NYISO 2005 Market Evolution Plan 2007-2011

Section I – Overview and Rationale

Objectives of the Market Evolution Plan

Since its inception in December 1999, the New York Independent System Operator's (NYISO) markets have been driven by the need to provide proper price signals for all market participants. Proper price signals incent behavior that supports reliable operations and encourages investment in new generation / transmission / demand response infrastructure. NYISO's market at start-up offered what many believed were the most comprehensive set of market products of any ISO. These products included: two-settlement energy markets; ancillary services markets addressing regulation and multiple locational reserve products; locational capacity markets and internal congestion hedges.

In the five plus years since market initiation, the NYISO has made a number of significant additions and improvements, notably:

- opportunities for demand response providers to participate in both market- and reliability-based programs,
- fair and equitable methods of detecting and mitigating market power to prevent behavior that may be privately profitable, but is harmful to market efficiency,
- virtual load and supply trading, resulting in better convergence between day-ahead and real-time prices,
- a variable resource requirement (demand curve) in the installed capacity market, providing greater certainty and reduced capacity price volatility, and
- SMD2.0, with full two-settlement markets for ancillary services, consistent network modeling between day-ahead and real-time markets, and better recognition and consequent pricing during scarcity conditions.

These and other market changes over the past five years have benefited from significant stakeholder involvement, starting at the earliest conceptual design and working through project prioritization and feedback subsequent to implementation. While this process has traditionally been carried out with a one- to two-year implementation horizon, effective market design should be viewed in light of the NYISO's longer-term strategic initiatives.

This market evolution plan provides an overview of the rationale for future market enhancements, discusses the process for evaluating longer-term issues, and summarizes the market initiatives facing the NYISO over the next five to six years.

In the near term, NYISO first priority in terms of resource scheduling will be pursuit of Excellence in Execution. Billing and settlements, however, also remain as strong priorities for the near term. The Market Evolution Plan does not attempt to identify project requirements, resources, or timetables for completion. This degree of specificity is impossible to develop at the early stages of market issue discussions. Already identified 2005 projects, as well as those to be prioritized in 2006, take precedence over any of the issues contained in this Plan.

Criteria for Successful Market Design

In determining which long-term market enhancements to consider, the NYISO identified a number of criteria that define the characteristics of a successful market product:

Maintain and, where possible, enhance the effectiveness of short- and long-term price signals. As noted earlier, proper price signals are necessary to incent new development and support reliable operations. The NYISO has traditionally emphasized the importance of proper real-time prices, as these prices also drive all of the forward markets. Longer-term price signals, particularly in the capacity market, can drive new investment in infrastructure.

Minimize barriers to market entry. Programs should be designed to encourage the greatest participation from eligible resources. Where new supply or demand-side technologies exist, the NYISO should assess if and how these new resources can participate in electricity markets, and if new market products/designs/changes for these resources are justified.

Expand robust regional markets. Regional market expansion depends upon minimizing barriers to trade through elimination of rules such as through-and-out rates and individual ISO rules that prevent effective reciprocity. Market design discussions aimed at creating a set of uniform market products across all participating ISOs/RTOs (the Resource Adequacy Model process is one example) have evolved into initiatives that don't require identical constructs but allow similar products to be traded across regions. For example, one ISO may offer unique products for dispatchability that may not be mirrored in other ISOs, yet the ability for suppliers to trade across regions in more basic capacity products is not restricted.

Move unhedged costs into market prices where possible. Where possible, costs of providing wholesale electricity services should be visibly priced in the markets, thereby providing participants with clear price signals that can be hedged as needed. This argues for reducing uplift components to only those items that truly need to be socialized. Uplift costs that result from day-ahead

commitment for local reliability may be one example of costs that could be reduced by restructuring the various passes of SCUC.

To the extent possible, maintain uniform rules for all participants. While special rules for some technologies are inevitable, market designs should seek to work with the same rule set for as broad a class of participants as possible. There are legitimate reasons for rules that differentiate among various providers, such as physical or technology limitations, but the basic market design should look to rule sets with broad applicability.

Simplify rules where possible. As the NYISO looks to long-term market design, it should standardize the practice of streamlining rules and market designs. Complexities introduce opportunities for error at all stages of design, development, implementation and execution. Realistically, some rule complexity is unavoidable to elicit proper market performance or recognize unique characteristics of particular technologies (a good example is the commitment and pricing rules for simple cycle gas turbines). A big advantage to simplification is that it makes markets more understandable and accessible to potential market participants. Often, however, only experience gained with new market rules can identify complications and lead the designer to simpler alternatives. The NYISO must design systems to incorporate this delayed feedback.

