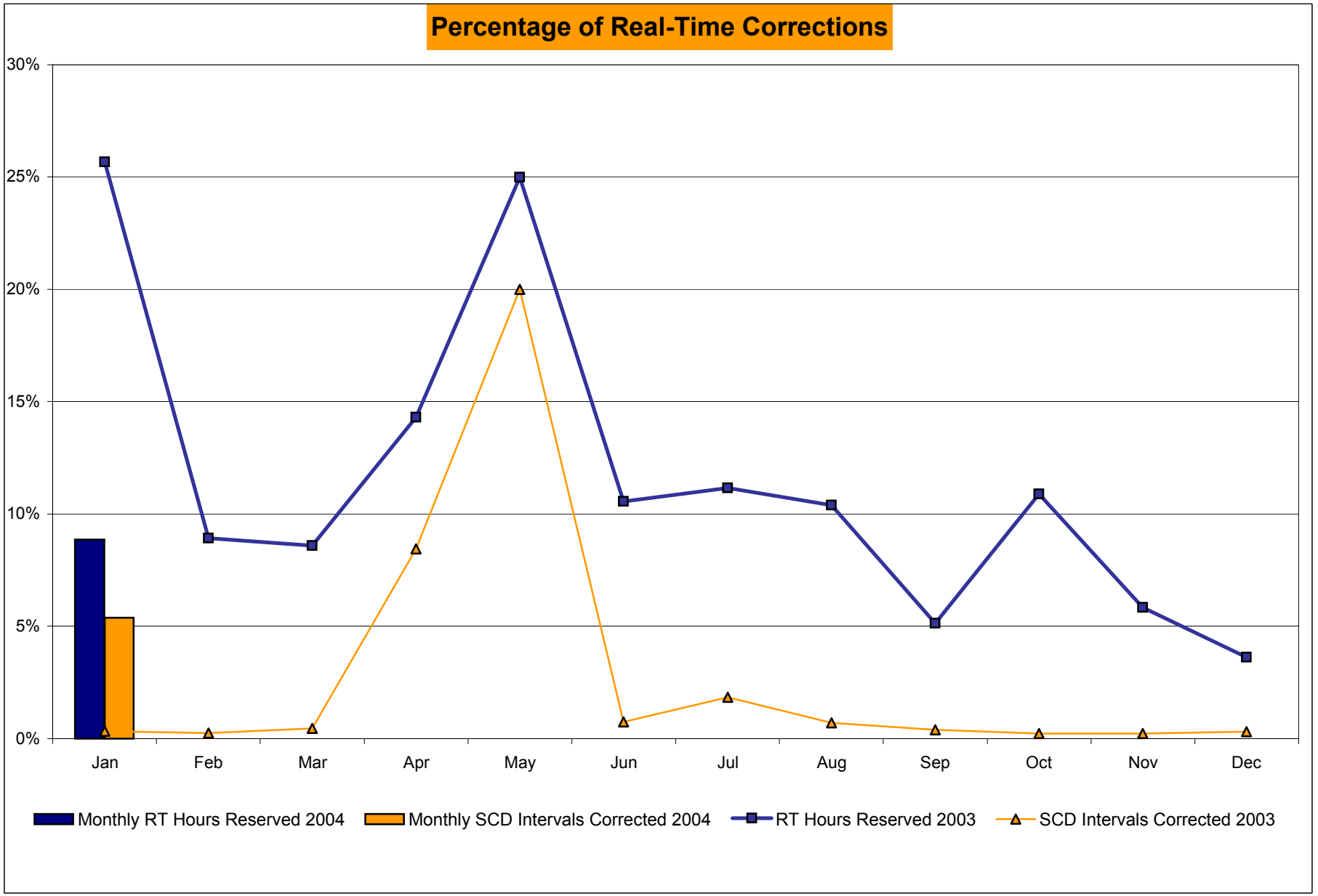
NYISO Price Corrections 2004

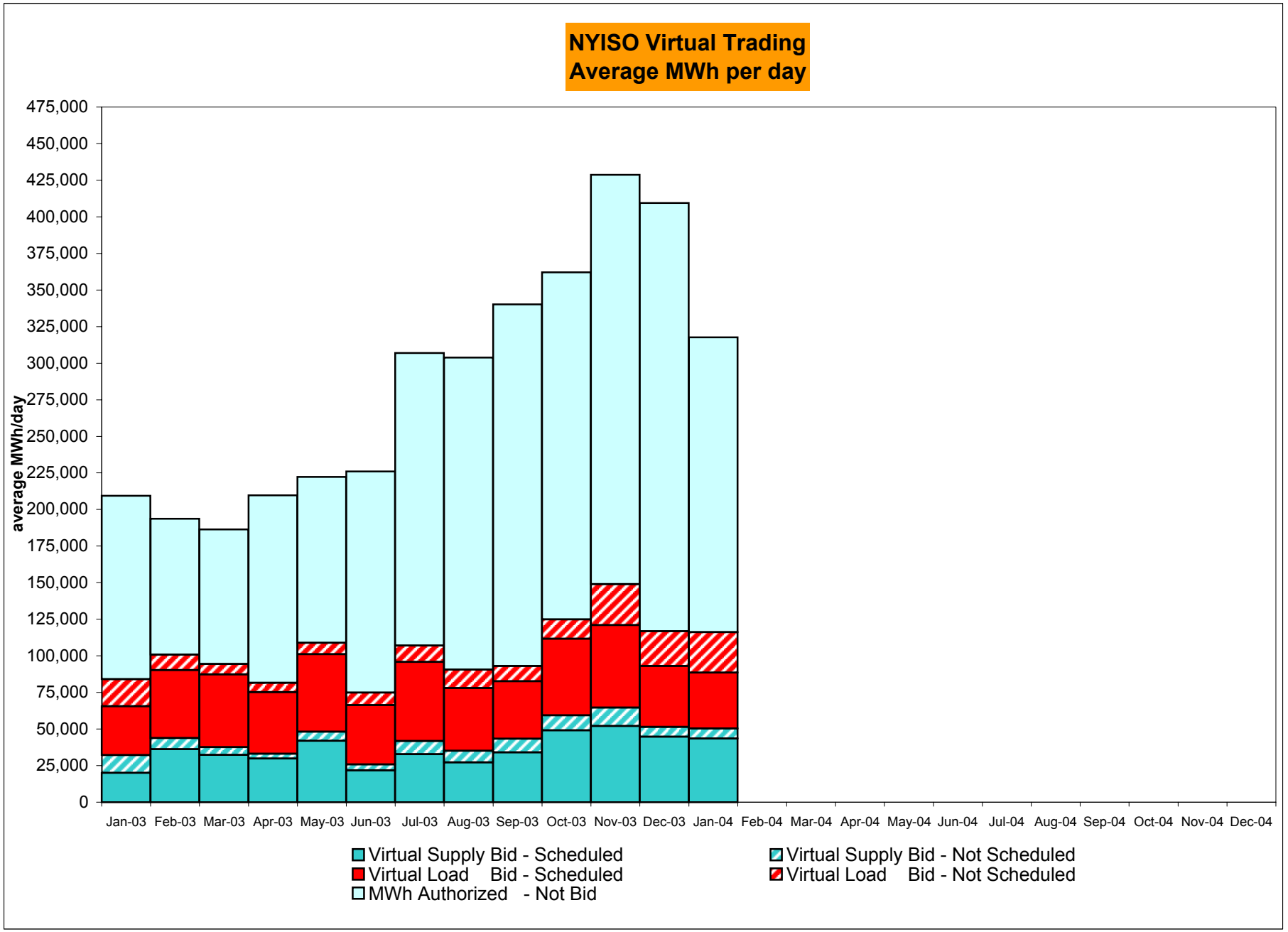
Interval Corrections	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	597											
Number of Intervals in the month	11,089											
Percentage of intervals corrected in the month	5.38%											
Number of Intervals corrected Year-to-date	597											
Number of Intervals Year-to-date	11,089											
Percentage of intervals corrected Year-to-date	5.38%											
Hours Reserved												
Number of hours reserved in the month	66											
Number of hours in the month	744											
Percentage of hours reserved in the month	8.87%											
Number of hours reserved Year-to-date	66											
Number of hours Year-to-date	744											
Percentage of hours reserved Year-to-date	8.87%											
Days Without Corrections												
Days without price corrections in the month	14											
Days without price corrections Year-to-date	14											

NYISO Price Corrections 2003

Interval Corrections	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	36	25	49	891	2,254	79	202	71	41	25	25	34
Number of Intervals in the month	10,986	10,197	10,918	10,554	11,274	10,729	10,998	9,973	10,620	11,248	10,629	11,175
Percentage of intervals corrected in the month	0.32%	0.25%	0.45%	8.44%	19.99%	0.74%	1.84%	0.71%	0.39%	0.22%	0.24%	0.30%
Number of Intervals corrected Year-to-date	36	61	110	1,001	3,255	3,334	3,536	3,607	3,648	3,673	3,698	3,732
Number of Intervals Year-to-date	10,986	21,183	32,101	42,655	53,929	64,658	75,656	85,629	96,249	107,497	118,126	129,301
Percentage of intervals corrected Year-to-date	0.32%	0.28%	0.34%	2.35%	6.04%	5.16%	4.67%	4.21%	3.79%	3.42%	3.13%	2.89%
Hours Reserved												
Number of hours reserved in the month	191	60	64	103	186	76	83	69	37	81	42	27
Number of hours in the month	744	672	744	720	744	720	744	664 ✱	720	744	720	744
Percentage of hours reserved in the month	25.67%	8.93%	8.60%	14.31%	25.00%	10.56%	11.16%	10.39%	5.14%	10.89%	5.83%	3.63%
Number of hours reserved Year-to-date	191	251	315	418	604	680	763	832	869	950	992	1,019
Number of hours Year-to-date	744	1,416	2,160	2,880	3,624	4,344	5,088	5,752	6,472	7,216	7,936	8,680
Percentage of hours reserved Year-to-date	25.67%	17.73%	14.58%	14.51%	16.67%	15.65%	15.00%	14.46%	13.43%	13.17%	12.50%	11.74%
Days Without Corrections												
Days without price corrections in the month	17	15	14	9	8	8	7	5	9	17	15	14
Days without price corrections Year-to-date	17	32	46	55	63	71	78	83	92	109	124	138

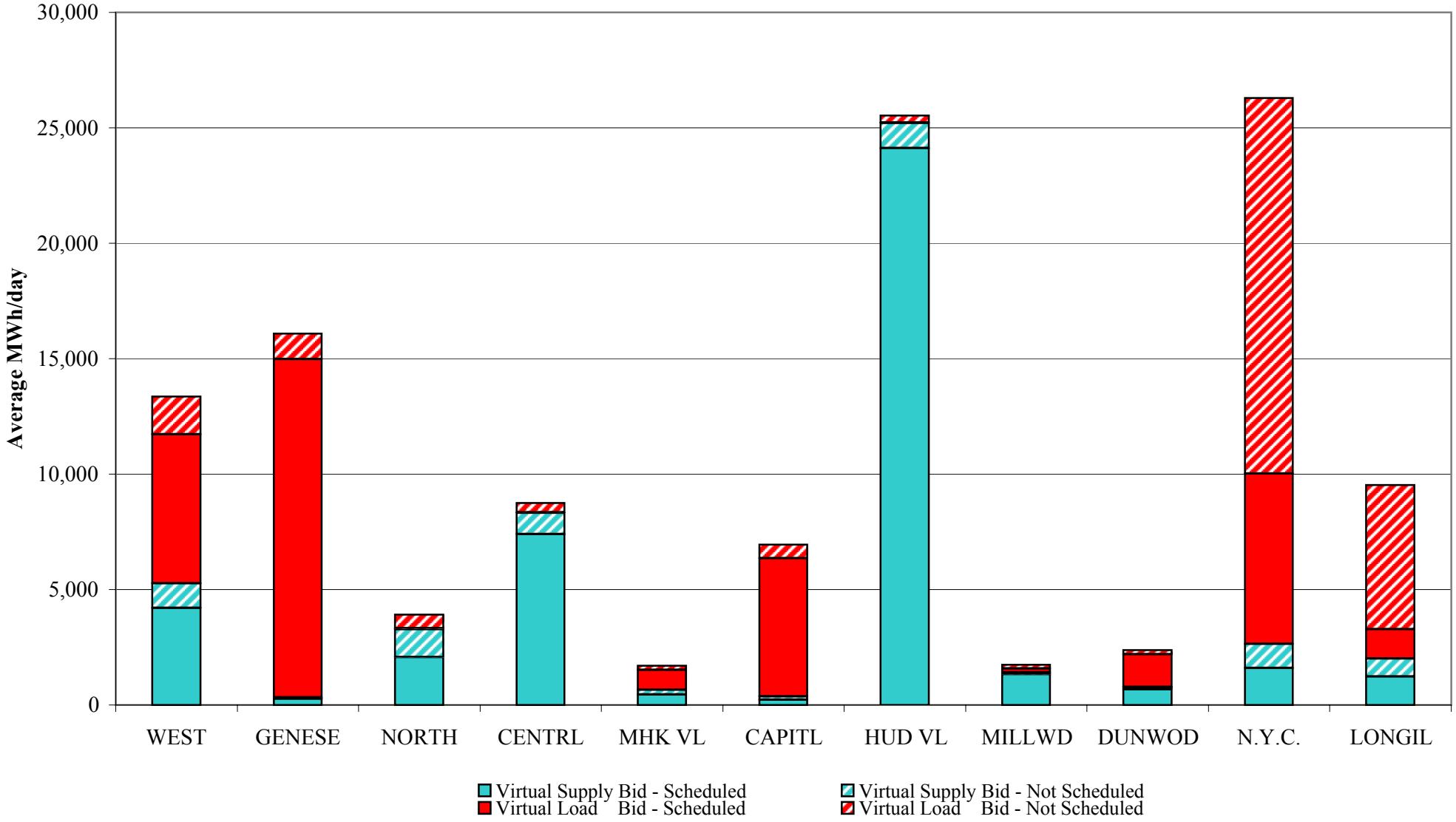
✱ 80 hours not included due to suspended market during system disruption


Percentage of Real-Time Corrections
30%
25%
20%
15%
10%
5%
0%
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Monthly RT Hours Reserved 2004
Monthly SCD Intervals Corrected 2004
RT Hours Reserved 2003
SCD Intervals Corrected 2003

