

Upcoming Market Enhancements Scheduled for Activation in June - Informational Update -

**Market Issues Working Group
May 24, 2007**

Summary

- ◆ A series of market enhancements that have been (or soon will be) deployed in May are currently scheduled for activation in June 2007
 - *Transmission Constraint Pricing*
 - *Enhanced PJM Proxy Bus Pricing*
 - *HQ Netting*
- ◆ This presentation is simply intended to provide additional visibility to these implementations, review a brief status update for each project, and highlight other resources (e.g., technical bulletins) that are available for detailed reference, if desired

Transmission Constraint Pricing

- ◆ Project will improve market efficiency by preventing NYISO market software from scheduling costly re-dispatch that provides little or no reliability benefit towards relieving a transmission constraint
- ◆ Associated tariff provisions, establishing a Transmission Shortage Cost of \$4000/MWh, were approved by BIC on 2/13/07, MC on 3/1/07, and filed with FERC on 4/5/07
- ◆ Software was deployed “inactive” on 5/15/07
- ◆ Pending Commission approval, scheduled for activation for June 6, 2007 market day

PJM Proxy Bus Pricing

- ◆ Project will enable NYISO market systems to better represent any incremental impacts that PJM-NYISO transaction schedules have on exacerbating or relieving internal NY transmission constraints
 - *As a result, PJM Proxy Bus scheduling and pricing will more accurately reflect the impact that PJM-NYISO transaction schedules have on NY transmission constraints*
- ◆ Reviewed at BIC on 2/7/07 and OC on 2/8/07
- ◆ No associated Tariff changes
- ◆ NYISO intends to incorporate reference to this change in a future update to the relevant Operating manuals
 - *Pending the manual update, NYISO published **Technical Bulletin #152** to document the notable details of the change*
- ◆ Scheduled for activation for June 6, 2007 market day

HQ Netting

- ◆ Project will enable NYISO market systems to simultaneously manage import/export and wheel transactions at the HQ interconnection and independently capture the impact of constraints into prices.
- ◆ Associated tariff provisions were approved by BIC on 2/7/07 and MC on 2/21/07. FERC approval received 5/16/07.
- ◆ Reviewed draft technical bulletin at 5/10/07 MIWG. Technical Bulletin #158 distributed 5/22/07.
- ◆ Activation scheduled for 6/6/07 has been deferred to complete additional testing.
 - *Will provide 2 weeks notification when activation date determined.*