Another aspect of rule simplification centers on the imposition of market performance penalties. Market penalties should be designed to incent correct behavior recognizing those factors that are under the participant's control, while not imposing penalties for consequences that are outside of the participant's control.

Take full advantage of technology developments. The successful implementation of SMD2.0 illustrates the benefits of updating outdated technology with the latest hardware and software. Market evolution needs to be consistent with the NYISO's information technology vision, which will keep abreast of the latest technology offerings. Some of the market changes contemplated (identified in the section below entitled Issues Requiring Further IT Advances) require significant improvements in algorithms, processor speed, and/or communications technologies before they can be fully implemented.

In addition to the drivers for new market features, it must be recognized that from time to time issues will emerge as a result of Federal and State regulatory initiatives or actions by the NYISO Board of Directors that will need to be added to the long-term evolution plan. The intent is to include them as part of the annual review of long-term market design issues, recognizing that they may take priority over others already targeted for implementation.

System and Market Landscapes, 2007-2011

In considering the spectrum of market design issues, it is useful to place them within the context of changes in system infrastructure, regulatory actions, and business conditions expected over the next several years. It is reasonable to assume that these conditions will play a prominent role in shaping the future of the NYISO's markets.

As noted in NYISO's PowerTrends 2005, demand for electricity will grow at a modest rate, averaging 1.2 percent annually statewide. 2038 MW of new generation are currently under construction, with an additional 6763 MW of generation projects approved for construction under the now expired Article X siting process. A total of 1946 MW of generator retirements have been announced.

In 2008, the expected in-state capacity reserve margin is predicted to fall below the 118 percent installed capacity requirement, exclusive of SCRs and imports; New York City and Long Island capacity is projected to be substantially below current locational requirements.

At this writing, over 5000 MW of windpower projects are currently identified in the NYISO interconnection queue, much of it located in Western New York. New York's Renewable Portfolio Standard (RPS) has set a target of 25% of NY's electricity consumption from renewable resources, chiefly windpower, small-scale hydro, and biomass projects.

Apart from windpower, much new construction is based on natural gas combined cycle technology, tending to reduce fuel diversity and placing ever greater reliance on the natural gas transmission and distribution networks and facilities. The future price of fuels will play a large role in determining which technologies are chosen for new construction, and may also alter the types of units on the margin.

While several merchant transmission facilities have been proposed both within NY and across control area boundaries, only the Cross-Sound Cable project is operating. The 600 MW Neptune HVDC project linking Long Island with PJM has been licensed through NY's Article VII process.

FERC's approval of the NYISO's Comprehensive Reliability Planning Process provides a long-term mechanism for addressing new facilities for reliability needs; an Economic Planning Process is currently under discussion by NYISO stakeholders.

Several new and proposed environmental rules such as the Federal Clean Air Interstate Rule (CAIR), New York's implementation of a mercury rule,

modifications to New York's NO_x and SO_2 budget trading programs, and proposed rules governing emission of greenhouse gases can potentially have cumulative impacts on New York's fuel mix.

In its Statement of Policy on Further Steps Toward Competition in Retail Energy Markets issued on 8/25/2004, the New York PSC reaffirmed its commitment to fostering competition whenever possible through steady progress in retail access program design and incentive ratemaking. Increasing the ability for retail customers to see and react to spot market electricity prices will ultimately increase needed demand-side flexibility, which in turn will have an impact at the wholesale level.

End-State Market Vision

Ultimately, the longer-term changes envisioned by the NYISO should draw the markets toward an end-state design with the following characteristics:

Competitive, liquid markets. The markets should engage a significant percentage of potential market participants, thereby increasing competition and sending correct price signals for all derivative markets.

Ability to hedge positions in energy and capacity markets. With visible prices and uplift costs minimized, participants should have access to necessary hedge instruments (such as cross-border congestion hedges) that cover most if not all of the risk factors associated with wholesale electricity markets.

Improved market certainty and efficiency. Reduced uplift and better price signals should improve price certainty.