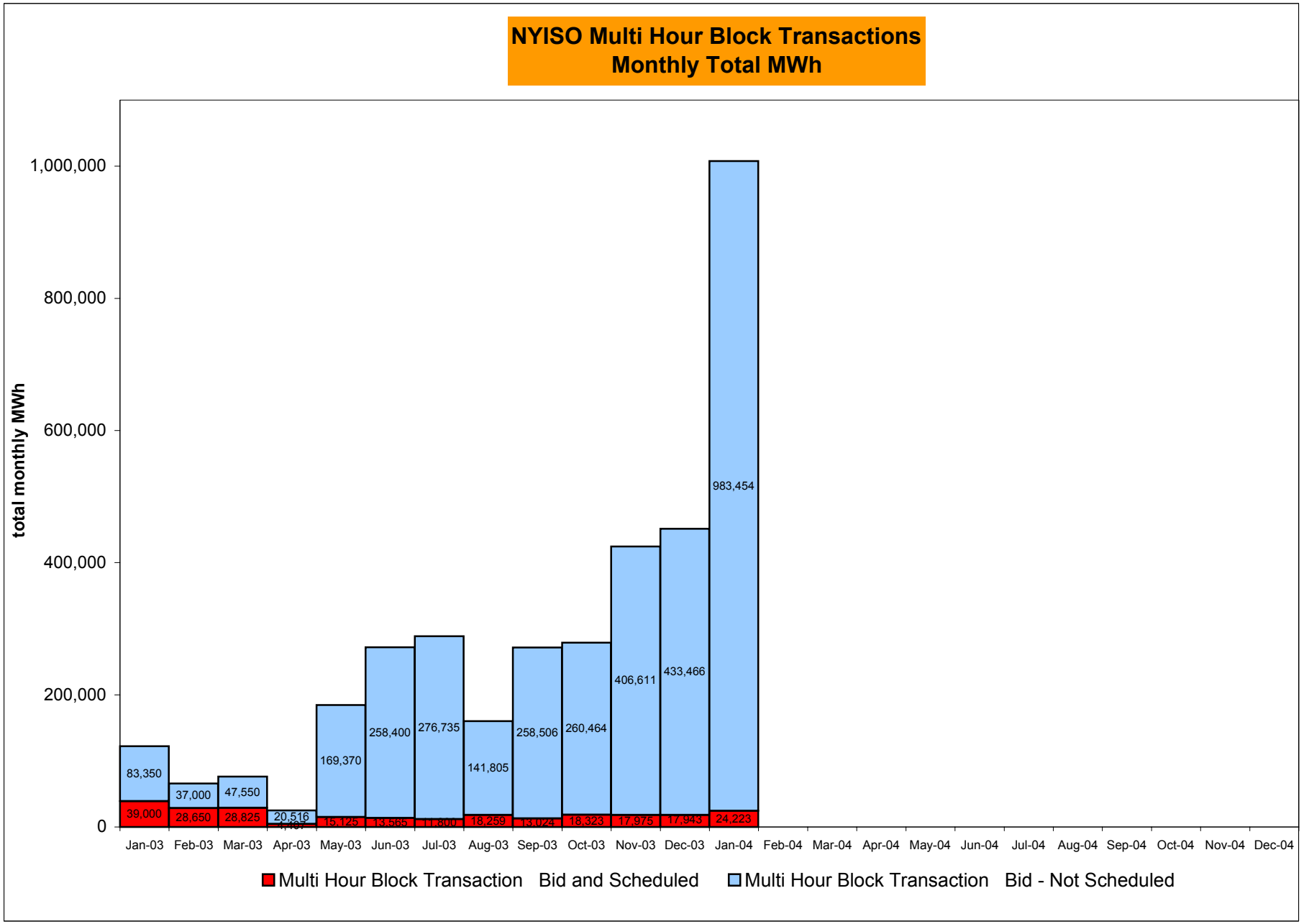


Market Monitoring
Prepared: 2/2/2004 16:00

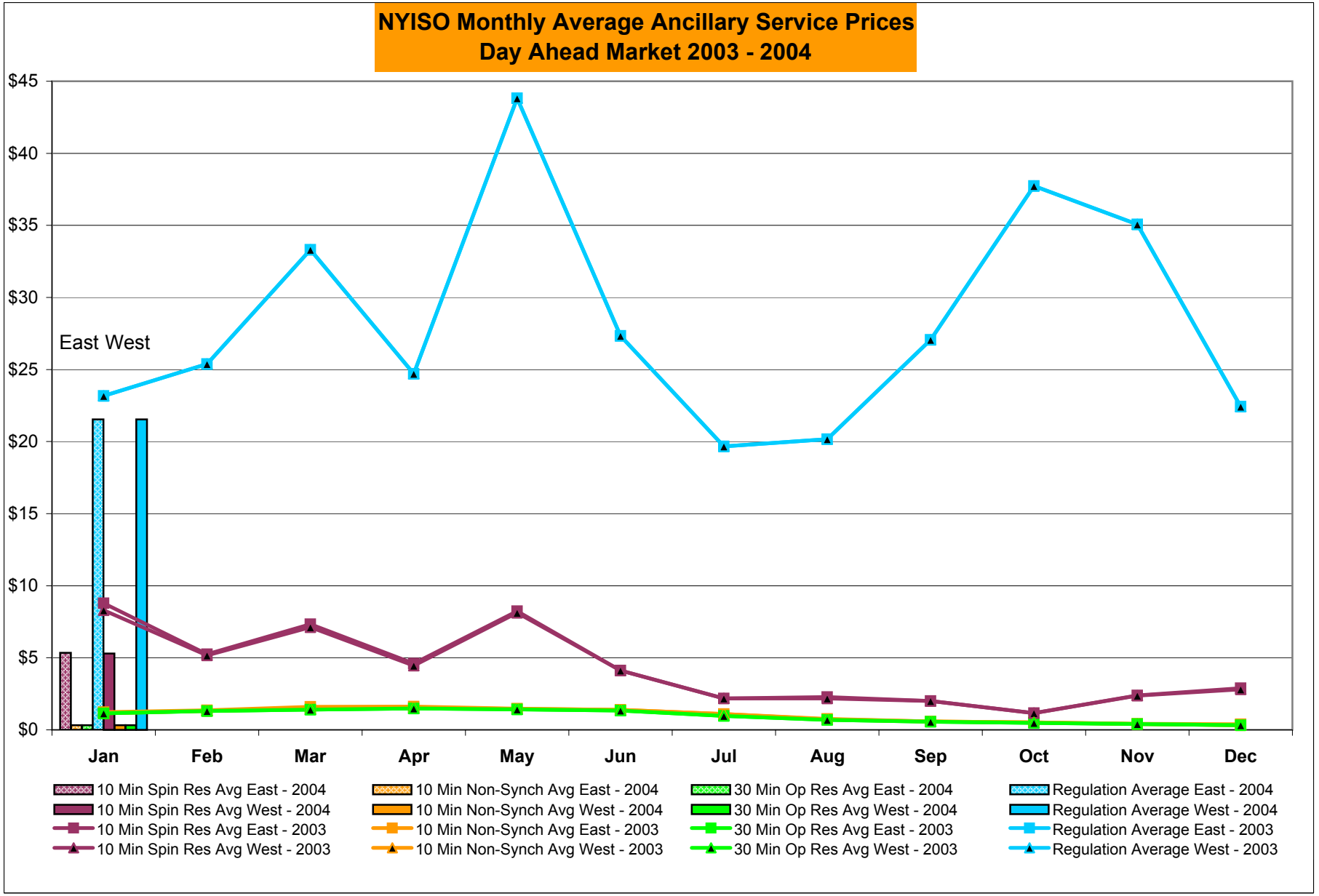
Virtual Load and Supply Zonal Statistics
January 2004



Market Monitoring
Prepared: 2/3/2004 9:30

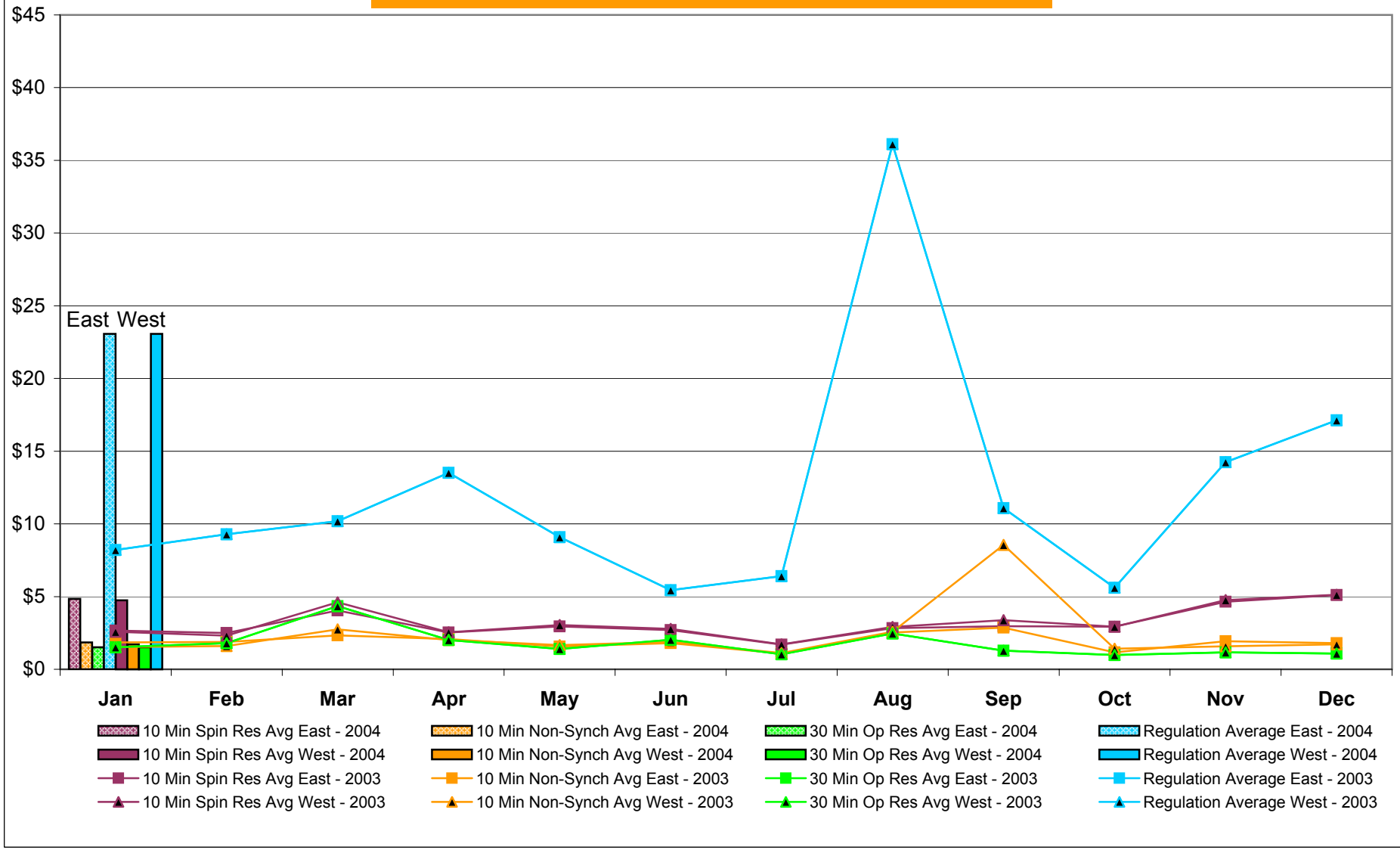


Market Monitoring
Prepared: 2/3/2004 8:30



Market Monitoring
Prepared 2/3/2004 10:30

NYISO Monthly Average Ancillary Service Prices
BME * 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared 2/3/2004 10:30

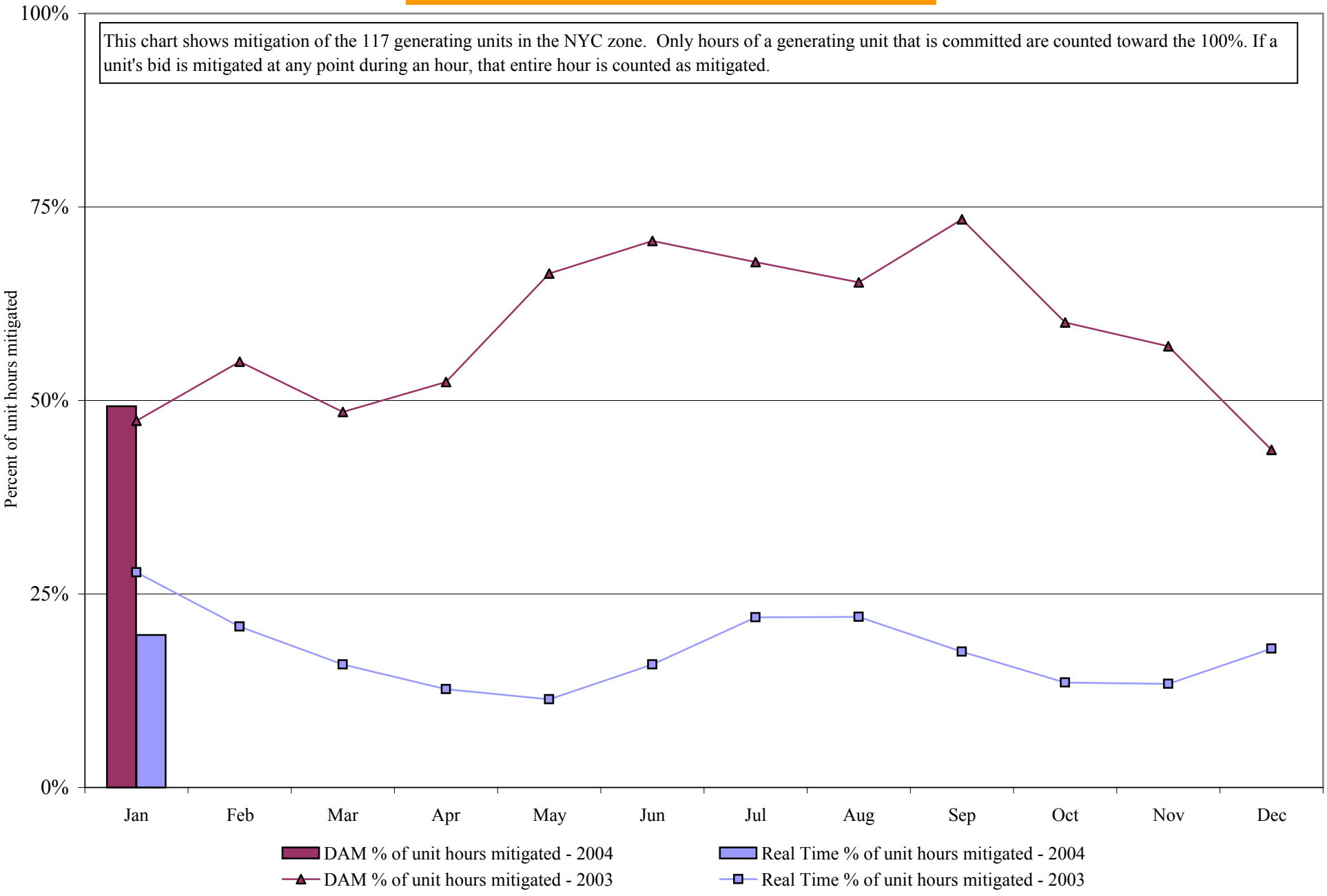
NYISO Markets Ancillary Services Statistics

	January	February	March	April	May	June	July	August	September	October	November	December
ANCILLARY SERVICES Unweighted Price ($/MWH) 2004												
Day Ahead Market												
10 Min Spin East	5.35											
10 Min Spin West	5.29											
10 Min Non Synch East	0.33											
10 Min Non Synch West	0.32											
30 Min East	0.32											
30 Min West	0.32											
Regulation East	21.54											
Regulation West	21.54											
BME* Market												
10 Min Spin East	4.84											
10 Min Spin West	4.75											
10 Min Non Synch East	1.85											
10 Min Non Synch West	1.71											
30 Min East	1.51											
30 Min West	1.51											
Regulation East	23.07											
Regulation West	23.07											
ANCILLARY SERVICES Unweighted Price ($/MWH) 2003												
Day Ahead Market												
10 Min Spin East	8.78	5.24	7.33	4.60	8.24	4.12	2.18	2.28	2.01	1.17	2.39	2.89
10 Min Spin West	8.30	5.17	7.12	4.45	8.12	4.11	2.18	2.18	2.00	1.17	2.37	2.81
10 Min Non Synch East	1.22	1.36	1.60	1.61	1.48	1.40	1.09	0.76	0.58	0.52	0.41	0.38
10 Min Non Synch West	1.15	1.32	1.45	1.54	1.45	1.39	1.09	0.72	0.58	0.52	0.40	0.32
30 Min East	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
30 Min West	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
Regulation East	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43
Regulation West	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43
BME* Market												
10 Min Spin East	2.67	2.50	4.05	2.54	2.95	2.69	1.69	2.82	2.96	2.92	4.65	5.11
10 Min Spin West	2.59	2.32	4.61	2.55	3.04	2.78	1.72	2.91	3.38	2.94	4.76	5.13
10 Min Non Synch East	1.85	1.89	2.34	2.07	1.57	1.80	1.09	2.53	2.87	1.17	1.92	1.80
10 Min Non Synch West	1.53	1.59	2.75	2.02	1.67	1.88	1.11	2.58	8.55	1.41	1.57	1.71
30 Min East	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
30 Min West	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
Regulation East	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12
Regulation West	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12

