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# NYISO 5-Year Strategic Plan

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**2006 – 2010**

**A Summary for the Management Committee**

# Introduction

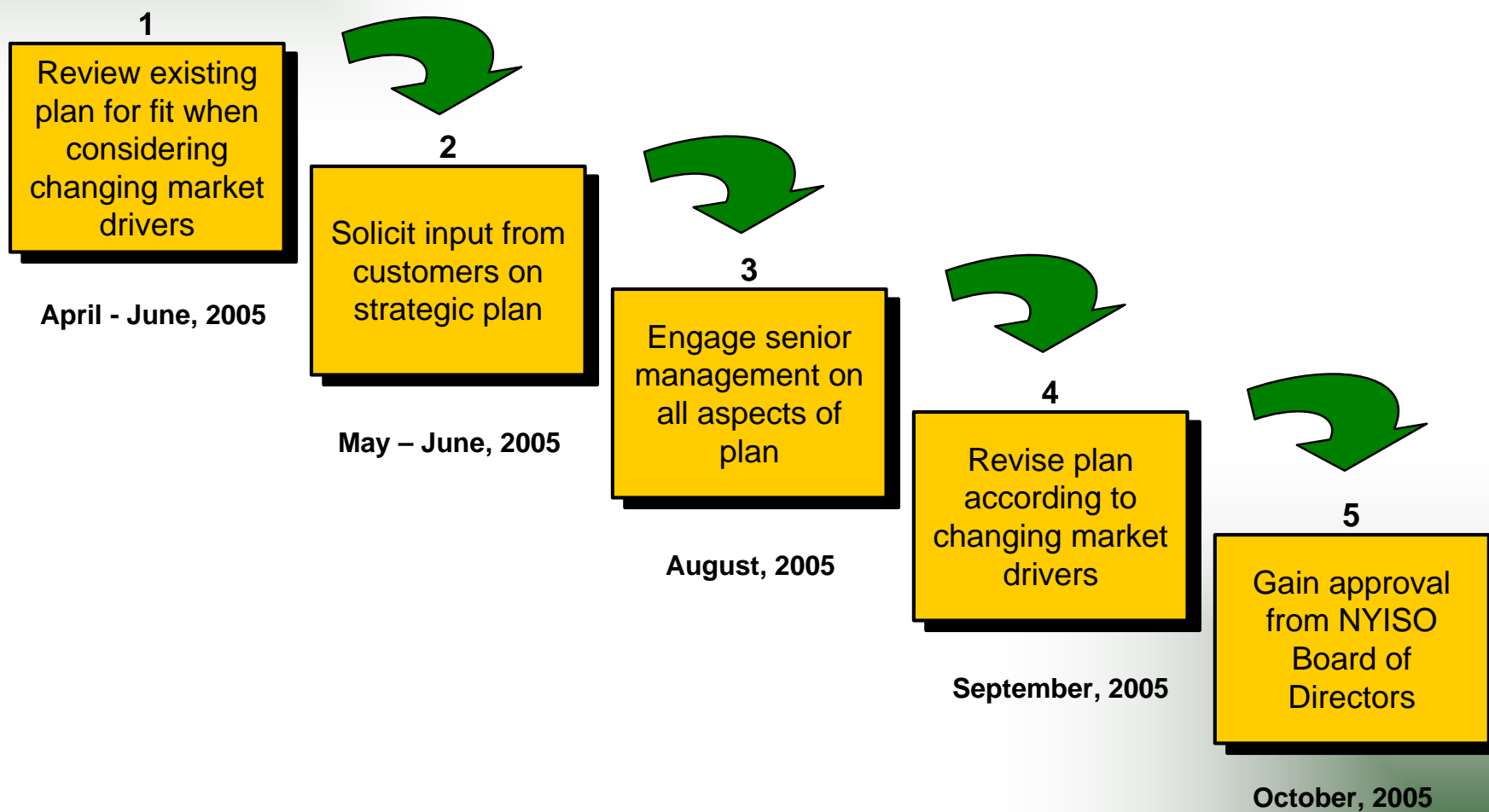
- ◆ This document provides a strategic direction for the NYISO for the period 2006 through 2010
- ◆ This document is organized as follows:

Content	Page Numbers	Description
Strategic Planning Framework	4, 5	Outlines the purpose of this document as well as the approach to plan development
Overview and History of NYISO	7 – 10	Provides a brief background and history of NYISO as well key statistics
Planning Assumptions	12, 13	Outlines planning assumptions and expectations of the customers that guide the development of this plan
Strategic Vision for NYISO	15 – 18	Highlights the mission, vision and projected end state for NYISO
Explanation of Strategic Objectives	20 – 24	Lists and explains the strategic objectives for the next five years
Organization Design for NYISO	26, 27	Provides the organization structure that is meant to deliver on the strategic plan
Keys to Successful Implementation	29	Presents the key success factors needed for implementation of the plan

# Purpose of this Strategic Planning Document

- ◆ Establish clearly the strategic direction for the organization
- ◆ Create a foundational strategy that strikes the right balance between long-term objectives, operational priorities, and financial discipline
- ◆ Reflect the perspectives of the NYISO's Board of Directors, NYISO's senior management, customers, and other stakeholders
- ◆ Serve as a communication tool for NYISO's Board of Directors, employees, customers, and other stakeholders

