

Identification of Seams Issues Between New York and New England

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Draft for Discussion Only

Background: RTO-NE Filing

- July 31, 2003: NYISO and ISO-NE entered into an “Interregional Coordination and Seams Issues Resolution Agreement”
- October 31, 2003: This Agreement was included in the RTO-NE filing
- March 24, 2004: FERC Order conditions approval of RTO-NE filing upon the submission of a “strengthened seams agreement” with the NYISO
- FERC agreed that the existing Agreement, with modifications, can serve as the basis

Background: RTO-NE Order

- FERC required a Compliance Filing, due on June 22nd to include:
 - *A revised seams agreement with NYISO*
 - *Specific milestones and schedules for resolution of the remaining seams issues between the NY and NE within one year of the date of the compliance filing*
 - *Identify those seams issues which require the participation of PJM to resolve*
- **The Compliance Filing must also include a proposal for eliminating pancaked export charges between NY and NE within 6 months (i.e. – December 22, 2004)**
- **FERC also found that VRD “has the potential to promote a more seamless interface between NY and**

Existing Coordination Agreement

- **Patterned after NYISO-PJM Coordination Agreement**
- **Includes five key seams issues**
 - *Coordination of Interregional Planning*
 - *Resource Adequacy Assurance*
 - *Elimination of Export Charges*
 - *Development of VRD*
 - *Support of Improved Inter-Market Communications*
- **Includes a process for the identification of other seams issues**

Updated Agreement: Key Seams Issues

➤ Coordination of Interregional Planning

- *Finalize Northeastern Protocol with ISO-NE and PJM*
- *Develop implementation procedures*
- *Issue Coordinated System Plan*

➤ Resource Adequacy Assurance

- *Follow-up to RAM initiative/NERA Report*
- *Review of recent NY and NE ICAP market initiatives*
- *Harmonization of “products” between regions*

Updated Agreement: Key Seams Issues (Cont'd)

➤ Elimination of Export Charges

- *Plan for elimination to be included in ISO-NE Compliance Filing due June 22nd*
- *Export charges between NY and NE to be eliminated on, or before, December 22, 2004*

➤ Virtual Regional Dispatch (See Separate Presentation)

- *Develop pilot program: June-Nov 2004*
- *Implement pilot: Nov 2004*
- *Evaluate pilot program: Nov 2004-June 2005*
- *Develop full VRD program: June-December 2005*
- *Implement full-scale VRD, if warranted: Jan-June 2006*

Updated Agreement: Key Seams Issues (Cont'd)

- **Improved Inter-Market Communications**
 - *Monitor and maintain facilitated check-out functionality*
 - *Incorporate market participant viewing capability*
 - *Evaluate other potential enhancements*

Process for Identification of Other Seams Issues

- Potential Issues for Consideration
- Cross-Border Controllable Line Scheduling
- Cross-Border Congestion Hedging Instruments
- Partial Unit ICAP Sales from New England

Market Participant Input & Discussion

Next Steps

- Joint S&P/MSWG meeting: May 10th
- NYISO to review seams issues in consideration of stakeholder input
- Coordinate preparations for Joint BIC/Markets Committee meeting with ISO-NE
- Joint BIC/MC Meeting: May 25th
- Finalize Agreement with ISO-NE
- ISO-NE Compliance Filing Due on June 22nd