

SMD2 Implementation Status Report

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Market Structures Working Group
November 19, 2004

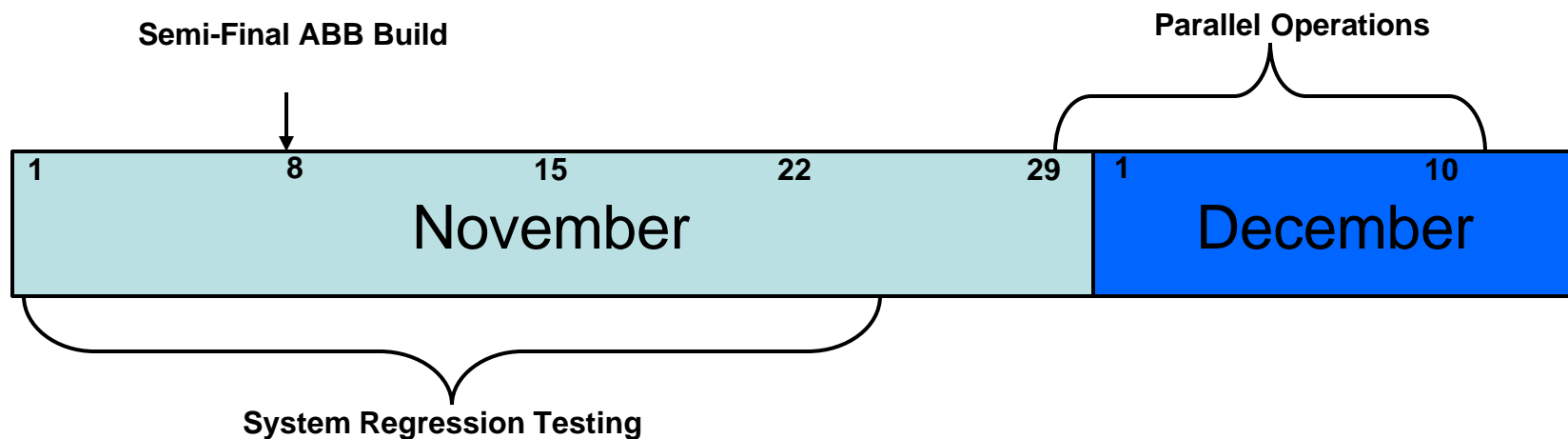
Revised Deployment Date

- MP concerns with the December date impacting ability to satisfy 2004 audit requirements were addressed at November 10 Management Committee meeting
 - Numerous comments were received but no MP opposed the delay
 - Advice was also sought from outside counsel and auditors
- NYISO determined that MPs had raised valid and compelling concerns and a decision was made to defer SMD2 deployment until February 1, 2005
- The delay was announced to MPs on November 12
- NYISO staff will continue to work against the December 1 readiness schedule
 - All readiness activities to be completed by November 30
- No additional functionality will be included
- Impacts on the 2005 Project Plan are being evaluated

