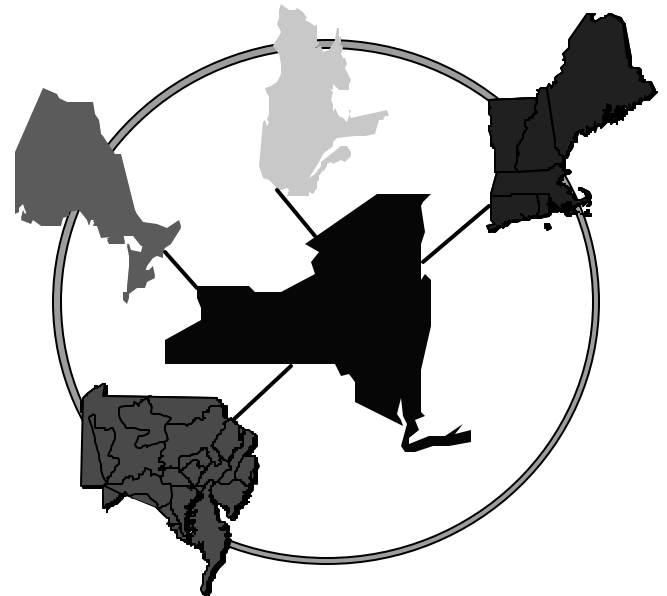


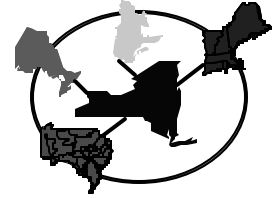
Northeast Seams Report

Update on Northeast Seams Issues

October 8, 2003

Business Issues Committee

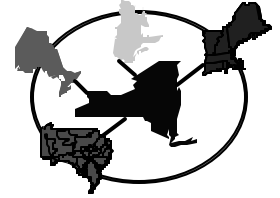




Status of Seams Projects

Current Quarter Deliverables

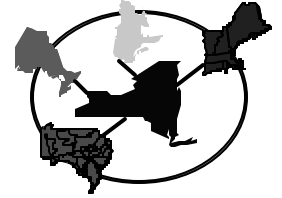
Project	Due Date	Status
1. Evaluation of 7040 transfer limits	<ul style="list-style-type: none">▪ Open (orig. June)	<ul style="list-style-type: none">▪ Draft study presented to SOAS in July for comment. Final version scheduled to be provided to the Operating Committee in October.
2. Maritimes participation in ACE Diversity Interchange	<ul style="list-style-type: none">▪ Open (orig. Summer 2003)	<ul style="list-style-type: none">▪ Data link and AGC modifications completed in New Brunswick Power test site. NBP plans to implement on their production system in the very near future.▪ Changes to NYISO software are awaiting project prioritization.
3. OSS – PJM ramp data display	<ul style="list-style-type: none">▪ September (orig. August) Complete	<ul style="list-style-type: none">▪ Deployed 9/30/03 and functionality described in Tech Bulletin #115.▪ PJM Ramp data now incorporated into OSS advisory Ramp / ATC displays and advisory pre-validation for preschedule bids.



Other Seams Related Activity

Recent Initiatives

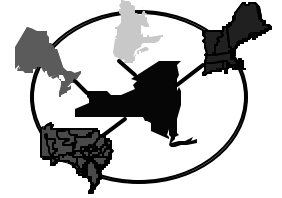
Issue	Activity Description
1. Elimination of Rate Pancaking	<ul style="list-style-type: none"> ▪ PJM, NYISO and ISO-NE – In June, the NYISO and New York TOs presented a proposal for the elimination of export fees to stakeholders in NY. ▪ A meeting is being scheduled with ISO-NE and the NE TOs for mid-October. ▪ The goal is to take action by the end of 2003 to begin the elimination of pancaking in 2004.
2. Virtual Regional Dispatch	<ul style="list-style-type: none"> ▪ NYISO and ISO-NE – A draft working paper has been distributed for market participant review. ▪ Four NY/NE stakeholder meetings have been held to date; the fourth meeting occurred on September 11th. ▪ IMO and PJM are being kept informed of progress.
3. Scarcity Pricing	<ul style="list-style-type: none"> ▪ NYISO - NY RTS implementation ongoing to replace current scarcity pricing method. ▪ ISO-NE – Considering proposals for a similar reserve market design including the demand curve method for scarcity pricing.
4. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> ▪ ISO-NE, PJM and NYISO – NERA selected for development of the central resource market design. Work is underway. ▪ A conference call meeting is scheduled for Oct 7th to discuss the recommendations of the "other issues" working groups. ▪ A meeting is scheduled for October 24th for an updated presentation on NERA's findings.



Other Seams Related Activity

Recent Initiatives (continued)

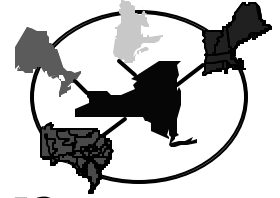
Issue	Activity Description
5. Facilitated Checkout (FCO)	<ul style="list-style-type: none"> ▪ NYISO, ISO-NE, PJM, IMO, HQ & MISO- Pilot implementation with ISO-NE successful. ▪ ISO-NE able to access NYISO transaction data in real-time (incorporated in pilot checkout application). ▪ ISO-NE solution in place to provide real-time access to transaction data (pending security review / approval). ▪ IMO now able to access NYISO transaction data in real-time as well. ▪ Collaborative meetings continue through NPCC to finalize specification and implementation standards. ▪ NPCC members plus MISO targeting implementation of facilitated checkout based on the real-time transaction data exchange protocol across the Northeast by end of 2003.
6. Multiple Proxy Buses	<ul style="list-style-type: none"> ▪ NYISO and ISO-NE – A draft white paper was distributed and discussed at a joint meeting between NY and ISO-NE Market Participants on May 29th in Albany. ▪ Discussions are ongoing with LIPA and ISO-NE regarding application of the CSC approach for the Norwalk-Northport 1385 cable.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
7. E-Tagging Integration	<ul style="list-style-type: none">▪ NYISO – Will implement automated tools to improve communication and updates of NYISO transaction bids and schedules with the E-Tag system.▪ Automation provides direct benefits to other control areas, such as PJM, that are linking their systems to the E-Tag system for transaction scheduling inputs.▪ Allows automated approval / denial of incoming E-Tag requests and automated updates for bid / schedule changes resulting from economic evaluations (e.g. Hour Ahead Market), checkouts, etc. to the E-tag system.▪ Phase II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa.▪ Business and technical design complete. Phase I development (operations automation) underway.



Issues Pending Further Discussion

Issue	Activity Description
1. Different Ramping Rules	<ul style="list-style-type: none">Stakeholder desire for Operations to look at the short-term ability to make 30-minute schedule changes between NY and PJM. No work has been planned on the scheduled replacement of the NYISO's existing legacy system. The SMD-2 software architecture will be capable of supporting more frequent schedule changes once the applicable business rules and scheduling protocols are agreed upon with a participating external control area.