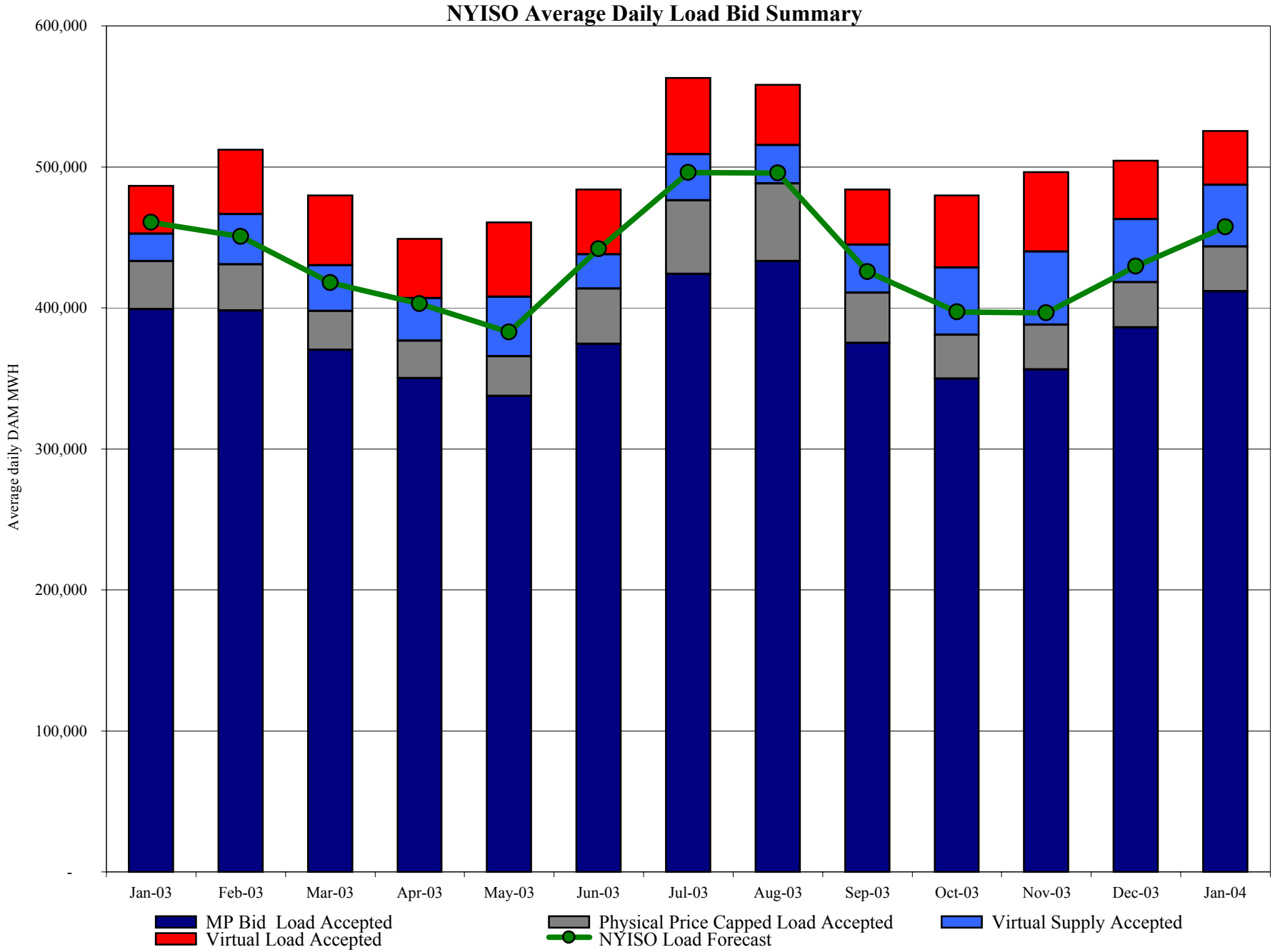
* Commonly Referred to as Hour Ahead Market (HAM)

Market Monitoring
Prepared 2/3/2004 10:30

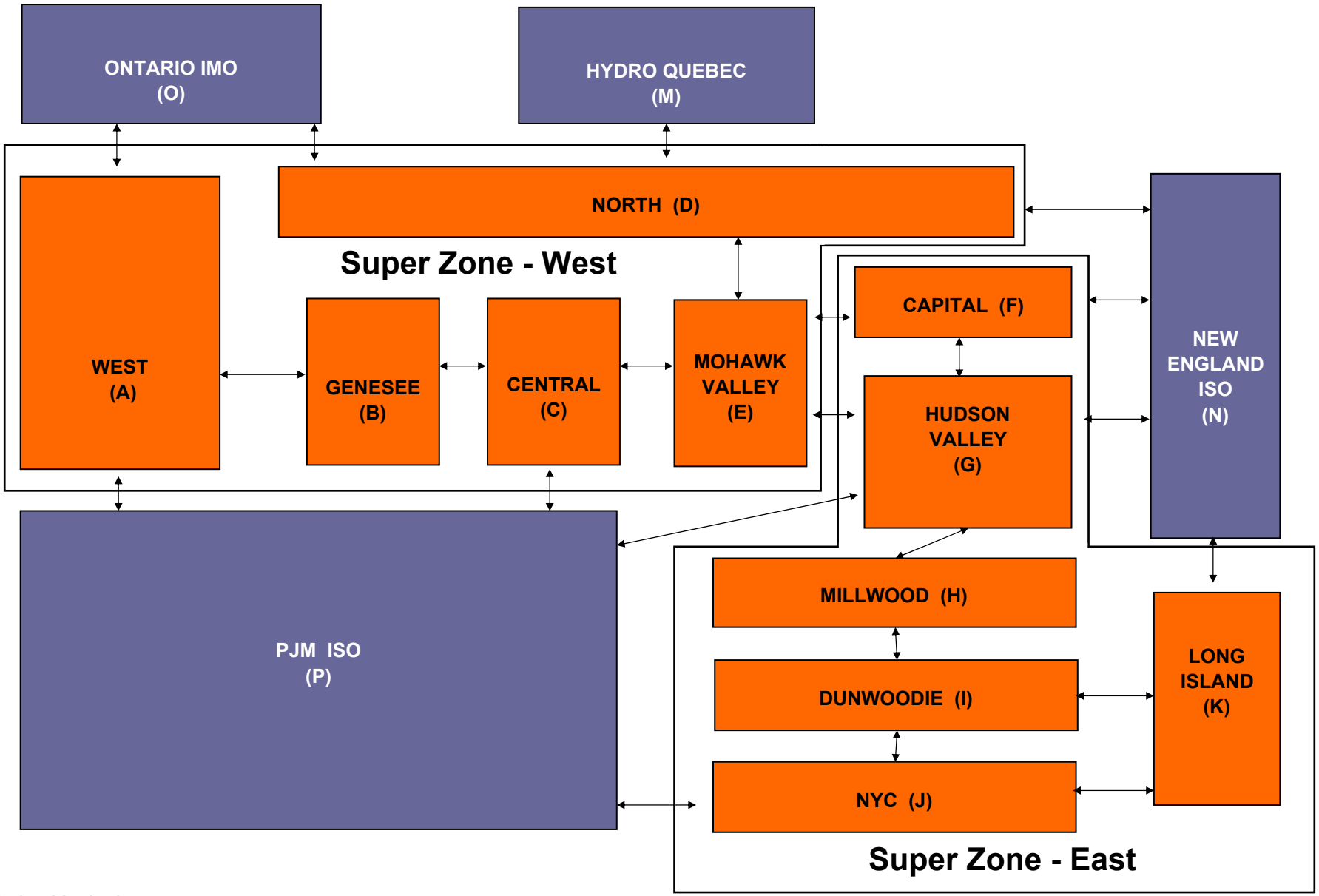
NYISO In City Mitigation (NYC Zone) 2003-2004
Percentage of committed unit-hours mitigated



Market Monitoring
Prepared 2/3/2004 11:30


NYISO Average Daily Load Bid Summary
600,000
500,000
400,000
300,000
200,000
100,000
-
Average daily DAM MWH
Jan-03
Feb-03
Mar-03
Apr-03
May-03
Jun-03
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03
Jan-04
MP Bid Load Accepted
Virtual Load Accepted
Physical Price Capped Load Accepted
NYISO Load Forecast
Virtual Supply Accepted

NYISO LBMP ZONES



NEW YORK INDEPENDENT SYSTEM OPERATOR

PROGRESS ON 2004 CORPORATE GOALS AND OBJECTIVES – As of 2/10/2004

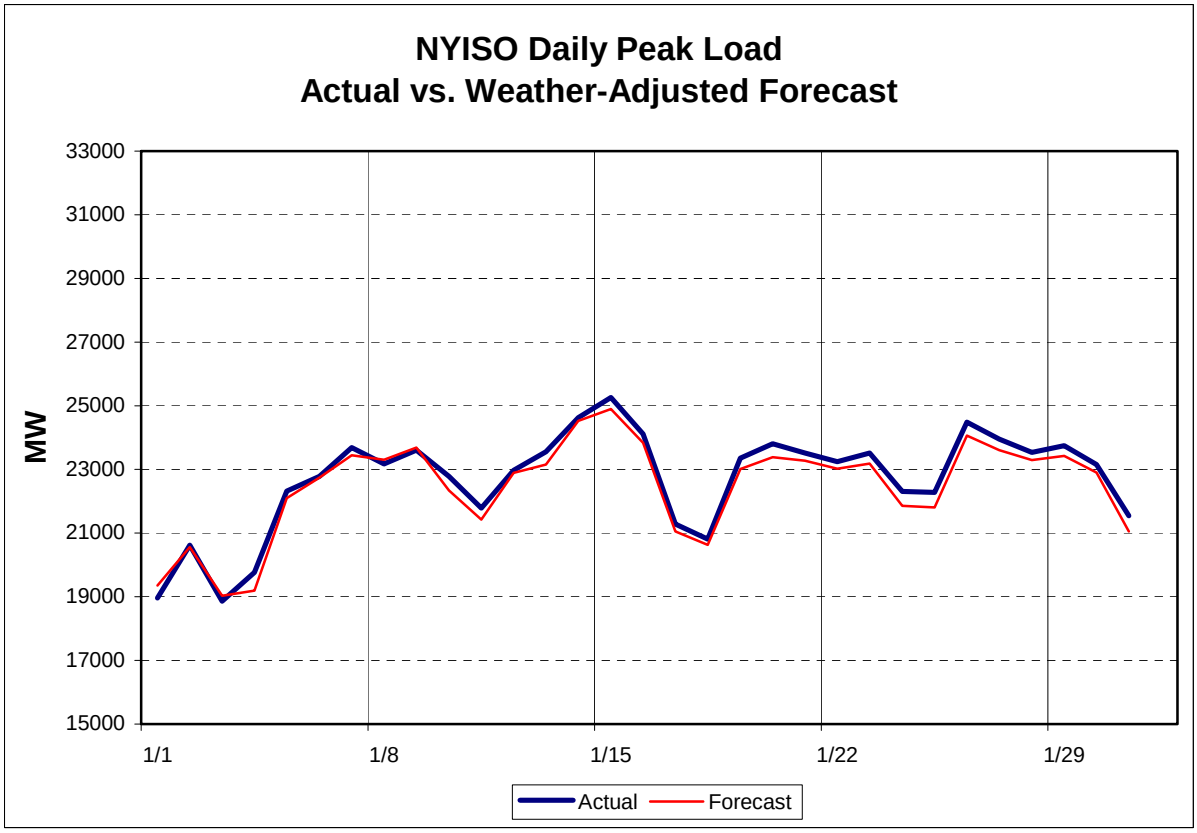
RELIABILITY GATEWAY GOAL

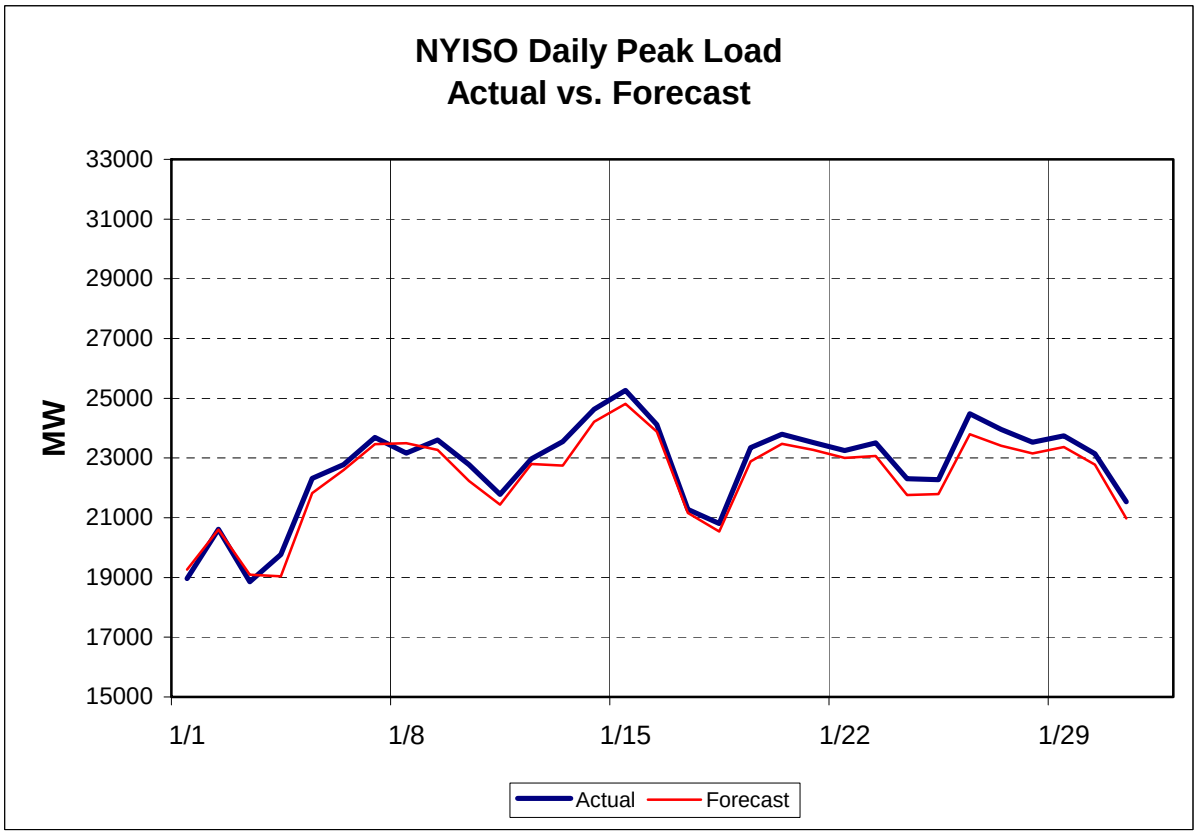
1. Maintain service to NYCA load. No interruption of load because of improper implementation of NYISO operating procedures by the NYISO.	--	No loss of load or deliberate load shedding triggering a NERC reportable event (>300MW for >15 minutes)