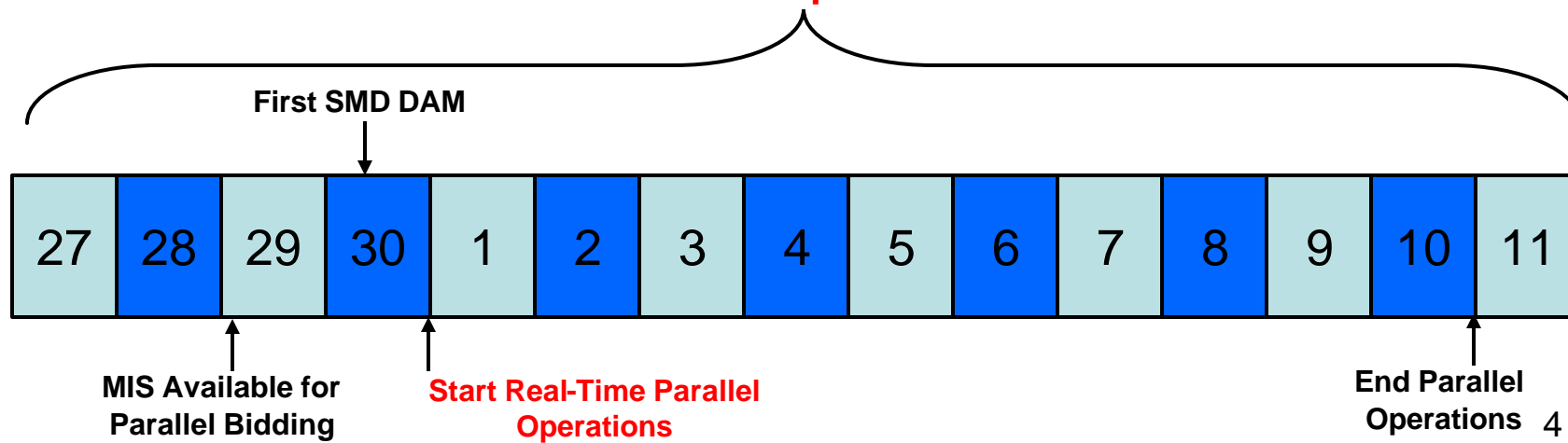
Preliminary Parallel Operations

- The preliminary parallel operations period will be used to further validate SMD2 processes
 - Operations staff will validate correct functionality of power system applications
 - Integration testing in final system configuration
- Day-Ahead and Real-time Markets will be operated
 - MP schedules will be available via secure web site and upload / download
 - Public OASIS postings of SMD2 results will not be available
 - SMD 2 bills will not be posted
- Performing parallel exercise early permits time to correct issues found that were not uncovered during simulated environment testing

Parallel Operations Timeline



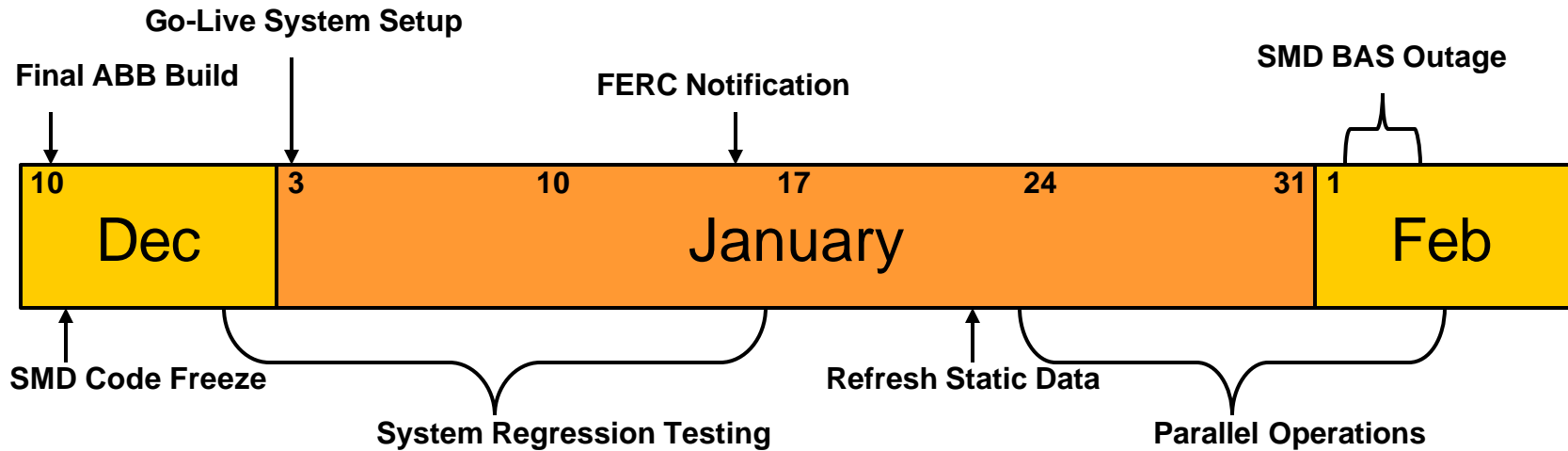
SMD2 Bids Non-Binding for Entire Duration of Parallel Operations



