

Product Enhancement Update

PPT – May 26, 2006

Agenda

- ◆ Current project status report
- ◆ Overview of Enterprise Quality initiative
- ◆ Infrastructure project update
- ◆ Product enhancements progress report
- ◆ New project kick-offs
 - *Enhanced Price Validation*
 - *Comprehensive Bid Management System*
- ◆ Feedback

Status of Current Projects



2006 Major Product Enhancements

Description		Status and Milestone Deliverables
Energy Marketplace Product Enhancements		
A767	MIS Enhancements: Comprehensive Bid Management System	<p>Status: This project is in the concept development phase and will be formally initiated in the first quarter of 2006.</p> <p>Deliverables: This project will upgrade the web-based application structure to replace existing applications by allowing common components to support current application functionality and future application functional growth. One of the deliverables will be the implementation of a more flexible and reliable application architecture for the market applications. This project is part of a multi-year effort that will lead to a replacement of the Market Information System (MIS) and related bidding and scheduling applications.</p>
	Enhanced Price Validation	<p>Status: This project is in the concept development phase and requirements phase. Concept and design work will continue through the first quarter of 2006; development progress will be dictated by various factors including regulatory process, technical feasibility, and resource constraints. The project will entail a multi-phase, multi-year implementation of tools to enhance the price monitoring, reservation and correction processes for the NYISO markets.</p> <p>Deliverables: The NYISO has investigated all known causes of pricing errors, and has taken a systematic approach to determine features and functions that can significantly enhance the price validation process. Product enhancements are proposed to implement proactive price monitoring, improved price reservations, and enhanced price corrections. Additionally, the NYISO will continue to aggressively pursue resolution to any issue that causes pricing errors.</p>
A769	Enhanced Scheduling of Combined Cycle Units	<p>Status: This project is in the concept development phase. Concept and design work will continue in 2006; development progress will be dictated by various factors including, regulatory process, technical feasibility, and resource constraints.</p> <p>Deliverables: Market Participants have historically expressed concern that NYISO does not model or schedule combined cycle generating units to their most efficient capabilities, thus impacting both real-time operations and market outcomes. This project will deliver a scheduling software solution and network modeling optimization for combined cycle generating units. Software may perform 15-minute economic dispatch scheduling for nominally off dispatch units during the real-time commitment execution and reflect those schedules into the real-time dispatch process.</p>
A706	Intra-Hour Transaction Scheduling (ITS)	<p>Status: This project is in the concept development phase. Concept and design work will continue in 2006; development progress will be dictated by various factors including, regulatory process, technical feasibility, and resource constraints.</p> <p>Deliverables: In 2005, the NYISO conducted a pilot project to assess the ability to evaluate and schedule intra-hour transactions and to identify any operational issues with scheduling. Additional work in 2006 will be based on the outcome of the pilot program, however, it is not assured that any significant software development will be completed in 2006.</p>

View Separate Handouts

Enterprise Quality & Process Initiative

- ◆ Multi-track effort to improve NYISO processes and execution of core functions
 - *Excellence in Execution*
- ◆ Implement an enterprise-wide program that improves underlying processes and controls
 - *Perform detailed mapping of processes and controls*
 - *Centrally manage processes and controls*
- ◆ Integration with Lean Six Sigma program
 - *LSS is the tool to drive process improvement*

Enterprise Quality & Process Initiative (Cont.)

- ◆ Process Track
 - *Detailed process mapping and documentation*
 - *Lean Six Sigma program*
- ◆ Compliance Track
 - *Market software compliance certification*
 - *Billing software compliance review*
- ◆ Technology Quality Track
 - *Improving technical support for non-core applications*
 - *Expansion of Quality Assurance environments*