Opportunities for merchant transmission, demand side response and distributed energy resource alternatives. Tomorrow's markets will need to increasingly recognize the contributions of these resources. Future markets, including the capacity market, will need to accommodate merchant transmission facilities both internal to NY and across borders. Demand response resources, currently involved only in the day-ahead energy market, could provide additional services in reserves and real-time energy markets. Distributed energy resources, currently participating in New York's markets through demand response programs, could be integrated directly into the energy markets.

Effective, efficient and fair credit policies. While the NYISO has substantially streamlined credit requirements while maintaining accountability, it is possible that future markets will place greater emphasis on forward instruments, such as longer-term capacity options. Credit requirements need to be developed in these markets that will permit entry to new participants,

tied to well-defined milestones to ensure effectiveness. On a broader scale, credit policies will need to be consistent with new markets and new types of entrants.

Regional coordination of day-ahead and real-time markets. Consistent with the objective that all ISOs/RTOs need not embrace a single market design, it is not necessary for multiple ISOs/RTOs to operate on common platforms. In fact, it may be desirable to have multiple platforms for strategic diversity. It is important for the ISOs/RTOs to continue their efforts to improve coordination of inter-area transactions.

Section II – Evaluation Approach

In developing its list of those initiatives to be targeted first for discussion, the NYISO divided the list of market initiatives into three categories:

1. Those issues that deliver a high value return based on:
   - meeting criteria for successful market design
   - ability to address the changing market landscapes faced by the NYISO, and
   - reflecting one or more aspects of the NYISO's end-state market vision

2. Issues that fall short of meeting one or more of the criteria noted above (Lower-value Issues)

3. Concepts that require further advancement in IT state-of-the-art before they can be realistically implemented

Grouping Enhancements

In reviewing the full spectrum of long-term market design issues facing the NYISO, it is helpful to divide them according to their primary market focus:

- Initiatives that are meant to enhance market convergence across two or more ISOs/RTOs (Regional Market Initiatives)

- Initiatives whose primary benefit will be to improve internal New York market efficiency (NY Market Efficiency Initiatives) or improve internal NYISO processes

Regional Market Initiatives
The identified set of Regional Market Initiatives will bring the NYISO and neighboring ISOs/RTOs closer to the concept of a Northeast Regional Market where products are freely traded, markets are closely coordinated, and a

common user interface is used throughout the virtual region. As described in the NYISO 2004 Strategic Plan:

> *Establishment of a "virtual regional market" will mean that customers receive most of the benefits of a larger regional market through seams resolution and coordination of operations and markets among independent ISO/RTOs.*
>
> *This concept will deliver many improvements including:*
> - *Improving the efficiency of the real-time and day-ahead energy markets,*
> - *Reducing or eliminating uneconomic barriers to trade,*
> - *A common data exchange protocol for the markets,*
> - *Supporting the ability of Market Participants to hedge congestion across control area boundaries,*
> - *Faster and more accurate settlements across markets,*
> - *Potential reductions in ancillary services costs, and*
> - *Building support for robust energy futures markets*
>
> *The long-term objective is that the participants in individual Northeast (NYISO, ISO-NE, PJM, IESO) markets interact unencumbered by unnecessary differences in market rules and operating practices.*

Experience has shown that the degree of difficulty in addressing seams issues increases by the number of markets involved. Political issues and processes are often more difficult to manage compared with the effort spent to develop successful technical solutions. Consequently, the NYISO believes that, when establishing the priority of regional issues, a three-step process should be followed:

- ***Agreement on focus.*** Each participating ISO needs to establish the desirability of a regional market initiative and convey that priority to adjacent regional markets.
- ***Competing initiatives***. Affected ISOs/RTOs need to set regional priorities in conjunction with stakeholders with respect to internal initiatives.
- ***Acquiring buy-in from state and federal regulators.*** ISOs/RTOs need to effectively communicate the priority and importance of specific regional market enhancements to state and federal regulators.

NY Market Efficiency Initiatives

The NY Market Efficiency Initiatives address enhancements to the energy, ancillary services, TCC and ICAP markets, several at the suggestion of Market Participants. As noted in the NYISO 2004 Strategic Plan:

The motivation for investing resources to improve the efficiency of the NYISO markets is directly related to the original goals of deregulation of the Electricity Markets. The promise of deregulation was to foster both short-term efficiency and to provide effective long-term price signals to encourage needed investment in generation, transmission, and demand response resources.