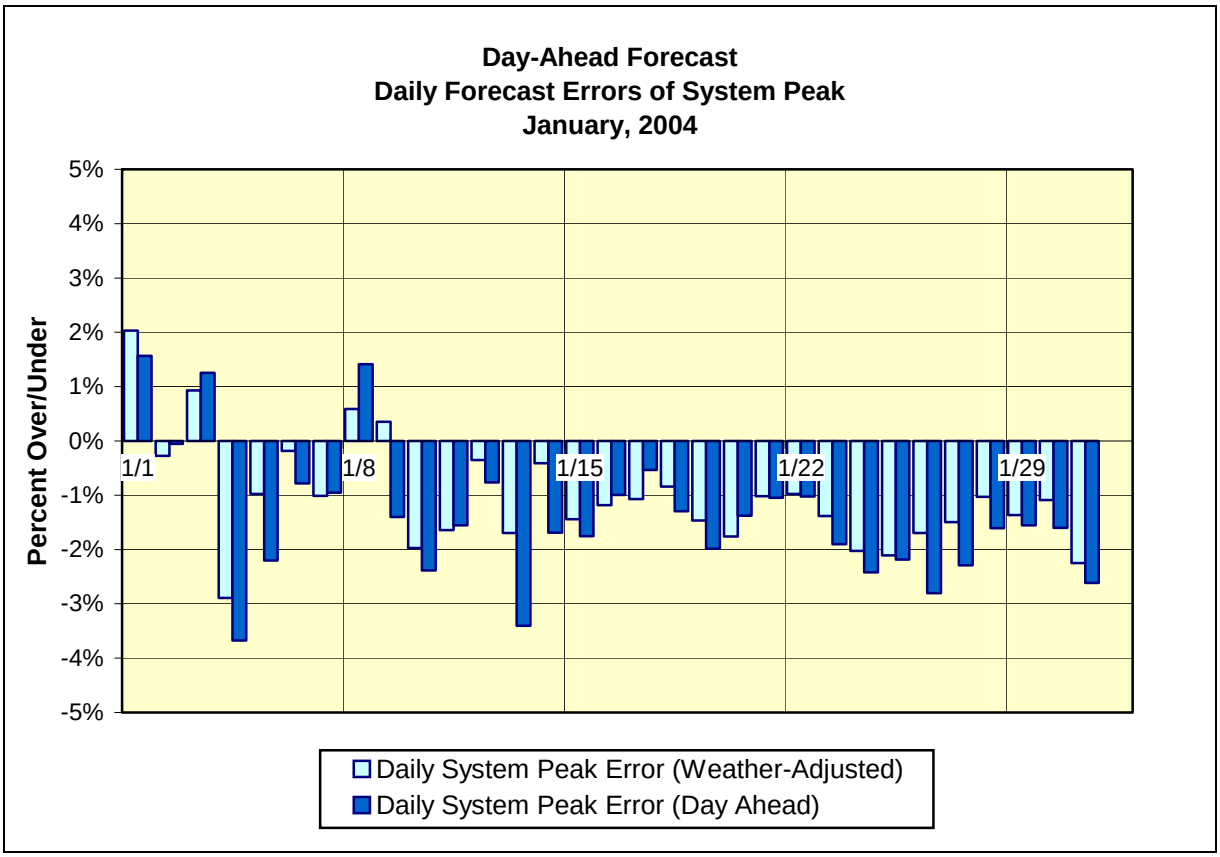
MARKET GATEWAY GOAL

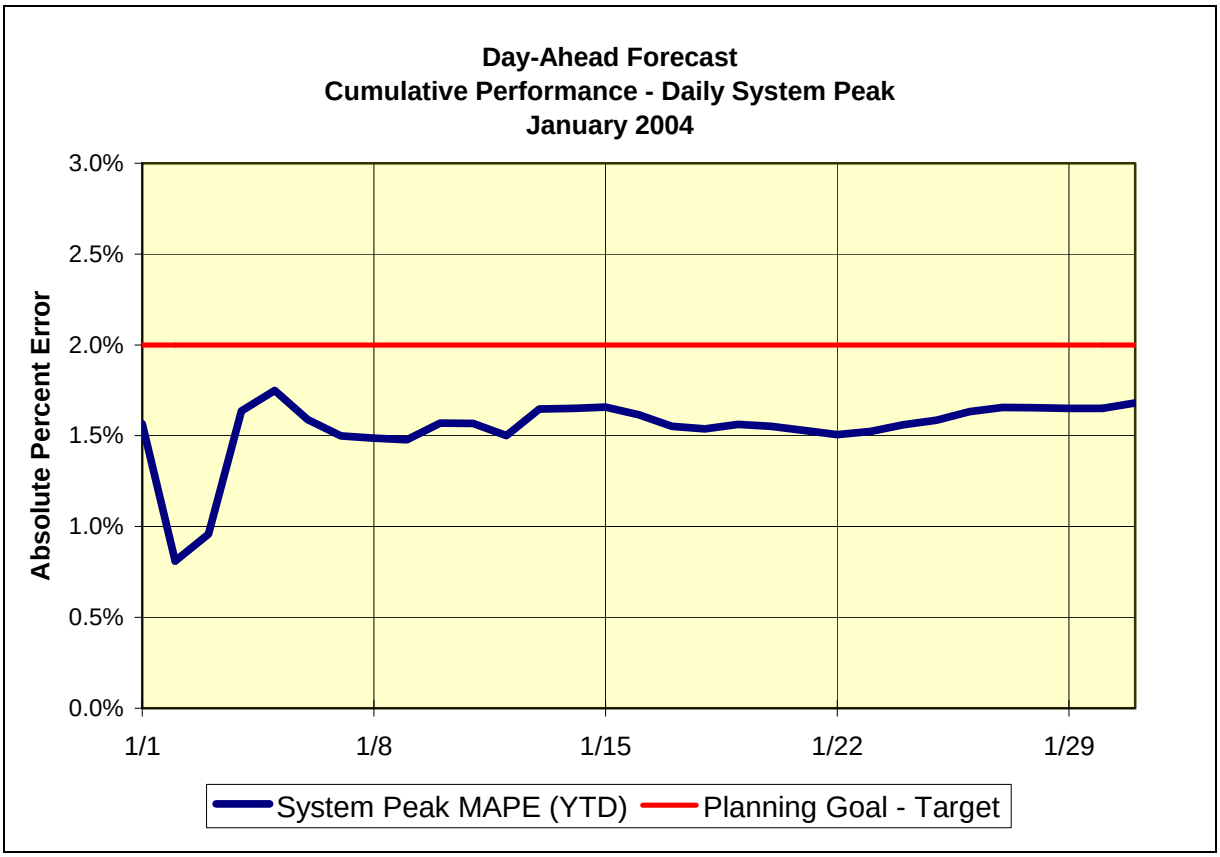
2. Successfully post DAM schedules/forward contracts.	--	DAM schedules/forward contracts are posted >=99.7% of the time during 2004

Goal Description	YTD Data	Goal Values: Threshold Payout–50%	Target Payout–100%	Superior Payout–150%
3. Comprehensive Electric System Planning	--	7/1/04	6/1/04	5/15/04
a. Complete Phase I Study				
b. Complete FERC filing of Phase II	--	12/1/04	11/1/04	10/1/04
4. Comply with NERC/NAERO Operating Standards	1/1 month	10 of 12 months	12 of 12 months	--
a. CPS-2:	Jan – 96.13			
b. Disturbance Control Standards (DCS):	1/1 month	10 of 12 months	11 of 12 months	12 of 12 months
5.a. Achieve timely posting of DAM schedules and forward contracts. Post by 11 a.m.:	3131 postings	360/366 postings	363/366 postings	366/366 postings
b. i) MIS availability >= 99.x% as planned based on current availability metrics	Jan – 99.36%	10 of 12 months	11 of 12 months	12 of 12 months
ii) During the year, an individual occurrence of unplanned (i.e., <48 hours' notice) service interruptions will not be greater than 4 hours; there won't be more than:	1 occurrence	3 occurrences of 1-4 hours each	2 occurrences of 1-4 hours each	1 occurrence of 1-4 hours
6. Improve the certainty and accuracy of Real-Time prices:	(Jan)			
a. Hours reserved:	8.87%	<= 12%	<= 10%	<= 8%
b. Intervals corrected:	5.38%	<= 0.6%	<= 0.5%	<= 0.4%
7. Improve the billing and true-up process:				
a. Posting of all invoices within 5 business-days of the month according to invoice schedule	2/2 months	10 of 12 months	11 of 12 months	12 of 12 months
b. Metering improvements	--	Finalize a forma meter quality and tracking program	Implement program with Meter Authority agreement	Finalize test schedule & replacement with meter authorities
c. Turnaround of Billing Defects (from NYISO notification)	--	35 B-Ds	30 B-Ds	25 B-Ds
8. Improve Customer Satisfaction with NYISO services as determined via surveying three times annually (average baseline score: 6.397)	1st survey April	Score of >= 6.525	Score of >= 6.653	Score of >= 6.781
9. Project execution (weighted 25%)				
a. 1) Project Management – Scheduling		3 misses	2 misses	<=1 miss
2) Project Management - Costs		3 misses	2 misses	<=1 miss
b. SMD 2.0		TO BE DETERMINED		

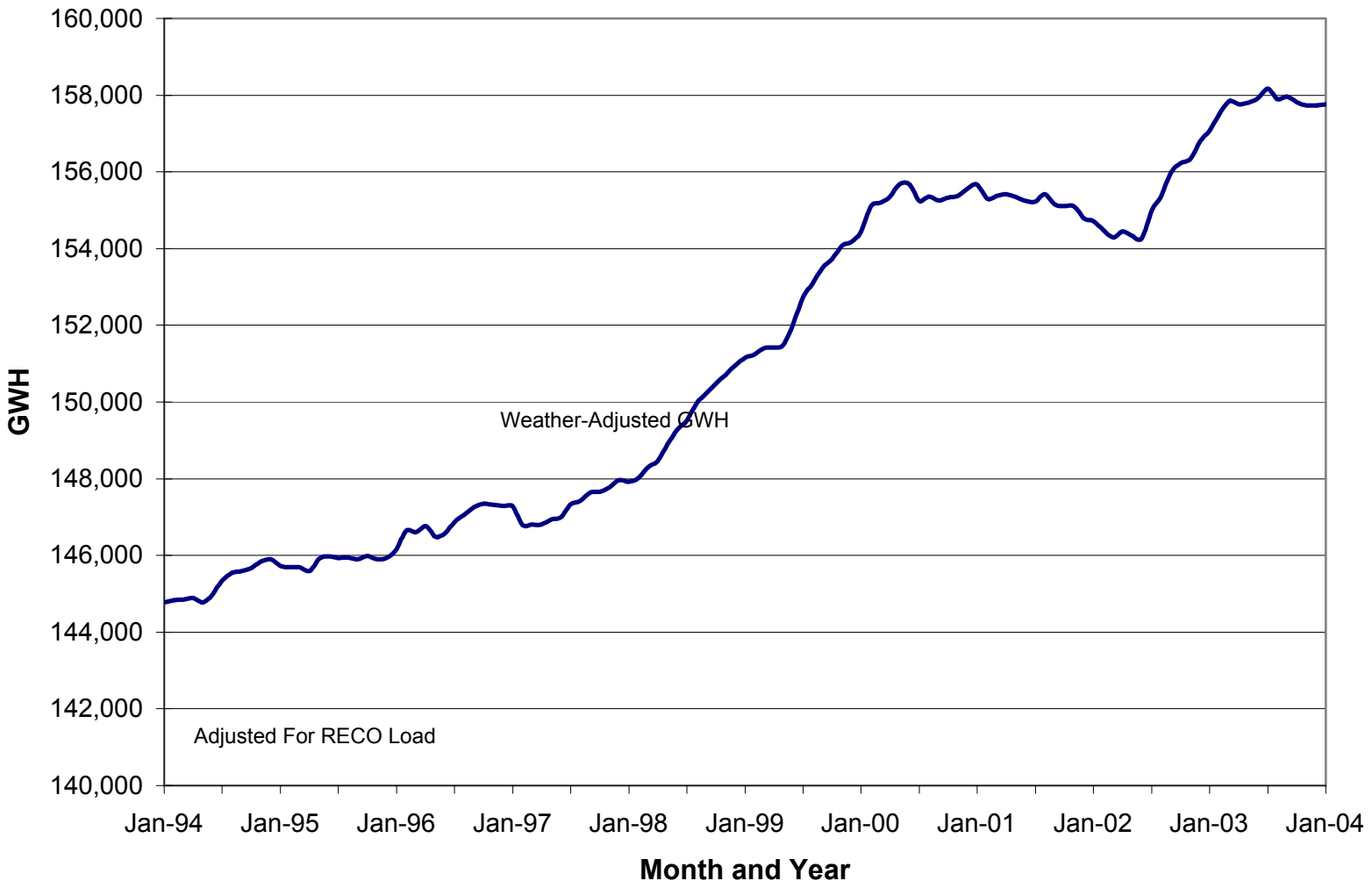

NYISO Daily Peak Load
Actual vs. Weather-Adjusted Forecast
MW
33000
31000
29000
27000
25000
23000
21000
19000
17000
15000
1/1
1/8
1/15
1/22
1/29
Actual
Forecast


NYISO Daily Peak Load
Actual vs. Forecast
MW
33000
31000
29000
27000
25000
23000
21000
19000
17000
15000
1/1
1/8
1/15
1/22
1/29
Actual
Forecast