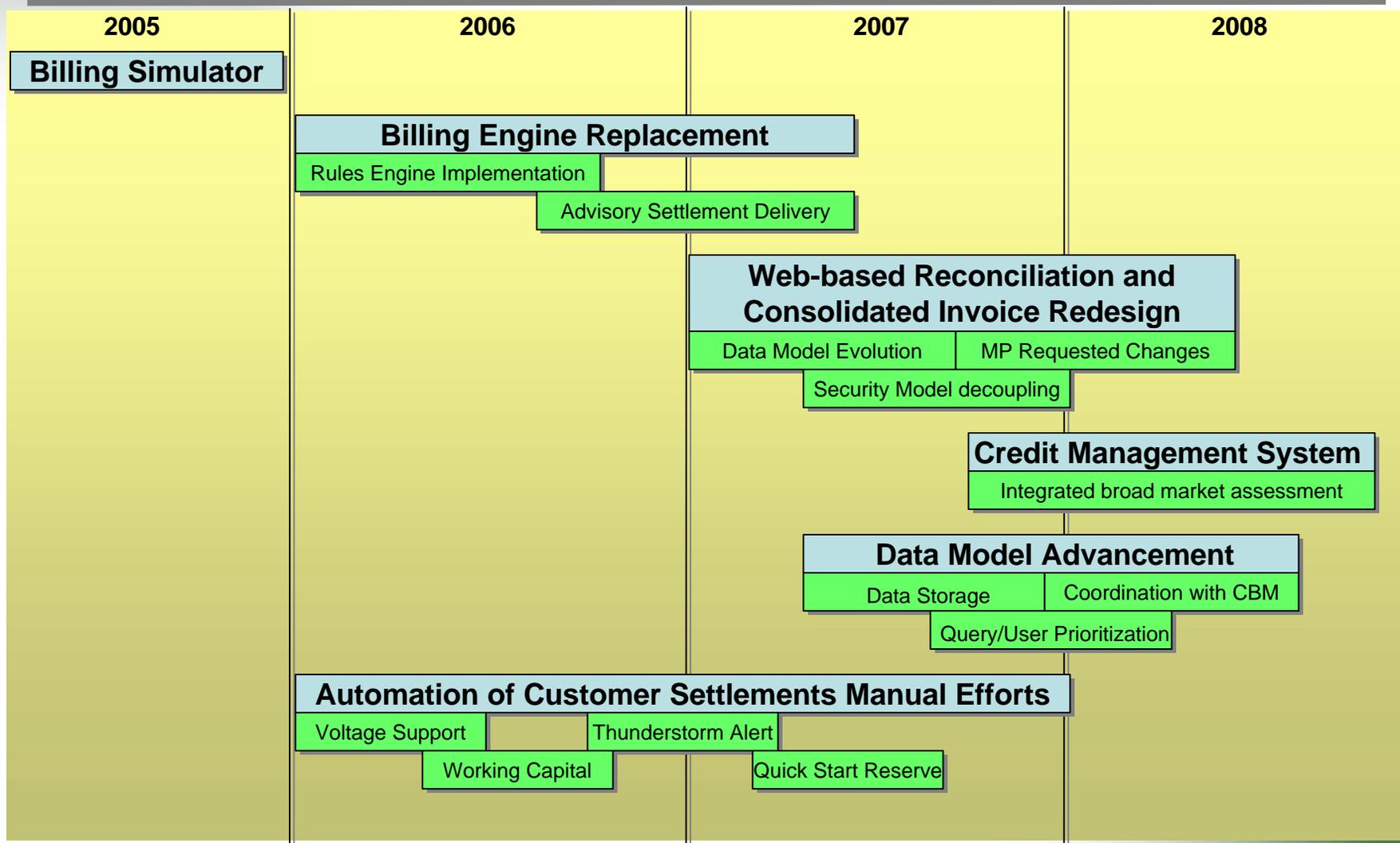
Enterprise Quality & Process Initiative (Cont.)

- ◆ **Billing and Settlements Track**
 - *Settlement System Replacement*
 - *Finalization of Accounting & Billing manual*
- ◆ **Pricing Track**
 - *Price Error Elimination ongoing activities*
 - *Enhanced Price Validation software*
 - *Decision Support System (DSS) Pricing Datamart*
- ◆ **Infrastructure Track**
 - *Comprehensive Bid Management System*
 - *Enterprise data retention policy / implementation*
 - *System software version upgrades / management*