Future market improvements should reduce costs that cannot be easily hedged by Market Participants and improve the clarity, certainty, and quality of the price signals being produced by the NYISO spot markets. We presume that a large, liquid, and efficient spot market run by the NYISO will lead to sufficient price transparency as required to support robust forward and futures markets for electricity and related products.

Section III – Market Issues Discussion

This section provides an alphabetical summary of the issues considered as part of the long-term market evolution plan.

High Value Market Issues

Market Efficiency

- **Develop Market Mechanisms to Induce Load Following** – Currently the NYISO does not provide an explicit market signal to encourage those suppliers that are capable of providing load following to participate as flexibly scheduled suppliers in its energy market. Instead, the NYISO , relies on the implicit incentive, provided in the real-time energy market, of maximizing profitable dispatch for those units scheduling as flexible suppliers. With the changing fuel mix, emissions restrictions that reduce unit operating ranges, and a projected modest increase in load following requirements due to the addition of wind power, it may be beneficial to recognize load following as a distinct market characteristic and provide explicit compensation to those suppliers which provide it.

- **Import Rights Allocation Process** – Currently, the NYISO provides ICAP Import Rights for External ICAP on a first-come first-served basis. Work on this initiative would include developing an alternative process to recognize the value of such Import Rights and present a process for administering them, presumably via an auction or other mechanism that would give all interested and qualified parties a reasonable and fair opportunity to facilitate trade of ICAP/UCAP between control areas.

- **Market Design Verification** - Market simulation is becoming a viable tool to test and verify new market features. It can assist the NYISO in providing an estimate of the economic efficiency of new market features and assessing whether those benefits exceed implementation costs. Simulation can also be used to (i) facilitate a decision when experts disagree; (ii) answer critics of deregulation with concrete results; (iii) support market design proposals; and (iv) expose market flaws or instances of market power. The testing of new market features during the design stage will reduce risks of market Inefficiencies. Simulation would allow the NYISO to analyze the impact of unforeseen bidding behavior or unlikely scenarios before they appear, leading to a reduction in risk.

- **Minimum Run/Down Times Over Midnight** - The current day-ahead scheduling system does not honor a generator's minimum run time parameter if it would extend the generator's operation past midnight. The discontinuity at midnight potentially results in increased uplift, divergence between day-ahead and real-time prices, disincentives to generation expansion, and sub-optimal use of resources.

- **Scheduling and Dispatch Rules Assessment** - There is a need to evaluate the relationship between the needs and purposes for regulation, load following, 15 minute flexible, self scheduled and fixed supply and the associated compensation and penalty rules.

- **SCUC Local Reliability Rule Pass Changes** – The NYISO is currently evaluating the costs imposed by the additional commitment of units in the Local Reliability Rules (LRR) pass of the Day-Ahead Market. If shown to be a significant factor in uneconomic commitment, a redesign of the multiple pass evaluation of the Day-Ahead Market could result in more efficient scheduling.

- **TCC End-State Auction Model** - The end state TCC auction would be a multi-period auction, simultaneously evaluating bids and offers for TCCs of varying durations. Software to run the end state auction has been received. However, two matters must be addressed before the end state auction is realized:
  - The design of the auction and its settlements must be reevaluated in light of operating experience gained during the past five years and the multi-period capability being proposed;
  - A new bid/post system is required to cope with the additional data handling burden that is expected with the auction's new flexibility.

- **Unforced Capacity Deliverability Rights (UDRs) for AC Transmission** - UDRs for Controllable Lines was the first phase of a longer range plan to give value to merchant transmission. The second phase of that evolution will be to determine market rules for free-flowing AC transmission. This

task will scope out the rules and processes to be used for valuing the capacity of any transmission lines that will impact the statewide IRM or Locational ICAP requirements and that would not be constructed with the benefit of a regulated rate of return (i.e. Merchant Transmission)

- **Wind Forecasting and Scheduling** - New York's adoption of an RPS implies the possibility that NYISO may need to accommodate in excess of 3,000 MW of wind power by 2013. Given the variability of wind project output, it is essential that NYISO day-ahead and real-time commitment processes be provided with estimates of wind farm production. This initiative will assess options for forecasting statewide wind output and incorporating such forecasts in SCUC and RTC.

Regional Market Enhancements

- **Cross-Border Congestion Hedges** - A cross-border congestion hedge would permit participants in the wholesale electric markets operated by the NYISO and other control areas to guard against price differences between their respective markets.