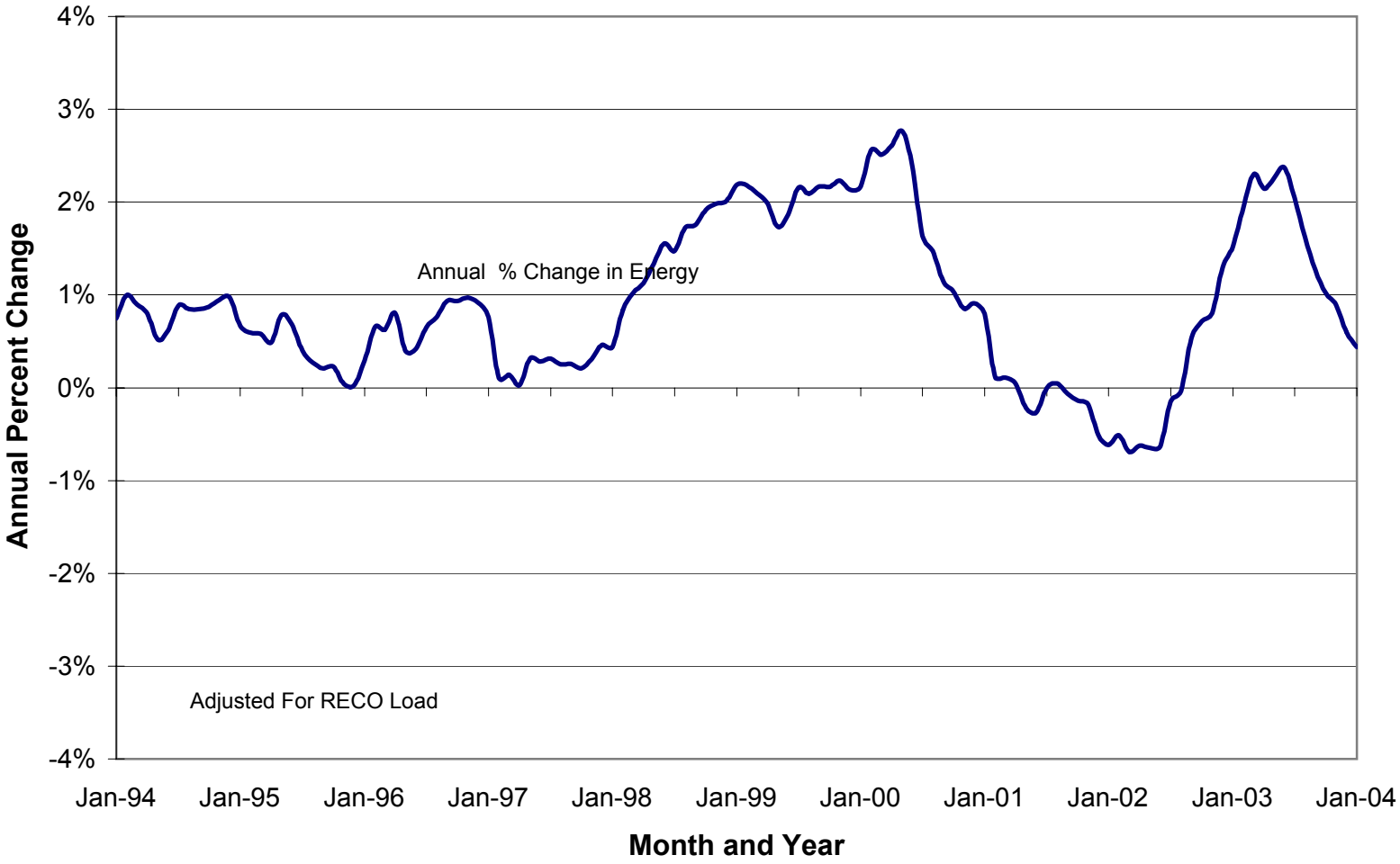

Day-Ahead Forecast
Daily Forecast Errors of System Peak
January, 2004
Percent Over/Under
5%
4%
3%
2%
1%
0%
-1%
-2%
-3%
-4%
-5%
1/1
1/8
1/15
1/22
1/29
Daily System Peak Error (Weather-Adjusted)
Daily System Peak Error (Day Ahead)

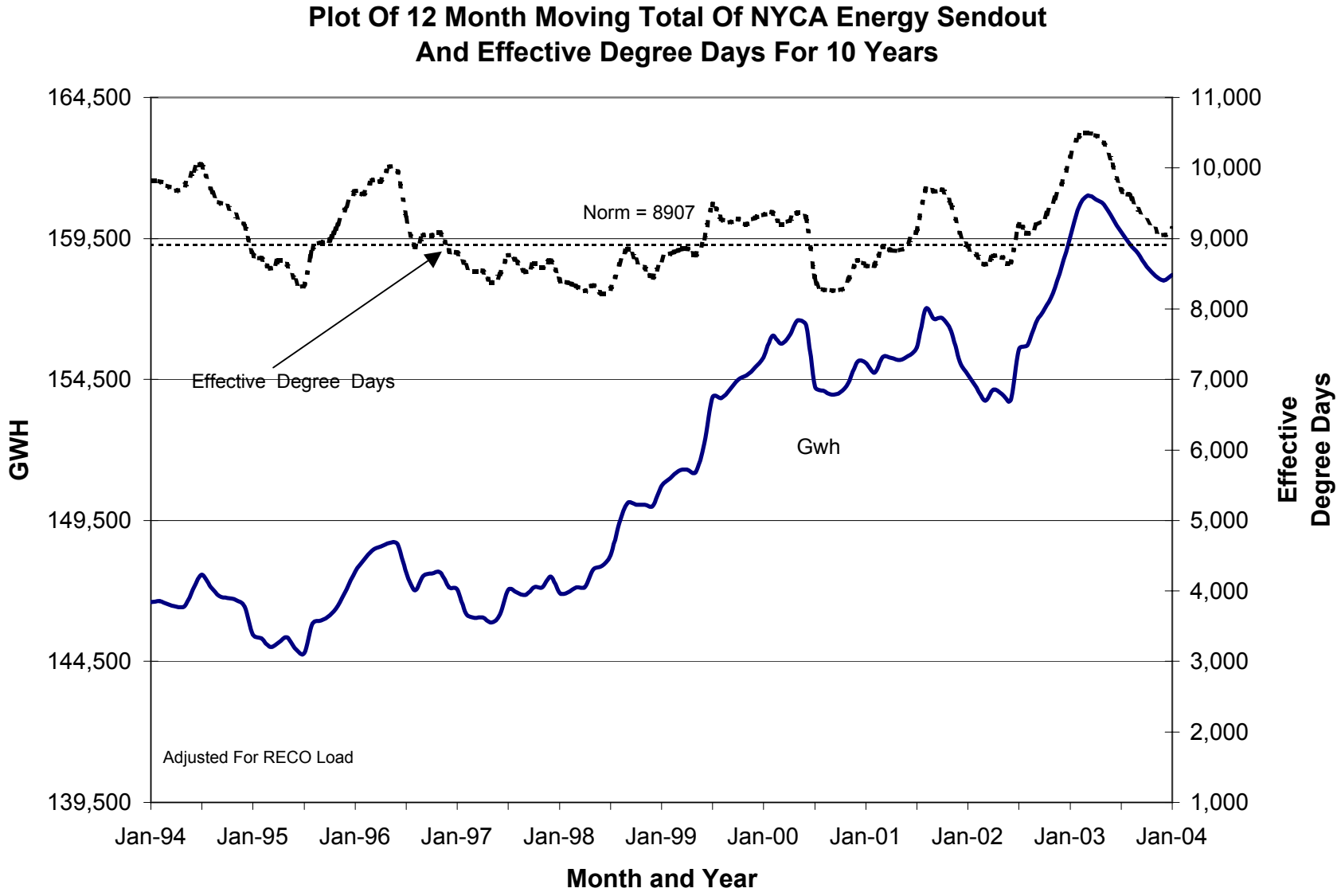

Day-Ahead Forecast
Cumulative Performance - Daily System Peak
January 2004
Absolute Percent Error
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
1/1
1/8
1/15
1/22
1/29
System Peak MAPE (YTD)
Planning Goal - Target

Plot Of 12 Month Moving Total Of NYCA Weather Adjusted Energy Sendout

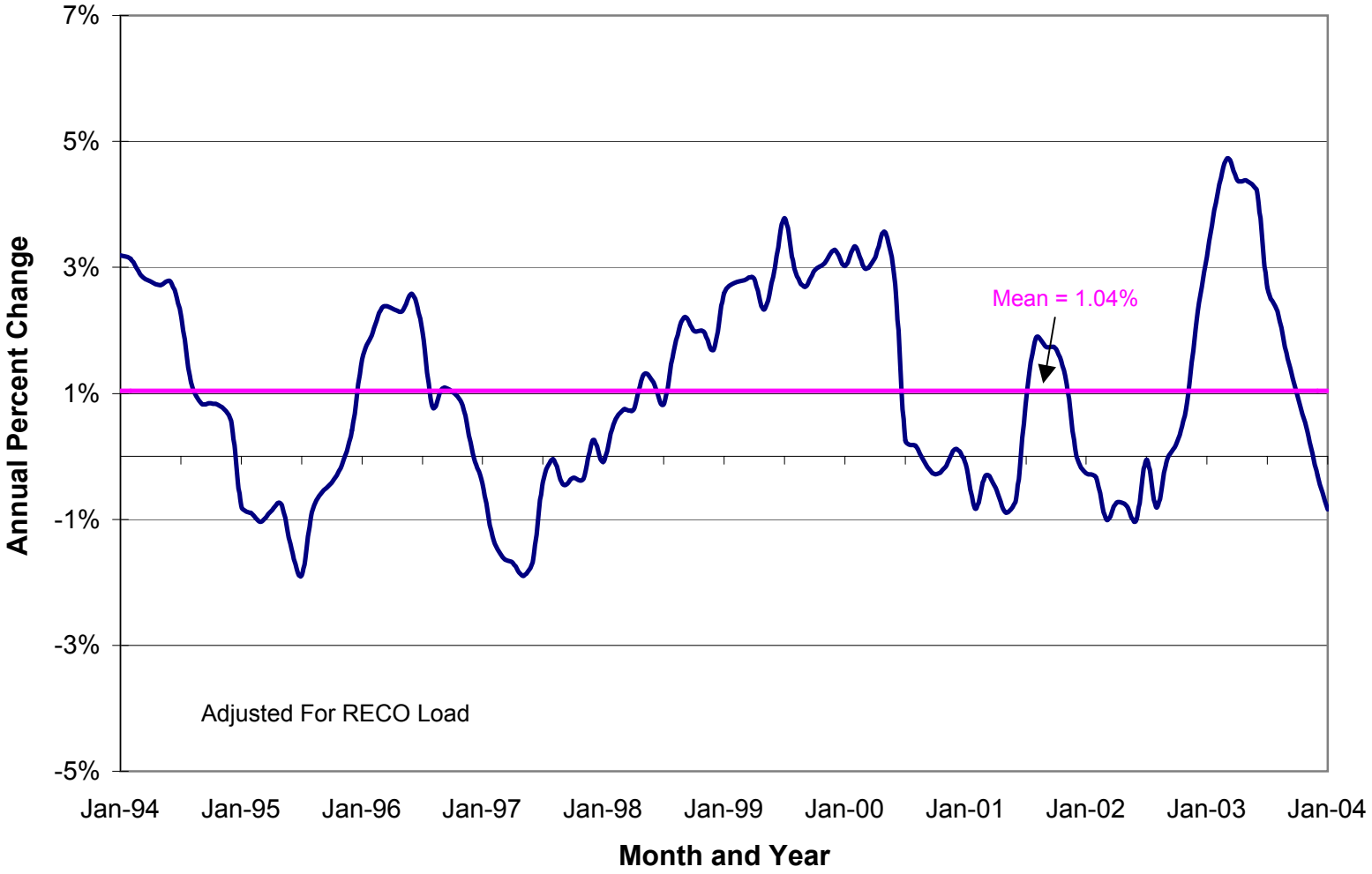


Plot Of Weather Adjusted 12 Month Moving Total Energy Sendout
Annual Percent Change




Plot Of 12 Month Moving Total Of NYCA Energy Sendout
And Effective Degree Days For 10 Years
164,500
159,500
154,500
149,500
144,500
139,500
GWH
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
Effective
Degree Days
Norm = 8907
Effective Degree Days
Gwh
Adjusted For RECO Load
Jan-94
Jan-95
Jan-96
Jan-97
Jan-98
Jan-99
Jan-00
Jan-01
Jan-02
Jan-03
Jan-04
Month and Year

Plot Of 12 Month Moving Total Energy Sendout
Annual Percent Change For 10 Years



NYISO Regulatory Filings
January 2004

Jan. 5, 2004 Third party filing of an answer to another third party intervention regarding a joint filing of the NYISO and Dynegy of exhibits involving the arbitration hearing required by a FERC order (EL03-26-000)

Jan. 7, 2004 NYISO filing of comments supporting the continuation of an exemption from the Supply Margin Assessment Screen for transactions into or within an ISO or RTO with FERC approved market monitoring and mitigation measures (PL02-8-000)

Jan. 7, 2004 NYISO compliance filing of a credit prepayment agreement (ER03-552-006)

Jan. 7, 2004 NYISO filing of a motion for extension of time to submit rebuttal to the Dynegy response to NYISO's motion to vacate arbitrator's award (EL03-26-000)

Jan. 13, 2004 NYISO filing of a rebuttal to Dynegy's response to the NYISO's motion to vacate award of arbitrator (EL03-26-000)

Jan. 14, 2004 NYISO filing of an answer to multiple third party comments regarding the NYISO's compliance filing involving implementation of the ICAP demand curve and a report on withholding behavior under the ICAP demand curve (ER03-647-004)

Jan 14, 2004 NYISO filing of an answer to multiple third party comments and protests of the RTS tariff filing (ER04-230-000)

Jan. 20, 2004 NYISO and NYTOs joint compliance filing of standard interconnection procedures and agreement pursuant to Order No. 2003 (ER04-449-000 and RM02-1-000)

Jan. 20, 2004 NYISO filing of a motion to intervene in the US Court of Appeals, DC Circuit regarding the ELCON petition v FERC concerning the October 23 and May 20, 2003 NYISO demand curve orders (No. 03-1449)

Jan. 20, 2004 Third party filing of motion to intervene regarding December 30, 2004 report filed by NYISO involving special case resources/emergency demand response program (ER03-766-002)

Jan. 21, 2004 NYISO filing of a draft notice of consensual procedural agreement regarding participation in settlement negotiations concerning a third party complaint v NYISO involving the calculation of in-city ICAP rebates (EL04-36-000)

Jan. 22, 2004 NYISO compliance filing regarding the non-competitive proxy generator bus (ER03-690-004)

Jan 23, 2004 Multiple third party filings of motions to intervene and comment regarding the Con Ed vs. NYISO proceeding involving installed capacity rebates (EL04-36-000)

Jan 23, 2004 NYISO filing of an answer to a third party complaint v NYISO regarding the calculation of in-city installed capacity rebates (EL04-36-000)

Jan. 28, 2004 Multiple third party filings of comments regarding NYISO's compliance filing of a credit prepayment agreement (ER03-552-006 and ER03-984-004)

Jan. 29, 2004 Third party filing of motion to intervene regarding NYISO's 10-minute NSR report. (ER03-836-003)

NYISO Related FERC Orders
January 2004

Jan. 16, 2004 FERC letter order accepting revisions to the ISO Agreement regarding the designation of NYISO holidays and computation of meeting announcement notice periods (ER04-309-000)

Jan. 20, 2004 FERC tolling order granting rehearing for further consideration of its November 25, 2003 order regarding a third party complaint v. NYISO concerning an AMP-related arbitration award (EL03-26-000)

NYISO Management Committee Meeting

January 7, 2004

Teleconference

MOTIONS FROM THE MEETING

Motion #1:
Motion to approve the Minutes from the October 30, 2003 MC meeting.

