Enhanced Price Validation

Energy Markets Product Management

PPT – May 26, 2006

Presentation Outline

- Value Proposition (Objective)
- Approach
- Deliverables
- Benefits
- High-Level Schedule
- Estimated Cost

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Value Proposition (Objective)

♦ Create a new set of tools to facilitate the transition of price validation to NYISO staff. These new tools will also help automate and accelerate the price validation process, improving the accuracy, certainty, and transparency of market prices.

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Approach

- Multi-year project with phased delivery of incremental functionality to support the price validation process

  - *Phase 1*: *Price Validation Information Management and Increased Transparency*

  - *Phase 2*: *Facilitate Reservation and Correction Analysis*

  - *Phase 3*: *Real-time Monitoring of Prices*

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Deliverables – Phase 1

- Integrated tools to manage lists of suspect, reserved, and corrected prices
  - *Captures reservation and correction meta-data*

- Customizable, automated reports to track price validation performance metrics and analyze historical trends

- New, automated reports to provide Market Participants with additional transparency into price reservation and correction process
  - *Available through NYISO.com and/or NYISO DSS*

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Deliverables – Phase 2

- Integrated data analysis tools to facilitate the review and investigation of market prices
  - *Rapid access to price determinant data from multiple NYISO systems*

- Automated rules engine to identify suspect prices
  - *Accelerates the review process by automatically identifying suspect prices using pre-defined detection rules*

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Deliverables – Phase 3

- Capability to monitor market prices in real-time

- Enable real-time detection of price anomalies using the automated rules engine

- Real-time investigative tools to support near real-time reservation analysis and expedited correction analysis

- Real-time notification and alerting capability

  - *Notify a price validation analyst (via e-mail, pager, etc.) in response to an alarm from the price monitoring engine*

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Benefits

- Automated reports describing reservations & corrections
  - *Increased transparency*

- Ability to perform investigation and provide reservation and correction information faster
  - *Increased price certainty*

- Reduction in unnecessary price reservations
  - *Increased price certainty*

- Earlier identification of market anomalies
  - *Reduced exposure to incorrect market outcomes*
  - *Improved price accuracy*

- Improved consistency through standardization of business processes and maturity of IT tools
  - *Increased confidence in market prices*

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Benefits (continued)

An efficient, competitive, and nondiscriminatory wholesale market for electricity

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Increased energy market competition

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Increased energy market participation

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Increased confidence in the NYISO energy markets

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Greater certainty of energy market prices
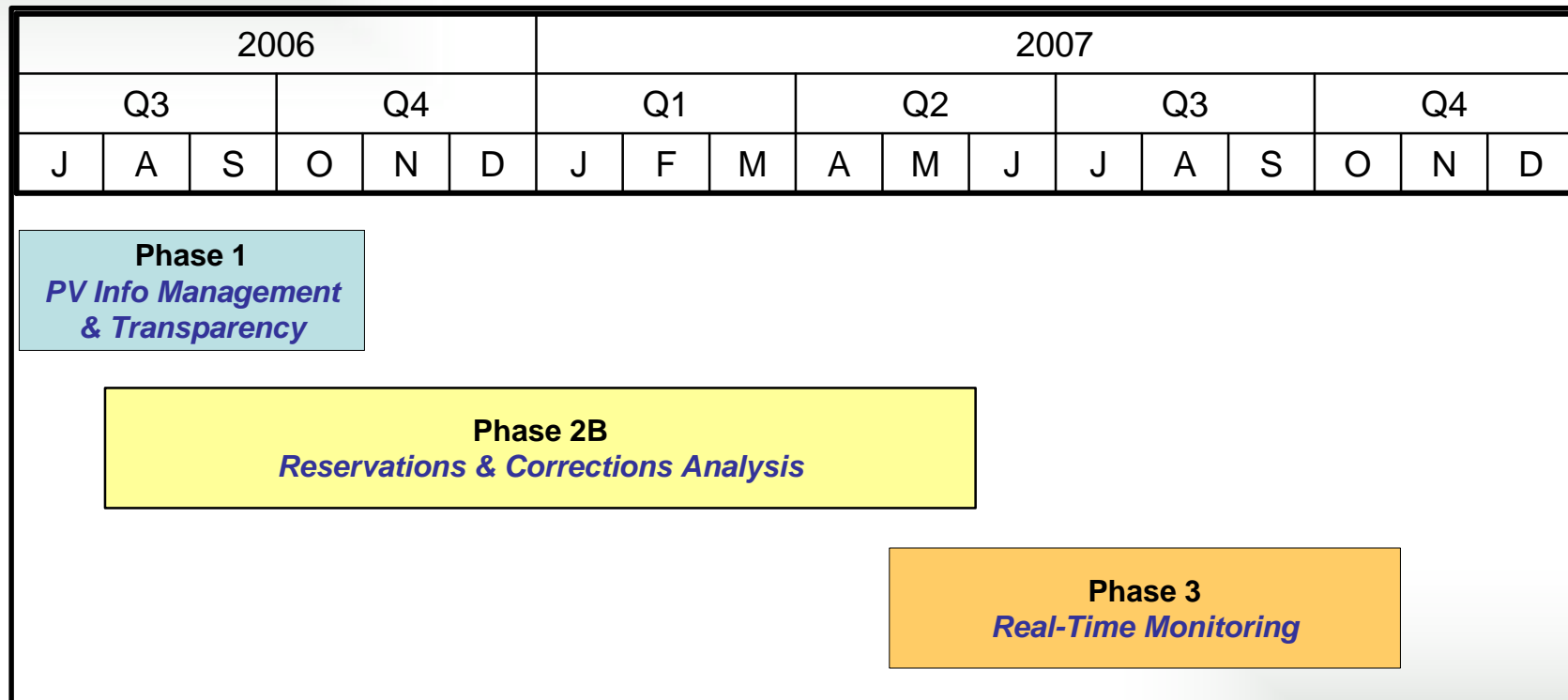
Greater consistency and repeatability

⬆ ⬆

Greater accuracy, timeliness, and transparency of energy market prices

Greater standardization of business processes and maturity of IT tools

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Enhanced Price Validation Program

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High-Level Schedule

2006						2007											
Q3			Q4			Q1			Q2			Q3			Q4		
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

Phase 1
PV Info Management & Transparency

Phase 2B
Reservations & Corrections Analysis

Phase 3
Real-Time Monitoring

◆ Note: Exact deployment timelines to be determined in accordance with standard Sarbanes-Oxley constraints.

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Estimated Costs – 2006

- 2006 Total Cost Estimate: $2.03M
  - *NYISO: $0.5M*
  - *Consultancy: $1.28M*
  - *Capital: $0.25M*

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Estimated Costs – Future Years

◆ 2007 Total (Preliminary Estimate): $2.6M

- ▪ *NYISO: $0.74M*

- ▪ *Consultancy: $1.26M*

- ▪ *Capital: $0.6M*

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