- **Cross-Border Controllable Line Scheduling (post-CSC, 1385)** - This initiative would develop the necessary user interface, scheduling and settlement software needed to accommodate controllable ties that span two control areas (external controllable lines). Initial cross-border controllable line capability is being implemented as part of project A619, specifically for the Cross Sound Cable. The initial implementation will provide baseline capabilities for future controllable line implementations however it is expected that most future lines will require additional customization to address unique requirements.

- **Elimination of Rate Pancaking w/PJM** - following on the elimination of rate pancaking with ISO-NE in 2004, the NYISO plans to work with its counterparts in PJM to bring together the stakeholders needed to develop a similar agreement between PJM and the NYISO.

- **Inter-Market Congestion Management (gain experience w/PJM/MISO approach)** - Investigate a methodology to address improved inter-regional congestion management, similar to that of the PJM-MISO congestion management protocol. This process would result in improved regional market efficiencies in the form of minimizing regional re-dispatch costs associated with transmission constraints.

- **Intra-Hour Transaction Scheduling (beyond pilot, conceptual design)** - NYISO and ISO-NE are currently working with stakeholders to evaluate the

concept and implementation strategy of ITS and alternatives. Following the pilot program and subsequent assessment of future testing and implementation issues, some larger-scale implementation of ITS or alternative real-time inter-market price-convergence approach may be undertaken. This effort will also need to look at the ramifications of multi-control-area ITS or equivalent.

- **Virtual (financial) Bidding at Proxy Buses** – The introduction of virtual trading within New York resulted in better convergence of day-ahead and real-time prices. This initiative would look at extending virtual bidding to include the proxy buses of adjacent control areas, providing better information to the day-ahead market scheduling software.

Lower Value Market Issues

Market Efficiency

- **Enhanced Demand Response/DG Participation** - Demand resources can most effectively participate in the day-ahead market – how do we encourage / educate these resources to increase participation? There are also opportunities for demand response providers in the reserves and regulation markets that may benefit from alternative communications approaches.

- **Internal Controllable Lines** - The concept of operations for general methodology to schedule HVDC controllable lines within NY borders was approved by NY Stakeholders in 2004. This initiative would develop the necessary user interface, scheduling and settlement software needed to accommodate controllable lines internal to NY.

- **Nodal Pricing for Load** – Are there reasons to consider moving from a zonal to nodal representation for loads?

- **On-Peak, Off-Peak TCC Blocks** - Some Market Participants have suggested that offering on- and off-peak TCC blocks would facilitate hedging and improve TCC value by both generators and loads due to distinct off-peak and on-peak volumes.

- **Resource Adequacy - Long-Term Voluntary Market** - This effort would consider additional / longer-term capacity products that provide proper signals for capacity addition.

- **TCC Options on Boundaries** – as a means to fully hedge congestion at the borders, it would be necessary to develop TCC options. The existing TCC

obligations would not generally be suitable since transactions across borders often flow in both directions.

- **TCCs for Transmission Expansion** - Develop a permanent methodology for granting TCCs for free-flowing AC transmission expansion. Expansion TCCs will provide financial reward to those entities committing to transmission upgrades. It would be logical to investigate the benefits of TCC Options for expansions as part of this effort.

- **Treatment of Distributed Generation** – Behind-the-fence generation currently participates in the NYISO markets through EDRP or as ICAP SCR. Advances in equipment, metering and communications technologies are tending to make distributed generators (including fuel cells) an attractive option for businesses. The NYISO and its stakeholders need to take a broad look at how these resources can participate in the NYISO, particularly in the energy markets. There is also potential for before-the-meter applications in distribution and local area transmission application that can eliminate or defer system reinforcements.

- **Virtual Trading in NYC Load Pockets** - Significant congestion is seen internal in the NYC Load Pockets. Expanding Virtual Bidding to the Load Pocket level could allow arbitraging and therefore price stability. This initiative will investigate a software solution to evaluate virtual bidding in NYC load pockets, updates to the necessary procedures to accommodate the change, and any required changes to the billing and invoicing systems.