(Motion passed unanimously by show of hands)

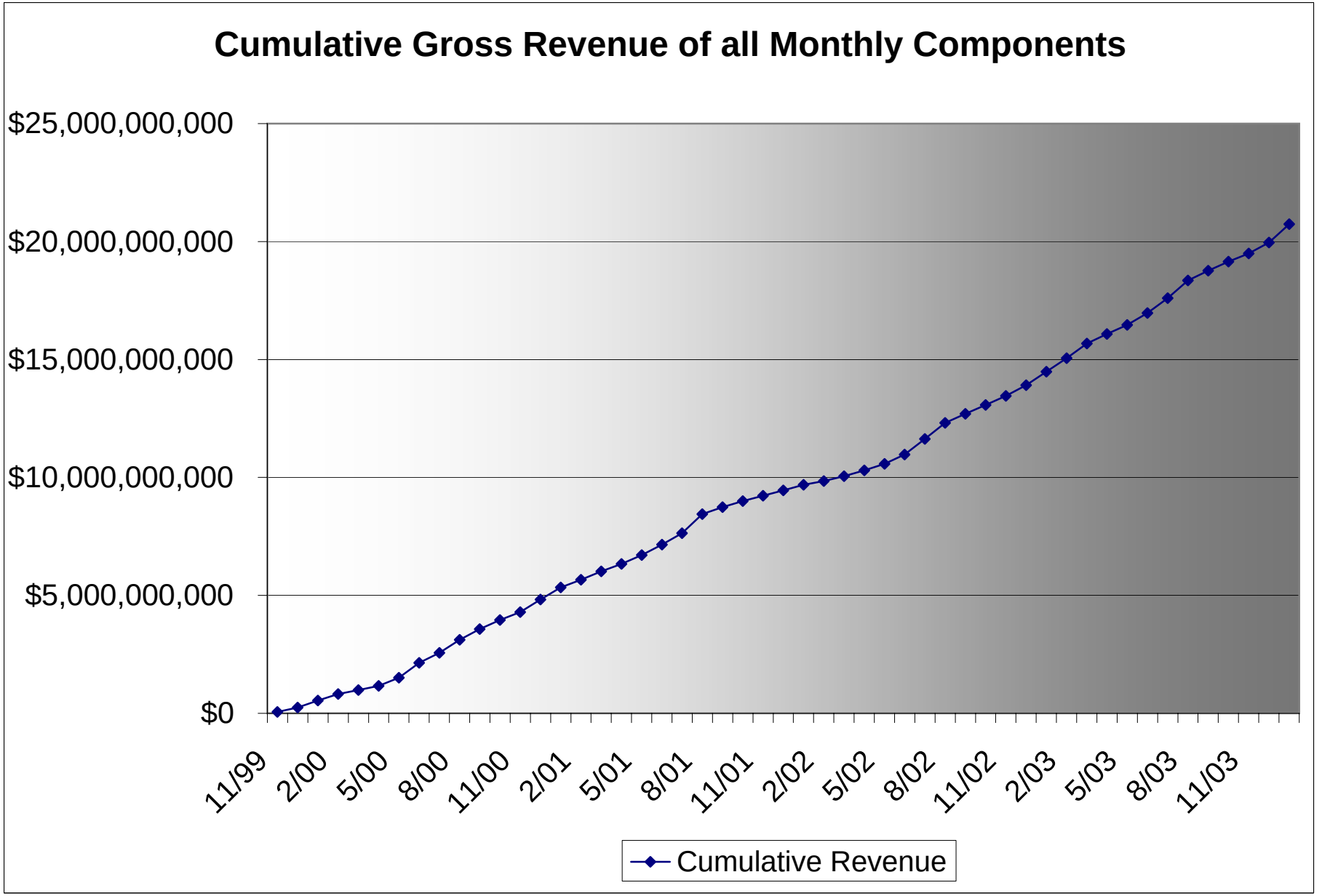
Motion #2:
Motion to approve the Minutes from the December 17, 2003 MC meeting.

(Motion passed unanimously by show of hands)

2003 BUDGET VS. ACTUAL VARIANCES

(dollar amounts in thousands)

	YTD Actuals through December 2003			
	Budget	*Actual*	*$ Var.*	*% Var.*
Capital Assets	$ 31,874	30,243	$ (1,631)	-5%
Salaries & Benefits	37,958	37,516	(442)	-1%
Consultants	28,674	20,675	(7,999)	-28%
Legal	6,500	7,785	1,285	20%
Building Services	3,842	3,341	(501)	-13%
Computer Services	20,514	24,937	4,423	22%
Insurance	6,148	6,704	556	9%
Telecommunications	3,257	3,111	(146)	-4%
Board of Directors	840	890	50	6%
Meetings, Travel, Training	3,195	2,987	(208)	-7%
NPCC Fees	1,525	1,496	(29)	-2%
FERC Fees	5,000	7,863	2,863	57%
Debt Service & Bank Fees	17,531	17,279	(252)	-1%
TOTAL BUDGET SPENDING	**$ 166,858**	**$ 164,827**	**$ (2,031)**	**-1%**
Less: Miscellaneous Revenues	(1,639)	(996)	643	64%
Less: Net Proceeds from Bank Financing	(47,047)	(47,000)	47	0%
EQUALS: Funds Needed via RS#1	**$ 118,172**	**$ 116,831**	**$ (1,341)**	**-1%**
COMPARED TO: Funds Received via RS#1			913	
EQUALS: Total Budget & Load Over/(Under) Run			$ 2,254	


Cumulative Gross Revenue of all Monthly Components
$25,000,000,000
$20,000,000,000
$15,000,000,000
$10,000,000,000
$5,000,000,000
$0
11/99
2/00
5/00
8/00
11/00
2/01
5/01
8/01
11/01
2/02
5/02
8/02
11/02
2/03
5/03
8/03
11/03
Cumulative Revenue

NYISO
MARKET PARTICIPANT ENERGY BILLINGS
SUMMARY OF NET RECEIVABLES

****RECEIVABLES****

	ORIGINAL INVOICE	4 MO TU		12 MO TU		24 MO TU		REBILL		TU TOTAL	% OF TU
Nov-99	$ 41,914,277	$ -		$ 4,601,583	11%	$ 1,653,001	4%			$ 6,254,584	15%
Dec-99	$ 133,158,638	$ -		$ 9,535,988	7%	$ 1,707,927	1%			$ 11,243,915	8%
Jan-00	$ 217,994,281	$ -		$ 13,514,891	6%	$ 6,139,030	3%			$ 19,653,921	9%
Feb-00	$ 186,799,918	$ -		$ 13,029,978	7%	$ 1,518,328	1%			$ 14,548,307	8%
Mar-00	$ 124,028,665	$ -		$ -	0%	$ 889,309	1%	$ 24,987,775		$ 25,877,084	21%
Apr-00	$ 135,512,224	$ -		$ -	0%	$ 1,287,032	1%			$ 1,287,032	1%
May-00	$ 222,997,916	$ -		$ 19,374,704	9%	$ 7,788,534	3%			$ 27,163,238	12%
Jun-00	$ 415,492,540	$ -		$ 27,121,792	7%	$ 12,457,711	3%			$ 39,579,503	10%
Jul-00	$ 252,252,351	$ -		$ 19,489,697	8%	$ 2,724,735	1%			$ 22,214,432	9%
Aug-00	$ 361,947,692	$ -		$ 35,775,647	10%	$ 5,508,600	2%			$ 41,284,247	11%
Sep-00	$ 319,094,875	$ -		$ 31,071,138	10%	$ 6,605,678	2%			$ 37,676,816	12%
Oct-00	$ 274,787,453	$ 15,496,075	6%	$ 3,205,891	1%	$ 3,745,905	1%			$ 22,447,871	8%
Nov-00	$ 256,009,720	$ 16,262,668	6%	$ 2,052,169	1%	$ 1,784,229	1%			$ 20,099,066	8%
Dec-00	$ 396,610,564	$ 19,537,029	5%	$ 4,026,996	1%	$ 4,066,092	1%			$ 27,630,117	7%
Jan-01	$ 344,295,355	$ 12,571,017	4%	$ 2,521,671	1%	$ 1,474,285	0%			$ 16,566,973	5%
Feb-01	$ 234,382,099	$ 9,148,844	4%	$ 1,699,302	1%	$ 1,263,189	1%			$ 12,111,335	5%
Mar-01	$ 245,443,896	$ 9,390,961	4%	$ 1,698,249	1%	$ 743,656	0%	$ 796,426	0%	$ 12,629,292	5%
Apr-01	$ 231,563,601	$ 11,382,682	5%	$ 2,133,766	1%	$ 890,456	0%	$ 658,768	0%	$ 15,065,671	7%
May-01	$ 258,524,171	$ 16,241,860	6%	$ 9,994,318	4%	$ 1,825,702	1%	$ 1,368,697	1%	$ 29,430,577	11%
Jun-01	$ 295,777,209	$ 15,607,316	5%	$ 4,491,251	2%	$ 1,542,666	1%	$ 1,187,881	0%	$ 22,829,115	8%
Jul-01	$ 331,328,591	$ 12,637,804	4%	$ 1,772,024	1%	$ 1,625,857	0%	$ 1,603,042	0%	$ 17,638,727	5%
Aug-01	$ 569,513,449	$ 15,344,918	3%	$ 3,305,630	1%	$ 4,545,234	1%	$ 4,801,994	1%	$ 27,997,775	5%
Sep-01	$ 193,119,838	$ 6,492,345	3%	$ 1,089,635	1%	$ 2,225,022	1%	$ 689,003	0%	$ 10,496,005	5%
Oct-01	$ 167,598,022	$ 7,307,617	4%	$ 1,514,234	1%	$ 5,582,048	3%			$ 14,403,899	9%
Nov-01	$ 152,726,458	$ 5,896,866	4%	$ 1,932,100	1%	$ 891,443	1%			$ 8,720,410	6%
Dec-01	$ 162,617,275	$ 4,249,430	3%	$ 995,912	1%	$ 1,795,660	1%			$ 7,041,002	4%
Jan-02	$ 169,114,538	$ 4,603,989	3%	$ 1,328,924	1%	**$ 999,869**	1%			$ 6,932,782	4%
Feb-02	$ 128,174,423	$ 4,949,637	4%	$ 988,313	1%					$ 5,937,950	5%
Mar-02	$ 173,757,055	$ 7,871,772	5%	$ 1,361,075	1%			$ 591,897	0%	$ 9,824,745	6%
Apr-02	$ 227,372,883	$ 8,763,681	4%	$ 799,348	0%			$ 3,012,033	1%	$ 12,575,062	6%
May-02	$ 193,153,839	$ 4,859,821	3%	$ 1,976,821	1%					$ 6,836,641	4%
Jun-02	$ 243,510,171	$ 10,447,096	4%	$ 2,158,556	1%					$ 12,605,652	5%
Jul-02	$ 423,363,985	$ 14,296,715	3%	$ 3,381,899	1%					$ 17,678,614	4%
Aug-02	$ 417,275,164	$ 10,037,896	2%	$ 2,592,885	1%					$ 12,630,782	3%
Sep-02	$ 254,643,037	$ 8,336,608	3%	$ 3,209,330	1%					$ 11,545,938	5%
Oct-02	$ 259,006,539	$ 5,948,283	2%	$ 2,087,459	1%			$ 2,139,799	1%	$ 10,175,540	4%
Nov-02	$ 253,526,260	$ 5,452,407	2%	$ 1,839,940	1%			$ 2,351,205	1%	$ 9,643,551	4%
Dec-02	$ 299,517,867	$ 8,205,366	3%	$ 1,386,782	0%			$ 2,029,395	1%	$ 11,621,543	4%
Jan-03	$ 399,263,104	$ 9,844,614	2%	**$ 2,098,338**	1%			$ 1,191,493	0%	$ 13,134,445	3%
Feb-03	$ 418,175,564	$ 11,981,141	3%					$ 1,187,456	0%	$ 13,168,598	3%
Mar-03	$ 426,467,140	$ 9,873,309	2%					$ 1,773,369	0%	$ 11,646,678	3%
Apr-03	$ 288,946,161	$ 7,395,252	3%								
May-03	$ 248,638,313	$ 5,874,403	2%								
Jun-03	$ 300,747,684	$ 7,396,478	2%								
Jul-03	$ 418,581,237	$ 13,132,010	3%								
Aug-03	$ 514,126,607	$ 13,977,562	3%								
Sep-03	$ 283,123,546	**$ 6,445,812**	2%								
SUBTOTAL	$ 12,865,976,195	$ 357,261,283		$ 241,158,236		$ 83,281,196		$ 50,370,235		$ 677,849,436	5%
Oct-03	$ 245,463,938										
Nov-03	$ 216,846,601										
Dec-03	$ 287,418,382										
Jan-04	**$ 505,153,722**										
GRAND TOTAL	$ 14,120,858,838	$ 357,261,283		$ 241,158,236		$ 83,281,196		$ 50,370,235		$ 677,849,436	5%

**24 month True ups for May 2000 & June 2000 were fairly high due to significant adjustments to two customers' congestion rent. ($5M in May 2000 & $11M in June 2000)

NYISO
MARKET PARTICIPANT ENERGY BILLINGS
SUMMARY OF NET PAYABLES

****PAYABLES****

	ORIGINAL INVOICE	4 MO TU		12 MO TU		24 MO TU		REBILL		TU TOTAL	% OF TU
Nov-99	$ 35,518,827	$ -		$ 4,367,509	12%	$ 1,679,571	5%			$ 6,894,549	19%
Dec-99	$ 102,079,272	$ -		$ 8,340,216	8%	$ 1,696,026	2%			$ 19,259,690	19%
Jan-00	$ 183,037,026	$ -		$ 12,925,858	7%	$ 6,158,187	3%			$ 28,756,693	16%
Feb-00	$ 185,282,663	$ -		$ 12,448,203	7%	$ 1,547,338	1%			$ 21,902,850	12%
Mar-00	$ 122,503,213	$ -		$ -	0%	$ 1,160,468	1%	$ 25,013,672		$ 31,123,571	25%
Apr-00	$ 124,848,119	$ -		$ 9,564,586	8%	$ 1,593,548	1%			$ 11,158,134	9%
May-00	$ 232,582,089	$ -		$ 18,902,475	8%	$ 7,780,529	3%			$ 26,683,004	11%
Jun-00	$ 406,914,315	$ -		$ 26,020,673	6%	$ 12,146,262	3%			$ 38,166,935	9%
Jul-00	$ 243,016,054	$ -		$ 18,485,919	8%	$ 2,720,323	1%			$ 21,206,242	9%
Aug-00	$ 361,347,651	$ -		$ 35,133,640	10%	$ 5,522,743	2%			$ 40,656,383	11%
Sep-00	$ 294,082,367	$ -		$ 30,486,502	10%	$ 6,594,252	2%			$ 37,080,754	13%
Oct-00	$ 266,390,264	$ -		$ 2,714,042	1%	$ 3,747,010	1%			$ 21,819,570	8%
Nov-00	$ 246,642,946	$ -		$ 1,641,605	1%	$ 1,788,082	1%			$ 15,630,189	6%
Dec-00	$ 385,457,152	$ -		$ 3,608,151	1%	$ 4,070,768	1%			$ 27,238,727	7%
Jan-01	$ 334,775,998	$ 12,164,291	4%	$ 2,555,817	1%	$ 1,505,088	0%			$ 20,149,851	6%
Feb-01	$ 227,544,273	$ 8,654,168	4%	$ 1,776,808	1%	$ 1,256,091	1%			$ 14,800,320	7%
Mar-01	$ 234,105,528	$ 7,955,548	3%	$ 1,720,487	1%	$ 748,584	0%	$ 796,715	0%	$ 14,489,543	6%
Apr-01	$ 223,148,288	$ 11,261,833	5%	$ 2,545,748	1%	$ 891,614	0%	$ 658,557	0%	$ 15,357,752	7%
May-01	$ 250,351,122	$ 16,266,662	6%	$ 10,011,715	4%	$ 1,839,840	1%	$ 1,380,341	1%	$ 29,498,559	12%
Jun-01	$ 283,165,040	$ 15,595,541	6%	$ 4,128,716	1%	$ 1,542,154	1%	$ 1,311,283	0%	$ 22,577,694	8%
Jul-01	$ 319,423,484	$ 13,300,599	4%	$ 2,091,582	1%	$ 1,642,515	1%	$ 1,592,304	0%	$ 18,627,000	6%
Aug-01	$ 554,917,297	$ 15,292,776	3%	$ 3,690,366	1%	$ 4,308,889	1%	$ 4,797,469	1%	$ 28,089,500	5%
Sep-01	$ 182,063,076	$ 6,493,353	4%	$ 1,429,526	1%	$ 2,218,595	1%	$ 688,997	0%	$ 10,830,471	6%
Oct-01	$ 157,220,616	$ 7,283,603	5%	$ 1,830,221	1%	$ 2,087,459	1%			$ 11,201,283	7%
Nov-01	$ 143,420,554	$ 5,970,571	4%	$ 1,932,886	1%	$ 870,293	1%			$ 8,773,751	6%
Dec-01	$ 154,098,810	$ 4,286,144	3%	$ 999,872	1%	$ 1,765,734	1%			$ 7,051,750	5%
Jan-02	$ 160,819,725	$ 4,626,721	3%	$ 1,299,584	1%	**$ 1,005,172**	1%			$ 6,931,478	4%
Feb-02	$ 120,848,588	$ 4,931,677	4%	$ 989,372	1%					$ 5,921,049	5%
Mar-02	$ 165,725,539	$ 7,827,174	5%	$ 1,411,595	1%			$ 592,554	0%	$ 9,831,323	6%
Apr-02	$ 222,151,382	$ 8,779,909	4%	$ 832,067	0%			$ 2,982,051	1%	$ 12,594,028	6%
May-02	$ 183,815,292	$ 4,546,883	2%	$ 1,976,201	1%					$ 6,523,084	4%
Jun-02	$ 246,221,592	$ 10,434,484	4%	$ 2,155,248	1%					$ 12,589,732	5%
Jul-02	$ 409,240,558	$ 14,528,756	4%	$ 3,375,870	1%					$ 17,904,627	4%
Aug-02	$ 404,158,825	$ 10,211,707	3%	$ 2,426,894	1%					$ 12,638,601	3%
Sep-02	$ 243,973,745	$ 8,363,796	3%	$ 3,174,497	1%					$ 11,538,293	5%
Oct-02	$ 248,659,897	$ 5,971,255	2%	$ 1,740,455	1%			$ 2,130,811	1%	$ 9,842,521	4%
Nov-02	$ 243,580,981	$ 5,477,164	2%	$ 1,818,673	1%			$ 2,336,086	1%	$ 9,631,923	4%
Dec-02	$ 288,570,651	$ 8,221,256	3%	$ 1,368,392	0%			$ 2,029,091	1%	$ 11,618,739	4%
Jan-03	$ 386,692,211	$ 9,867,267	3%	**$ 2,071,685**	1%			$ 1,195,113	0%	$ 13,134,066	3%
Feb-03	$ 407,240,054	$ 12,015,097	3%					$ 1,185,813	0%	$ 13,200,910	3%
Mar-03	$ 415,026,752	$ 9,888,707	2%					$ 1,773,369	0%	$ 11,662,076	3%
Apr-03	$ 278,826,241	$ 7,393,788	3%								
May-03	$ 238,359,528	$ 5,856,019	2%								
Jun-03	$ 289,166,413	$ 7,355,535	3%								
Jul-03	$ 404,807,368	$ 13,029,763	3%								
Aug-03	$ 494,075,742	$ 14,065,141	3%								
Sep-03	$ 271,779,605	**$ 6,246,294**	**2%**								
SUBTOTAL	$ 12,377,676,733	$ 304,163,483	**2%**	$ 243,993,654	**2%**	$ 79,887,137	**1%**	$ 50,464,227	0%	$ 714,587,213	6%
Oct-03	$ 234,334,309										
Nov-03	$ 206,281,555										
Dec-03	$ 275,110,914										
Jan-04	**$ 491,534,651**										
GRAND TOTAL	$ 13,584,938,161	$ 304,163,483		$ 243,993,654		$ 79,887,137		$ 50,464,227		$ 714,587,213	

