

# Draft 2005 Market Evolution Strategy

2007-2011

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NYISO Sector Meetings  
June 2-15, 2005

# Objectives of the Market Evolution Strategy

- Provide a rationale for future enhancements to the NYISO Markets.
- Provide guidance for NYISO committee and working group activities.
- Provide a common framework for multi-year budget, project & product planning.
- Support NYISO Strategic Planning and annual Business Planning processes.

# Market Design Criteria

- Maintain and enhance the quality of the short and long-term price signals.
- Minimize barriers to market entry.
- Move unhedged costs into market prices.
- Maintain & support level playing field for all market participants.
- Expand and enhance robust regional markets.
- Simplify and reduce complexity where possible.
- Leverage new technology advancements.

# System & Market Landscapes 2007-2011

- Modest growth in electricity demand (1.2%)
- Generation additions and retirements
  - 2038 MW conventional generation under construction
  - 6763 MW approved under expired Article 10
  - 1946 MW of generation retirements announced
  - NY Renewable Portfolio Standard (RPS) additions
- New environmental rules
  - Federal Clean Air Interstate Rule (CAIR)
  - NYS Mercury Rule
  - Modifications to NY NO<sub>x</sub> & SO<sub>2</sub> trading programs
  - Regional Greenhouse Gas Initiative (RGGI)
- NY PSC expansion of retail energy markets

# Support NYISO Strategic Plan

- Improve market efficiency and effectiveness.
  - Scheduling and Dispatch enhancements
  - Encourage load following service
  - Reduce uplift costs
  - Expand TCC product portfolio
  - Accommodate intermittent generation
  - Encourage transmission expansion and increased demand participation
  - Enhance long-term capacity market signals
  - Enhance Demand Response

# Support NYISO Strategic Plan

- NYISO is a hub for the larger Northeast Regional Market.
  - Intra-hour Transaction Scheduling (ITS)
  - Cross-Border Congestion Hedges
  - Expand & enhance proxy bus trading rules
  - Inter-Market Congestion Management
  - Expand ancillary service trading
  - Simplify import/deliverability rights mechanisms between neighboring markets

# Next Steps

- Solicit stakeholder input via sector meetings and individual working groups.
- Integrate Market Strategy concepts into business plan, product plan, and budget development processes.
- Develop periodic review/update process with Board and Stakeholders.