Regional Market Enhancements

- **Impact of External Transmission Outages on Congestion Rent Shortfalls and ICAP Markets** - In the TCC auctions that it conducts, the NYISO permits bidders for TCCs to specify external proxy generator buses as the injection or withdrawal locations. Transmission outages or deratings occurring outside of the NYCA that are not anticipated at the time of a TCC auction can force the NYISO to reduce the assumed transfer capability between the NYCA and the adjacent control area. If the resulting set of TCCs are rendered infeasible, the NYISO will incur congestion rent shortfalls in the day-ahead market. There is currently no way to assign the cost impact (due to the congestion rent shortfall) of that outage to the responsible external transmission owner. In addition, transmission outages or deratings that cause reductions in transfer capability between regions may have an impact on ICAP sales and deliverability between regions.

- **Inter-Area Transaction Deliverability per ISO-MOU ICAP Principles** – RTOs/ISOs need to review their corresponding ICAP rules to be sure that all inter-area ICAP transactions are scheduled and managed on a comparable basis. Comparable and reciprocal rules must exist for day ahead

transactions, curtailments, short notice transaction such as SREs, and emergency transactions during reserve shortages.

- **Modeling of Netted Transactions at NYISO-HQ Interface** - Currently, real-time imports from HQ are limited to 1200 MW based upon NY first contingency criteria. Day-ahead and real-time scheduling software recognizes a 1500 MW limit at the NY-HQ proxy bus comprised of imports, exports and wheel-throughs. The lack of separation of wheel-throughs and exports from imports can restrict imports such that line flow is below 1200 MW. One solution that has been suggested would create a second proxy bus model at the interface, which would be used to schedule only wheel-through transactions; the first proxy bus would be used to schedule imports/exports up to a net level of 1200 MW.

- **Reserves Participation in Adjacent Regional Markets** - There has been some market participant interest in the ability to sell operating reserves from NY to ISO-NE. This effort would evaluate the complexity and desirability of such an arrangement. As with similar efforts, it is expected that this would focus on one specific external control area initially, with follow-on as appropriate.

Issues Requiring Further IT Advances

- **Better PAR Models** – This initiative would look at improved phase angle regulator models for day-ahead and real-time commitment.

- **ELR MWhr Bidding Capability** - Energy Limited Resources can currently be scheduled for more hours in the Day-Ahead Market than the resource can provide in a single bidding day. This initiative would provide a software solution to allow MWHR limitations to be applied during scheduling, updates to the necessary procedures to accommodate the change, and any required changes to the billing and invoicing systems.

- **Full AC Solution for Day-Ahead & Real-Time Commitment** – There would be advantages to explicit modeling of system voltage constraints compared with the current practice of modeling voltage constraints as MW flow limits. The processing time required to implement such a solution, particularly for real-time commitment, may be prohibitive.

- **Regional Day-Ahead Market** - A regional day-ahead market would look at some degree of regional contingency analysis and commitment modeling as well as sequenced operation of real-time scheduling processes and inter-ISO transaction evaluations. This process would be aided by a single interface and schedule submission process for inter-ISO transactions.

- **Voltage Support Service** – This initiative would look at alternatives to the existing var support payments that might include dynamic response capability, on-peak, off-peak requirements, enhanced metering requirements, etc.

Section IV – Translating the Market Evolution Plan into Future NYISO Business Plans

The complete list of market design initiatives will be reviewed by Market Participants through the Market Structures Working Group, Business Issues Committee, Operating Committee, and Management Committee with a view toward obtaining consensus on the level of value offered by each issue. The NYISO intends to do this in parallel with discussions on 2006 projects, and will revise the list as necessary to reflect input from each group. The NYISO proposes that the conceptual design for these initiatives be vetted through white papers prepared by NYISO staff, its consultants, and market participants in the 2006-2007 timeframe.

Consistent with the NYISO's project prioritization process, those initiatives that emerge as likely candidates for future projects will require a preliminary cost/benefit analysis. Those with the most compelling cost/benefit analyses will be prioritized as projects in the 2007 and beyond timeframe. Some initiatives may have limited support and/or costs well in excess of the anticipated benefits and may be dropped from further consideration in the plan.

The NYISO Market Evolution Plan is intended to serve as a living document that reflects the general importance and urgency of market design enhancements. Each year, the NYISO Business Plan will reflect the outcome of the market evolution plan review process. As needs change, new market design initiatives are identified and new cost/benefit analyses emerge, the annual market evolution plan will be re-evaluated and its outcome reflected in subsequent NYISO Business Plans.