NYISO Projects Portfolio
Status Report
January 2004

The project portfolio is divided into three categories: Priority Projects, Second Tier Projects, and Studies & Training Projects. This report provides summary information about Priority Projects and Second Tier Projects. Studies & Training Projects are not included in this report since they are internally focused. Please refer to the accompanying Projects Portfolio (Gantt chart) for the latest scheduling and deployment information. This information is updated monthly in preparation for the scheduled PPT meetings.

Priority Projects

A639 2003 SAS 70 Type 2 Audit

- KPMG report was complete on January 9.
- NYISO passed the SAS 70 Audit for the report period.
- Designated as "exempt" priority meaning that resources are made available when and as needed to support the audit.

A725 2004 SAS 70 Type 2 Audit

- KPMG auditing NYISO Bid-to-Bill process – progress continues.
- Audit scope period ends November 30th.
- Designated as "exempt" priority meaning that resources are made available when and as needed to support the audit.

A649 Oracle 9i Upgrades

- This project will accomplish an upgrade of the Oracle software of the MIS, BAS and Oracle Financials databases.
- The FRS is complete and has been approved by the Project Sponsor.
- The project is in the final phase of testing.
- A detailed deployment plan has been created and is ready for deployment day.
- The upgrade of BAS to Oracle 9i is now scheduled for February 11 - 12.

A683 BEA Upgrade

- This project will accomplish an upgrade of the BEA (vendor name) software that is used on the production NYISO web site servers.
- The upgrade will be performed in two phases: the first phase will upgrade to BEA software to version 8.1, and the second phase will be implementation of clustering.
- The first phase, upgrade to BEA 8.1, was successfully deployed on September 30.
- The QA environment was configured the week of December 1.
- Due to dependency of this upgrade with SMD2, the project team will be meeting with the SMD2 team to determine if we should deploy directly into SMD and not upgrade the legacy environment.

A573 SMD 2.0 Internal NYISO System Implementation

- MIS interfaces are in Phase E – Project System Operation/Functional Test Phase.
- BAS re-bills are in Phase E – Project System Operation/Functional Test Phase.
- MIS rules changes are in Phase E – Project System Operation/Functional Test Phase.

- BAS rules changes are in Phase D – Build/Unit-Sub System Test.
- Upload/Download is in Phase E – Project System Operation/Functional Test Phase.
- Bid Post is in Phase E – Project System Operation/Functional Test Phase.
- The PTS replacement is in Phase D – Build/Unit-Sub System Test.
- Price Verification is in Phase D – Build/Unit-Sub System Test.
- MMRD is in Phase D - Build/Unit-Sub System Test
- Probe support is in Phase B – Concept.
- The new Load Forecaster is in Phase E – Project System Operation/Functional Test Phase.

A574 SMD 2.0 ABB System Implementation Support

- A significant schedule adjustment and contract revision was made for the SMD2 project due to a number of factors including, delivery slippages on the part of the vendor (ABB), expressed desire on the part of the Market Participants to expand the testing and market trial timeframes, relatively high number of software defects requiring correction from the first delivery phase, and the close proximity of the Summer peak season to the project deployment date.
- The new SMD2 project schedule will included a Phase 2 Factory Acceptance Test (FAT) at the NYISO site in April and May, an extended Market Trial period starting in June and continuing through August, and will be ready for commercial operation in the middle of September.
- The actual deployment date will be determined collaboratively with Market Participants, regulators, and other stakeholders following review of project progress, testing results, market conditions, and other factors.
- The project development team is making good progress on Phase 2 design and development, and is tracking ahead of scheduled in correcting software defects that were identified during Phase 1 acceptance testing.
- NYISO testing environment in Albany are fully functional and actively utilized in performance Quality Assurance and integration test of software developed by NYISO staff to interface with the ABB products.

A620 AMP IV including Start-up and Min Gen Mitigation

- Project is currently in Phase D – Development.
- AMP IV will be incorporated into Legecy for pre-summer deployment, then into SMD2.

A688 Inadvertent Package Replacement

- Project is currently in Phase E – System Operational / Functional Test.
- This project is required to replace the current inadvertent interchange billing application that will be eliminated when SMD is deployed. The new application can be deployed once it has completed testing, as it is not dependent upon the SMD deployment.
- A prototype application has been developed and is being tested by the business owner.

A697 Auto Sys Replacement

- All job/script documentation for all functional areas has been completed.

- Assessments are being performed on all jobs/scripts to determine any necessary modification as they impact the new SMD2 system. Modifications will be made based on this assessment.
- The new Control M software was successfully installed onto all of our new hardware for SMD2.
- The project team is working to begin determining what tasks need to be performed in order to integrate the Control M job scheduler with SMD2.
- Next Steps:
    - Complete assessment of any jobs/script changes.
    - Perform modification to jobs/scripts as they are identified.
    - Begin coordination integration tasks with the other SMD project managers.
    - Update the project schedule with all completed tasks and new tasks to add.

A696 SMD-DAC

- FRS is still undergoing final review and comments by senior management.
- The RFL Bridge (primary project solution) installment will be complete by February 2nd.
- Development on the D20 RTU is complete and the project team is now looking to connect this device to a Master Station in order to begin testing.
- The project team is going to begin coordination efforts with key folks on the main SMD projects in order to integrate the RFL Bridge and D20 RTU with the SMD platform.
- **Next Steps:**
    - Receive final approval on the baseline FRS.
    - Complete the last remaining development tasks associated with the RFL Bridge and D20 RTU
    - Begin coordinating integration tasks with the other SMD project managers.
    - Update the project schedule with all completed tasks and new tasks to add
- SMD-DAC was a component of project A573 and is now being tracked as a separate project (A696) for scheduling and resource purposes.

A647 Station Power Accounting

- Phase 1 of the Con Invoice code will be deployed into production on February 3rd.
- Development and until testing for Phase 2 of the Con Invoice code is complete and will deploy into the QA environment on February 4th.
- All six technical bulletins reflecting this project have been created and presented to the Market Participant for their review and feedback. Modifications are currently being made based on the MP feedback
- **Next Steps:**
    - Deploy Phase 1 of Con Invoice into production.
    - Deploy Phase 2 of Con Invoice code into QA environment and begin testing.
    - Perform modification to the technical bulletins and resend for final review and approval.

A559 SMD2 Integration (EAI Phase II)

- The SMD EAI environments and interfaces (Price Verification and Load Forecast feeds) are available for Phase E (QA/System Test) Market Trial activities.

A686 Allocations Adjustments (EDRP, TSA, QSR)

- Project is currently in Phase E – System Operational/ Functional Test.
- The application is expected to deploy in early February.
- This project will enable billing for emergency demand response program, thunderstorm alert, and quick start reserves. It is also intended to provide an interim capability to bill for DAM Congestion Reduction Shortfall (separate project A676 will address the full automation of this).

A710 SMD Web Environment

- Phase D (Development) activities for SMD's Web Posting of OASIS data continue. Integration testing of release one and two web postings nears completion, in preparation for Market Trial Testing.
- SMD Web physical environments are in place at PCC; these environments serve as the platform for Market Trial Testing. The necessary software and network configurations are being implemented.
- QA testing of bid submission via SMD's bidpost.nyiso.com is underway in preparation for Market Participant sandbox testing.

A600 Open Billing Issues

- The Billing Issues Group (BIG), chaired by the CFO, is responsible for resolving all identified billing issues. The A600 project was established to ensure timely action on internal billing issues (not including external items such as bad or missing metering data). Incentive Goal 7 tracks performance on the timely correction of these internal billing issues. The table below shows the total number of open billing issues coincident with the last BIG meeting, the meeting a month prior and the meeting six-months prior.

*A600 – Open Billing Issues Status			
Number of Open Issues Needing Work	01/21/2004	12/23/2003	07/23/2003
Total Goal 7 Issues	4	2	3
Total Non-Goal 7 Issues	7	6	14
Total Issues	11	8	17

* Note – the table structure and layout have changed to reflect the BIG committee review process.
(Source Billing Issues Group weekly report)

A636 85/15 Schedule 1 Split - Phase 1

- This project has been postponed because the code could not be developed, tested and implemented prior to a mid-November deadline on changes to the MIS and BAS applications. This deadline was established by NYISO to ensure that the SMD project interface with MIS and BAS can be completed to support the April 2004 schedule. The Technical Design of this application is underway, once complete, a determination of whether to proceed with this project will be made.
- Customer Settlements will continue to calculate this component of customer bills manually until a software solution is made available.

- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A687 Automate Local Black Start Calculation

- Project is delayed pending availability of resources
- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A685 85/15 Schedule 1 Split - Phase 2

- Project is delayed pending availability of resources
- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A689 Store Intermediate Billing Calculation Data

- The requirements for this project are currently being reassessed.
- Depending upon the analysis of the requirements, this project may be put on hold

A690 Grouped Units

- Project is delayed pending availability of resources.
- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A630 Automate Voltage Support Billing Calculation

- Project is delayed pending availability of resources.
- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A676 Automate DAM Congestion Shortfall Calculation

- Interim capability to bill for DAM Congestion Reduction Shortfall will be implemented as part of A686 New Billing Allocations.
- Automation of the billing process is delayed pending availability of resources.
- For prioritization purposes, this project is considered as a part of the Billing Automation projects.

A619 Controllable Tie Lines Scheduling & Pricing

- Project is currently in Phase B – Requirements.
- Project being re-scoped for internal and external controllable tie lines including CSC and 1385.

A675 Billing Simulator

- A feasibility study is being completed.
- A proof-of-concept demonstration has been provided and a proposed statement of work for the upcoming deliverables is being reviewed.

A708 Consolidate NYISO Offices [NEW]

- Scope and requirements have yet to be fully defined.

A658 Facilitated Checkout

- Final Facilitated Checkout specification approved by all NPCC member organizations on December 17. This establishes a common protocol that will be utilized to exchange transaction data throughout the Northeast.
- NYISO and ISO-NE are coordinating a joint release of the final FCO Web Service specification in the early February timeframe. IMO and HQ have also both initiated efforts to implement the standard Web Services before summer of 2004.
- A new NYISO checkout application has been developed that will utilize the FCO services deployed at our neighboring Control Areas. This will provide operations with a complete view of the transaction stack of each neighbor, assisting with the real-time checkout process. The application will be deployed once the neighbor Web Services are in place and adequate user acceptance testing can be completed. The goal is to have the new application in place (and supported by our neighboring CA's) before the Summer 2004 capability period.

A543 UCAP Market Automation

- Project is currently in Phase E – Construction Phase
- The contractor delivered four code builds.
- QA environment testing the delivered builds.

A541 TCC Online Auction Automation

- Project is currently in Phase D – Elaboration.
- Design and implementation will be done after work is completed on A543.

A706 Develop a Virtual Regional Dispatch [NEW]

- Scope and requirements have yet to be fully defined.

A709 Reserve Pickup Reporting [NEW]

- Scope and requirements have yet to be fully defined.

A657 15-Minute Schedules and ICAP Prescheduling (OSS SMD2 Support)

- Development complete. Targeted for integration with SMD SAT testing.
- Contingency plan under development to allow deployment to legacy base code in Spring
- 2004 in the event of any SMD delay.

A663 DSS Settlements Datamart IV

- 65/45 Reports (Release Set 1) and Application Enhancements were deployed.
- Project team is wrapping up work including additional corporate report definition, and expects closure March/April 2004.
- Conducted Failover / Failback test with help from Unix group.

A664 DSS Enhancements V

- This project is in Phase A - Initiation
- Started work on detailed Project Plan.

  - Created major categories
  - Working on timeline and resources
  - Prioritizing work with DSS Steering Committee
  - Looking at other projects and their potential impacts
- Began internal Quickstart / Mentoring program with Customer Settlement. Feedbacks were very positive.
- Plan to continue Quickstat / Mentoring program with Market Monitoring and Market Relations
- Review training program and looking for further improvements.

A700 Computer System Availability Monitoring [NEW]

- Scope and requirements have yet to be fully defined.

A699 MDEX Enhancements [NEW]

- Scope and requirements have yet to be fully defined.

A704 Operational Information to the Marketplace [NEW]

- Scope and requirements have yet to be fully defined.

A705 Inter-ISO Standards for Market Messages [NEW]

- Scope and requirements have yet to be fully defined.