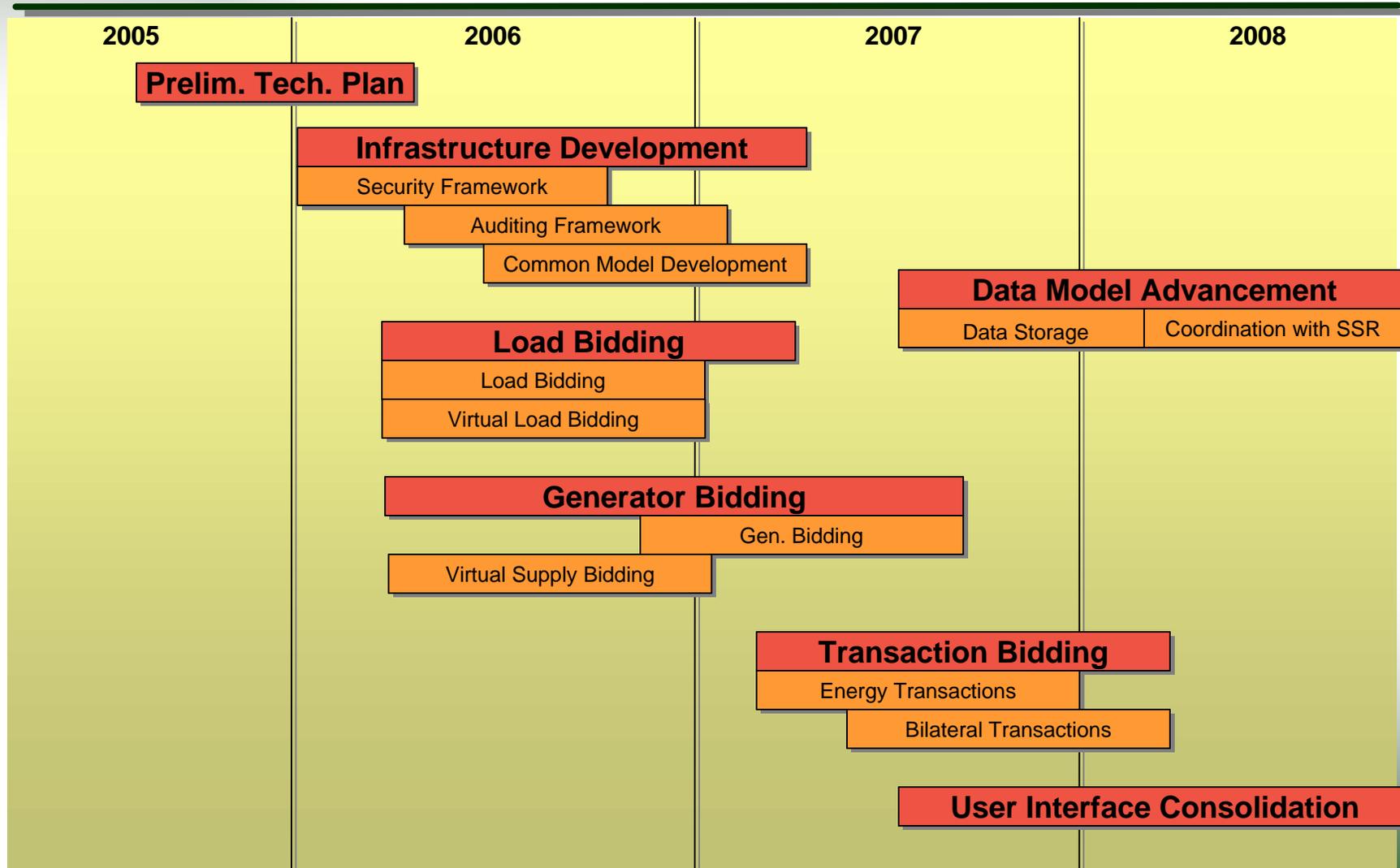
Infrastructure Update Projects

- ◆ SMD2 included replacement of a significant portion of the technology infrastructure
 - *Energy Management System*
 - *Real-time and Day-Ahead Market platforms*
 - *Performance Tracking System (PTS)*
 - *OASIS posting*
- ◆ Several factors are driving additional technology refresh projects
 - *System performance and availability*
 - *New features and product design flexibility*
 - *Keeping current with vendor products for support*