Cut-over Details / Changes

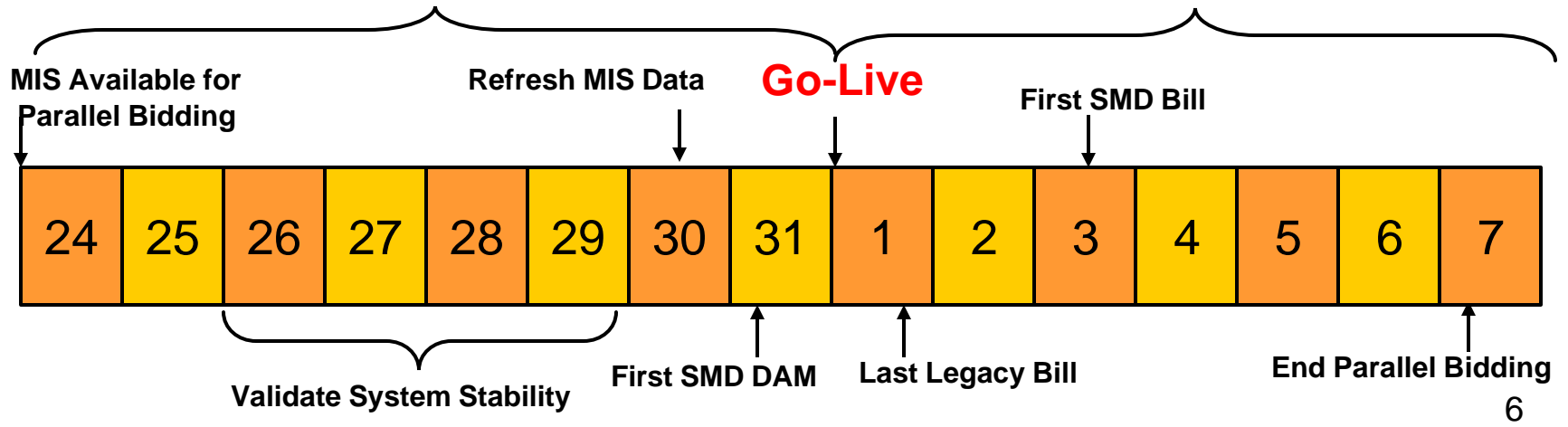
- Rationale for February 1 Cut-over Date
 - Minimize readiness activities during holiday week
 - Current cut-over plan requires ~3 weeks of activities
 - Operations desires mid-week cut-over
 - Potential to accommodate “first of the month” billing cycle
- Billing system technically able to support mid-month cut-over
 - Minor delay will not translate to March 1 target
- Fundamentals of existing cut-over plan the same
 - Market outages and data transfers
 - Parallel operations (January 24, to February 7, 2005)
 - Billing cut-over plan can be improved to provide backfills of historic market data prior to cut-over

Cut-over Timeline



SMD2 Bids Non-Binding up to DA & RT Markets for 2/1

Legacy Bids Non-Binding Unless Fall-back Occurs



Impact on 2005 Projects

- NYISO project management priorities focus on SMD2, but management is committed to address priorities across all projects to the extent possible
- Certain projects schedules will be largely unaffected by SMD2 delay due to independent team composition
 - Controllable Tie Lines
 - UCAP Auction Automation
- Certain projects underway in their conceptual design phase will continue. Some delay may be experienced if concept ready to move to design phase prior to SMD2 staff availability
 - 15-Minute Scheduling
 - Scheduling Combined Cycle Modeling Units
- Certain other projects are resource constrained by SMD2 project staff, but might be started in parallel
 - Billing Enhancements and Automation
 - Final Bill Closeouts
- It is anticipated that the SMD2 delay can be managed within existing 2005 projects budget

Meeting Timeline to February 1 “Go-Live”

Nov 19 th	MSWG Meeting	SMD2 Deployment Schedule Discussion and other MSWG SMD2 Topics
Nov 29 th – Dec 10 th	Parallel Operations Trial	MIS Available Nov 29 th . DAM bids due 05:00 on Nov 30 th for Dec 1 st Day-Ahead Market
Jan 5 th	MC Meeting	SMD2 Readiness Review
Week of Jan 10 th	SMD2 Tech Conference	MP Technical Staff Conference on go-live logistics
Jan 13 th	SMD2 Teleconference	MP Consultation on FERC go-live notice
Jan 14 th	FERC Notification of intent to go-live	
Jan 19 th /20 th	BIC/OC Meeting	SMD2 Readiness Review
Jan 24 th – Feb 4 th	Parallel Operations Pre/Post Go-Live	MIS Available Jan. 24 th . DAM bids due 05:00 on Jan 25 th for Jan 26 th Day-Ahead Market
Jan 27 th	SMD2 Teleconference	MP Final Consultation on go-live
Jan 28 th	NYISO Forty-eight hour posting of effective date (go-live date)	
Jan 31 st	Multiple TO/SOAS Teleconferences	Review final readiness status; identify potential operational impacts
Feb 1 st	SMD2 Go-Live (Day-Ahead bids submitted for Feb 1 st on Jan 31 st)	
Feb 2 nd	MC Meeting	SMD2 Day After Go-Live Update
Feb 7 th	Parallel Operations	Last day of parallel operations

Additional meetings will be scheduled as necessary