A707 Assess Options to shorten Bulling Cycle [NEW]

- Scope and requirements have yet to be fully defined.

A556 Documentum Implementation

- The FRS and Design specification were approved December 19.
- User Acceptance Testing (UAT) occurred the first two weeks in January.
- End User Training is scheduled for the last two weeks of February.
- Because of some issues with the UAT and the production hardware, deployment was moved to early March.

A703 SW Development Lifecyclle Tools [NEW]

- Scope and requirements have yet to be fully defined.

A701 New Technology Initiatives [NEW]

- Scope and requirements have yet to be fully defined.

A660 E-Tagging Integration

- QA testing underway.
- Targeting deployment, Spring 2004 in Legacy.
- Current plan targets integration with SMD testing and deployment.
- Contingency plan under development to allow deployment to legacy base code in Spring
- 2004 in the event of any SMD delay.

A674 Facilities Management

- The Project Team is reviewing the remaining open items in this project and will be closing the project shortly.

Studies & Training Projects

The NYISO Projects Portfolio (Gantt chart) also shows a number of projects under the category Studies and Training. These projects are internal to the NYISO organization and for that reason their individual status and priority is not included in this report.

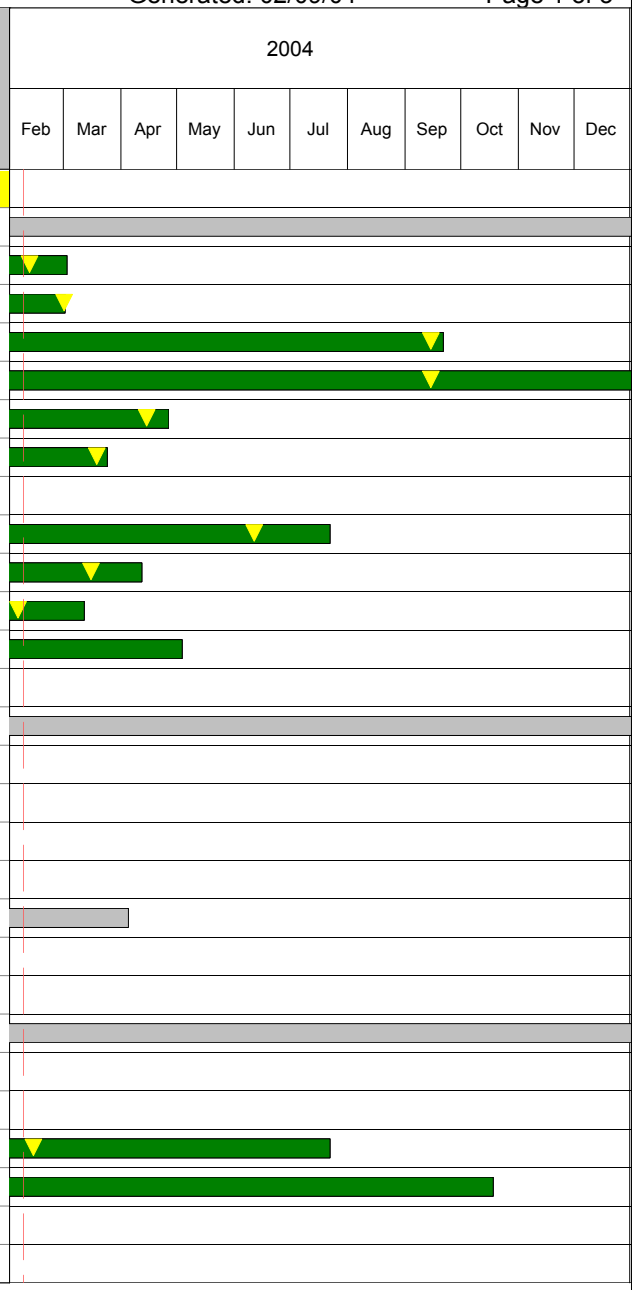
NEW YORK INDEPENDENT SYSTEM OPERATOR
PROJECT MANAGEMENT

For Discussion Only

Projects Portfolio
For Review by PPT 02/12/2004

Generated: 02/09/04

Project ID	Project Description	Priority	Next Deployment	Project Manager	Project Sponsor	Estim Level	Remaining Hours
1 -- Priority Projects							
A725	2004 SAS 70 Type 2 Audit	Exempt		RUBIN	BUDD	N/A	N/A
A649	Oracle 9i Upgrades	1	**02/11/04**	FARNEY	FELL	2	1,012
A683	BEA Upgrade	2	**03/01/04**	FARNEY	FELL	2	572
A573	SMD 2.0 Internal NYISO System Implementation	3	**09/15/04**	SMITH	CALIMANO & KING	2	39,874
A574	SMD 2.0 ABB System Implementation Support	3	**09/15/04**	MILLS	CALIMANO & KING	2	12,937
A620	AMP IV Including Startup & Mingen Mitigation	3	**04/15/04**	PELUSO	BUDD	2	641
A688	Inadvertent Package Replacement	3	**03/19/04**	MCGINNIS	FRANKOWSKI	2	112
A697	AutoSys Replacement	3		VETTER	FELL	N/A	N/A
A696	SDAC Replacement	3	**06/11/04**	VETTER	FELL	2	1,032
A647	Station Power Accounting	3	**03/16/04**	VETTER	FRANKOWSKI	2	1,062
A686	Allocation Adjustments (EDRP, TA, QSR)	3	**Deployed**	MCGINNIS	FRANKOWSKI	3	339
A710	SMD Web Environment	3		MILLER	FELL	2	1,431
A709	Reserve Pickup Reporting	3		MCGINNIS	CALIMANO	N/A	N/A
A600	Open Billing Issues	4		DUFFY	FRANKOWSKI	1	2,265
A630	Automate the Voltage Support Service Corrections	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A687	Automate Local Black Start Calculation	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A636	85/15 Rate Schedule 1 Split - Phase 1	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A685	85/15 Rate Schedule 1 Split - Phase 2	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A689	Store Intermediate Billing Calculation Data	4		MCGINNIS	FRANKOWSKI	1	1,222
A690	Grouped Units	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A676	Automate DAM Congestion Shortfall Calculation	4		MCGINNIS	FRANKOWSKI	N/A	N/A
A619	Controllable Tie Lines Scheduling and Pricing	5		FITTS	CALIMANO	1	5,780
A675	Billing Simulator	6		PELUSO	FRANKOWSKI	N/A	N/A
A708	Consolidated NYISO Offices	7		FARNEY	RAGOGNA	N/A	N/A
A658	Facilitated Checkout	8	**02/13/04**	MARTIN	FELL	2	4,303
A543	UCAP Market Automation	9		FITTS	KING	3	8,946
A541	TCC Online Auction Automation	10		FITTS	KING	N/A	N/A
A706	Develop a Virtual Regional Dispatch	11		VETTER	KING	N/A	N/A



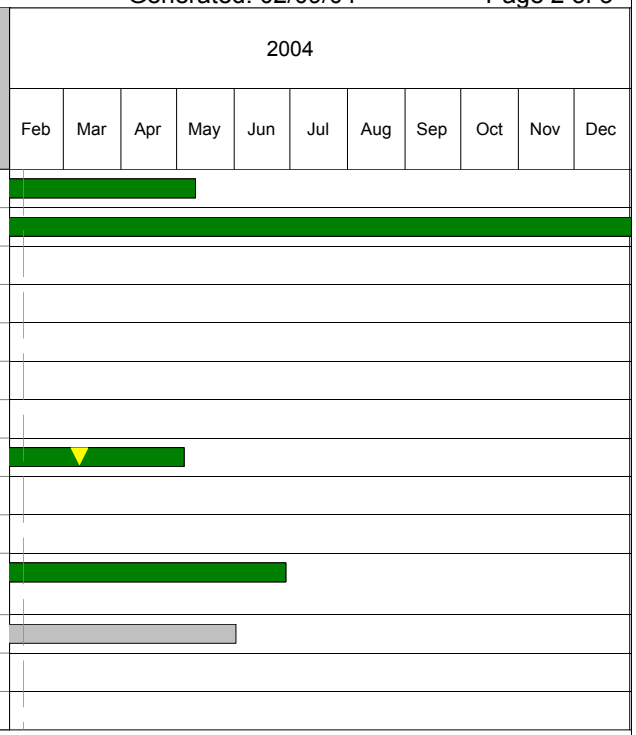
Legend

12-B

Estimate Level
1 - Class 100 Estimate Based on Concept of Operations
2 - Class 50 Estimate Based on Functional Requirements Specification
3 - Class 10 Estimate Based on Detailed Design
* - Estimate Through Identified Deployments Only

Duration Based Schedule
Resource Limited Schedule
Deployment Milestone
Estimated FRS Completion

Project ID	Project Description	Priority	Next Deployment	Project Manager	Project Sponsor	Estim Level	Remaining Hours
A663	DSS Settlements Datamart IV	12		LE	FELL	2	1,615
A664	DSS Market Monitoring Datamart I	13		PETERS	FELL	2	13,546
A700	Computer Systems Availability Monitoring	14		RINALDI	FELL	N/A	N/A
A699	MDEX Enhancements	15		LE	MURPHY	N/A	N/A
A704	Operational Information to the Marketplace	16		VETTER	KING	N/A	N/A
A707	Process to Enhance the Settlement Cycle	17		MCGINNIS	FRANKOWSKI	N/A	N/A
A705	Inter-ISO Standards for Market Messages	18		PELUSO	FELL	N/A	N/A
A556	Documentum Implementation	19	**03/09/04**	FARNEY	SANFORD	3	646
A703	SW Development Lifecycle Tools	20		FITTS	FELL	N/A	N/A
A701	New Technology Initiatives	21		PELUSO	FELL	N/A	N/A
A657	OSS SMD Support (15-Min Schedules and ICAP Prescheduling	22		PELUSO	FELL	2	3,582
A660	E-Tagging Integration	23		PELUSO	FELL	1	738
A674	Facilities Manangement	24		FARNEY	CALIMANO	N/A	N/A
A702	Enhanced Market Security	25		FITTS	FELL	N/A	N/A



Legend

12-B

Estimate Level
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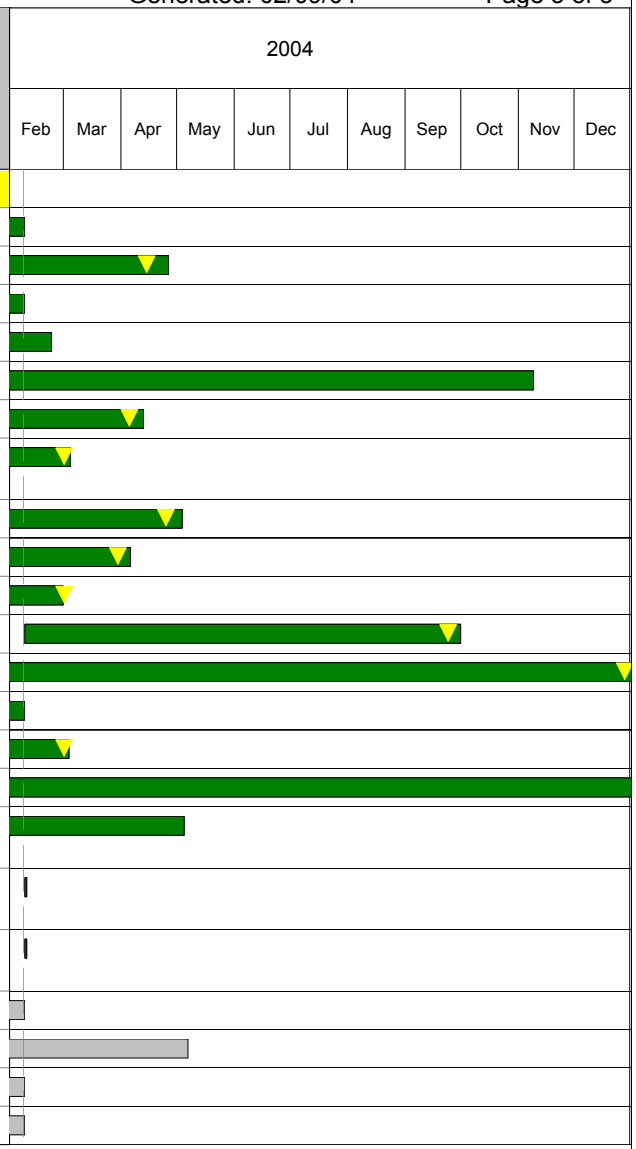
2 - Class 50 Estimate Based on Functional Requirements Specification
3 - Class 10 Estimate Based on Detailed Design
* - Estimate Through Identified Deployments Only

Duration Based Schedule
Resource Limited Schedule
Deployment Milestone
Estimated FRS Completion

Project ID	Project Description	Priority	Next Deployment	Project Manager	Project Sponsor	Estim Level	Remaining Hours
2 -- Studies & Training							
A212	2002 New York Area Transmission Review	1		COREY	BROWN	2	N/A
A680	Annual (2003) New York Area Transmission Review	2	**04/15/04**	COREY	BROWN	2	N/A
A037	NYISO/TO Baseline Plan Study - 2001	3		COREY	BROWN	2	N/A
A213	Class 2002 Cost Allocation	4		COREY	BROWN	2	N/A
A681	Class 2003 Cost Allocation (Including ATBA and ATRA)	5		COREY	BROWN	2	N/A
A591	Calpine (was SkyGen) Waterford	6	**04/05/04**	COREY	BROWN	2	N/A
A208	NYSEG Solutions So. Glens Falls Expansion (Reimbursable)	7	**03/01/04**	COREY	BROWN	2	N/A
A653	SRIS / Global Winds Harvest Prattsburgh Project	8	**04/25/04**	COREY	BROWN	2	N/A
A655	SRIS for the Bay Energy Project (Reimbursable)	9	**03/30/04**	COREY	BROWN	2	N/A
A678	SRIS for the Conjunction Empire Conn. HVDC Project	10	**03/01/04**	COREY	BROWN	2	N/A
A679	SIS for Liberty Proposed Transmission Expansion	11	**09/24/04**	COREY	BROWN	2	N/A
A682	NYISO Transmission Planning Process	12	**12/28/04**	COREY	BROWN	2	N/A
A617	Develop Transfer Limits for 2002 MARS Study	13		COREY	BROWN	2	N/A
A618	Develop Access to Historic System Data	14	**03/01/04**	COREY	BROWN	2	N/A
A692	NYISO-NYSERDA Wind Generation Integration Study	15	**01/06/05**	COREY	BROWN	2	N/A
A695	SRIS for Uprates of the Entergy Indian Point Nuc Units [NEW]	17		COREY	BROWN	2	N/A
A726	SRIS for the East Coast Power Linden Gen Expansion Project	18		COREY	BROWN	2	N/A
A727	SRIS for the East Coast Power Linden VFT Inter-Tie Project	19		COREY	BROWN	2	N/A
A621	Restoration Sensitivity Studies	N/A		WALDELE	CALIMANO	N/A	N/A
A645	Operations Reactive Study	N/A		WALDELE	CALIMANO	N/A	N/A
A672	Quebec - New York Interconnection Limit Analysis	N/A		WALDELE	CALIMANO	N/A	N/A
A673	Athens Generation In-Service Operating Study	N/A		WALDELE	CALIMANO	N/A	N/A



Legend

12-B

Estimate Level
1 - Class 100 Estimate Based on Concept of Operations
2 - Class 50 Estimate Based on Functional Requirements Specification
3 - Class 10 Estimate Based on Detailed Design
* - Estimate Through Identified Deployments Only

Duration Based Schedule
Resource Limited Schedule
Deployment Milestone
Estimated FRS Completion