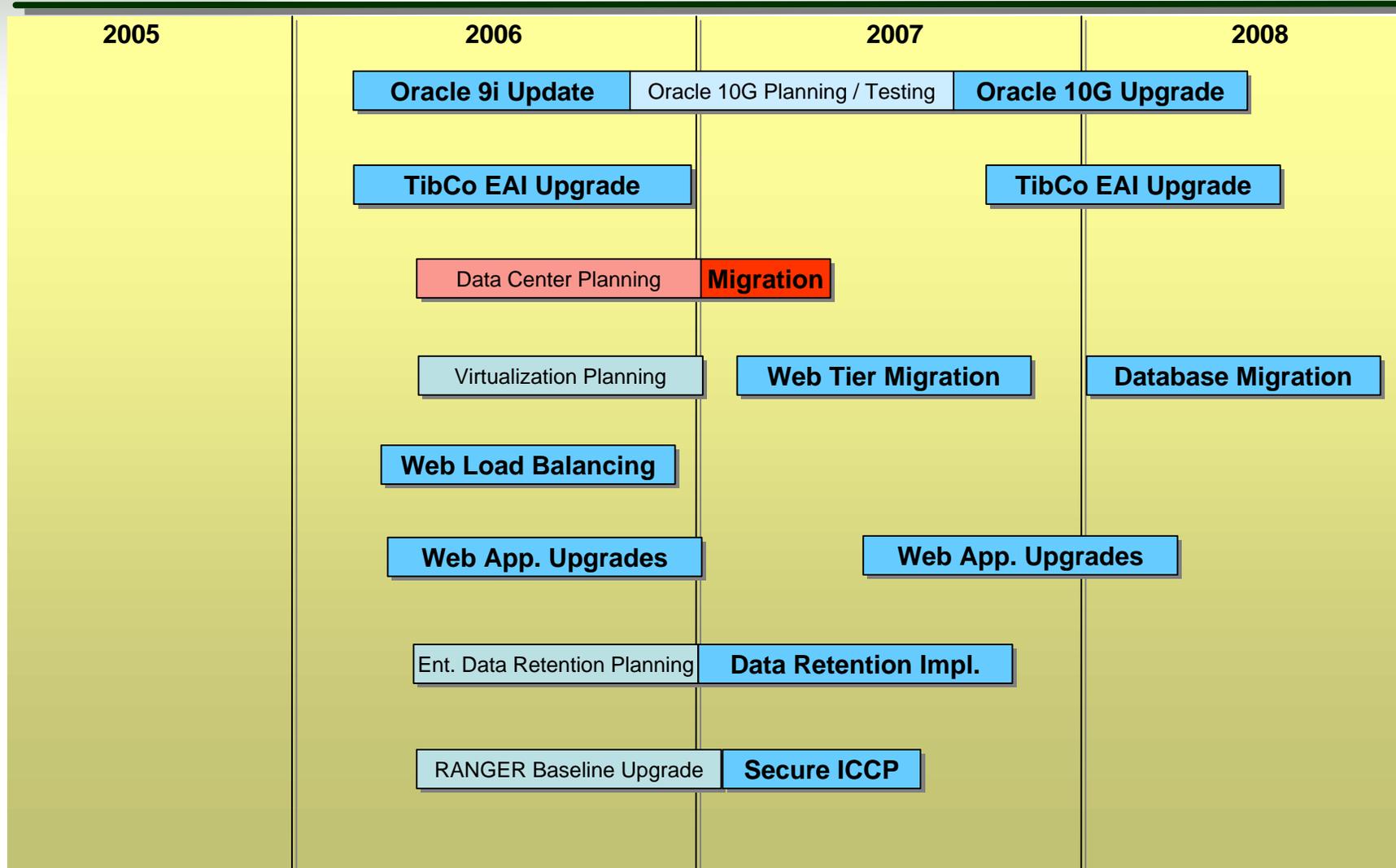
Settlement System Replacement



Comprehensive Bid Mgmt. System



Technology Infrastructure Upgrades



Updated Product Portfolios

Products & Enhancements	Concept Development	Feasibility and Design	Product Development	Product Launch
Energy Marketplace Products				
Comprehensive Bid Management	⊗	⊗	⊗	Partial
Price Error Elimination	⊗	⊗	⊗	⊗
Enhanced Price Validation	⊗	⊗	⊗	Partial
Combined Cycle Modeling*	⊗			
Intra-hour Transaction Scheduling*	⊗			
Wind Forecasting System*	⊗			
Auxiliary Market Products				
ICAP Auction Automation	⊗	⊗	⊗	⊗
ICAP Auction Automation – Phase 2	Under Review	Under Review	Under Review	Under Review
Demand Response for Ancillary Services	⊗	⊗	Under Review	
TCC Marketplace Products				
TCC Auction Automation – P1 (Awards)	⊗	⊗	⊗	⊗
TCC Auction Automation – P2 (Database)	⊗	⊗	⊗	Under Review
TCC Auction Automation – P3 (Bidding)	Under Review	Under Review	Under Review	Under Review

For Discussion Only

Updated Product Portfolios (Cont.)

Products & Enhancements	Concept Development	Feasibility and Design	Product Development	Product Launch
Operations and Reliability Products				
Automate Outage Schedule Reporting	Under Review	Under Review	Under Review	Under Review
Integrate SRE / OOM Applications	Under Review	Under Review	Under Review	Under Review
SRE / OOM Mitigation	⊗	⊗	⊗	⊗
Controllable Tie Line Additions*	⊗	⊗	Under Review	Under Review
Data Communications Security	⊗	⊗		
Financial Service Products				
Billing Engine Replacement	⊗	⊗	⊗	
Automation of Voltage Support Service	⊗	⊗	⊗	⊗
Real-time BPCG Mitigation	⊗	⊗	⊗	⊗
Web-Based Rec. Enhancements	Under Review			
Automation of Working Cap. Rebalancing	⊗	⊗	Under Review	Under Review
Business Intelligence Products				
Pricing Data Mart	⊗	⊗	⊗	⊗
Operational and Pricing Dashboard	Under Review	Under Review	Under Review	Under Review