# Approach to Developing this Strategic Plan



# Planning Assumptions/Market Drivers

The table below presents NYISO's base planning assumptions over the next 5 years:

Planning Element	Description
◆ Time Horizon	◆ Five year planning horizon; 2006 through 2010
◆ Financial / Budget	◆ Clear recognition that budget targets have been established through 2010; strategic plan must be designed accordingly
◆ Geography	◆ NYISO will remain a single state entity
◆ Governance and Structure	◆ The current shared governance structure between the NYISO Board of Directors, NYISO management, and customers will continue through the planning horizon ◆ NYISO will remain a not-for-profit organization
◆ Regulatory	◆ The ISO/RTO model will continue to be supported by the federal and state regulatory processes

# Expectations of Our Customers

The expectations of our customers guide the planning and day-to-day activities of the NYISO. Their general expectations are outlined below:

## Customer Segments

- ◆ End-Use Customers
- ◆ Generators
- ◆ Other Suppliers
- ◆ Public Power and Environmental
- ◆ Transmission Owners

## Expectations

- ◆ Reliable grid operations
- ◆ Fair, transparent and efficient running of markets
- ◆ Price certainty
- ◆ Accurate and timely market settlements
- ◆ Cost conscious management

# Description of End State (2010)

The planning horizon is through 2010 and the end state description below indicates our vision of what NYISO will be at that time:

- ◆ Respected and authoritative source for data on reliability and markets
- ◆ Continued enhancement of market products and features
- ◆ Respected leader in maintaining reliable bulk power system with an increased role in monitoring and enforcing reliability compliance in the NYCA
- ◆ A diverse culture with a focus on continuous improvement in execution
- ◆ Not-for-profit status and governance structure essentially unchanged

# Strategic Objectives

The NYISO is focused on four primary strategic objectives during the five-year planning horizon. Each strategic objective and its definition is provided below:

Strategic Objectives	Definition
<ul style="list-style-type: none"> <li>◆ A Leader in Reliability</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reliable operation of the electricity grid</li> <li>◆ Reliable operation of NY wholesale electricity market and associated services</li> </ul>
<ul style="list-style-type: none"> <li>◆ Electricity Market of Choice</li> </ul>	<ul style="list-style-type: none"> <li>◆ Electricity market of choice due to efficiency of operations and value created</li> </ul>
<ul style="list-style-type: none"> <li>◆ Customer Focus</li> </ul>	<ul style="list-style-type: none"> <li>◆ Proper information and services to allow customers to participate effectively in the NY electricity market</li> </ul>
<ul style="list-style-type: none"> <li>◆ Excellence in Execution</li> </ul>	<ul style="list-style-type: none"> <li>◆ A culture that promotes and strives for flawless performance in all that we do and engenders customer confidence in our markets and operations</li> </ul>



# Key Elements and Measures of Success for Each Strategic Objective

**A Leader in Reliability**

## Key Elements

- Comprehensive reliability planning
- Comprehensive IT planning
- Compliance with new reliability standards and requirements
- Effective, responsive and cost-conscious infrastructure to support grid and wholesale market operations
- Champion of interregional planning in the Northeast
- Focus on reliability aspects of environment, fuel diversity, DSM, and renewables

## Measures of Success

- Lights stay on, markets stay up
- Adherence to reliability standards
- System performance
- Achievement of IT milestones

# Key Elements and Measures of Success for Each Strategic Objective

## Electricity Market of Choice

### Key Elements

- Competitive, robust and transparent marketplace
- Foster and promote market-based solutions
- Champion regional market and associated seams issues
- Focus on market issues as they relate to environment, fuel diversity, DSM, and renewables

### Measures of Success

- Price accuracy and certainty
- Timely, accurate and complete settlements
- Merchant investment
- Liquidity
- Volume of trading
- Number of customers
- Gradual elimination of remaining seams
- Reduction in uplift

# Key Elements and Measures of Success for Each Strategic Objective

## Customer Focus

### Key Elements

- Effective capture of “voice of the customer”
- Accurate, user-friendly information
- Shared governance

### Measures of Success

- Timely and accurate response to customer issues
- Results from customer surveys
- Customer confidence

# Key Elements and Measures of Success for Each Strategic Objective

**Excellence in Execution**



## Key Elements

- A high-performing, motivated workforce with a focus on quality
- A diverse culture of continuous improvement (LSS)
- A knowledgeable and well-trained organization
- Identification and management of enterprise risks
- Effective stakeholder communications

## Measures of Success

- Sigma level improvements in process output
- Settlement accuracy
- Quality, on-time delivery of projects
- Effective risk mitigation

# Keys to Successful Execution of the Strategic Plan

- ◆ Ensure that NYISO's senior management is accountable for the plan
- ◆ Actively market NYISO value to customers / stakeholders (as well the importance of the strategic plan)
- ◆ Communicate regularly the plan and its importance to the NYISO staff
- ◆ Put measures in place that gauge progress
- ◆ Use milestones to monitor progress
- ◆ Ensure that each key objective has a champion who is empowered and accountable
- ◆ Be willing to make adjustments/changes as conditions warrant
- ◆ Manage enterprise risk through the development of effective mitigation strategies that overcome risks to the achievement of objectives
- ◆ Reinforce this plan through the annual business planning and budgeting process