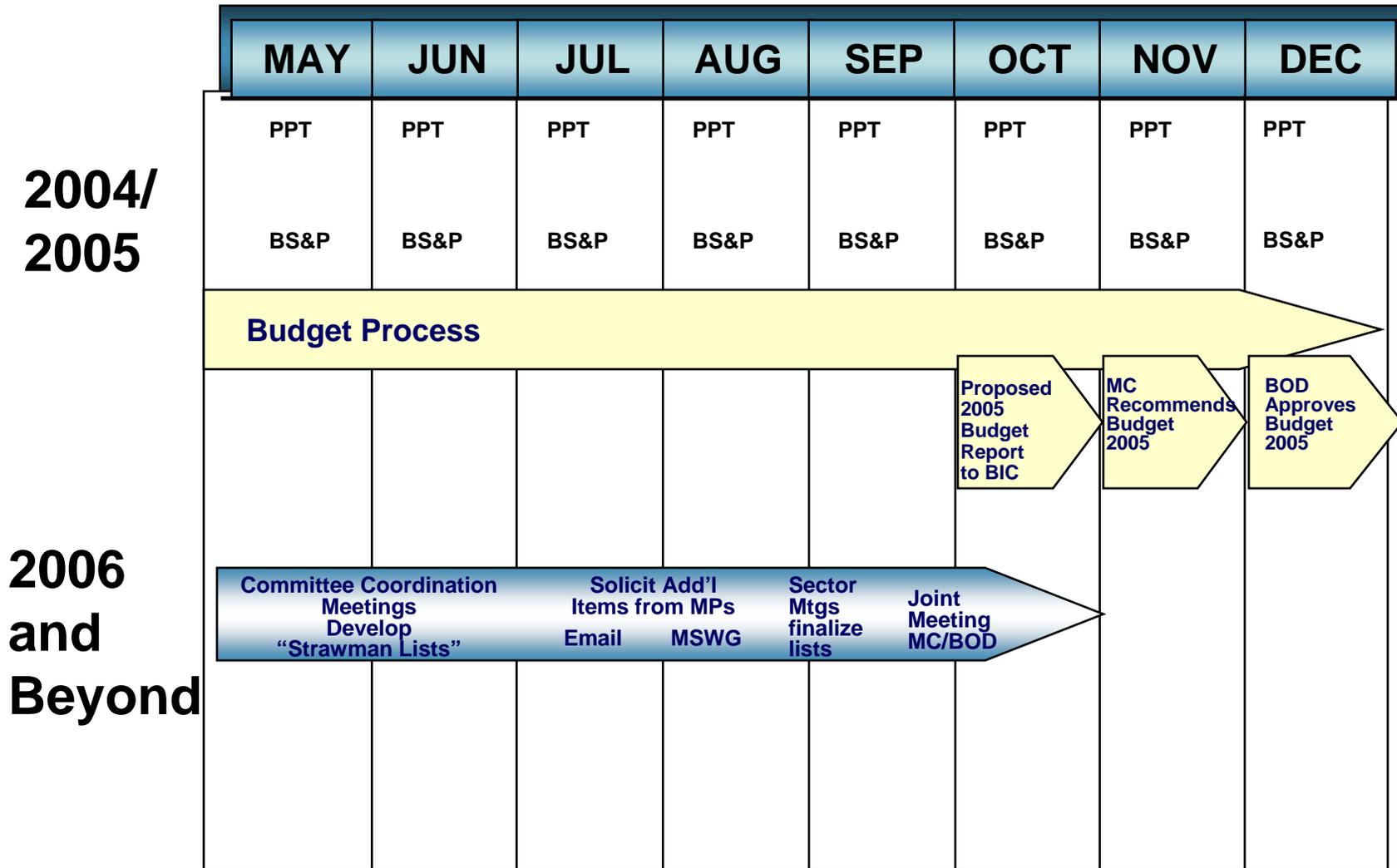


# NYISO Market Evolution Plan Development

What comes after SMD2.0 ??

C. King, NYISO Market Services

# Market Evolution Planning



# Market Evolution Planning

- Two concurrent tracks
  - Second-half 2004 and 2005
    - Projects
    - 2005 budget
  - 2006 and beyond
    - Strategic initiatives for market enhancements
    - Budget targets for 2006-2008

# Market Evolution Planning

- Second-half 2004 and 2005
  - Project Prioritization Team (PPT)
    - Regular meetings to monitor progress and discuss project priorities
  - Budget, Standards, and Performance Subcommittee (BSPS)
    - Budget development in second quarter 2004
    - Proposed budget discussed at October BIC
    - MC votes to recommend budget in November
    - Budget approval at December Board meeting

# Market Evolution Planning

- At least 2 Major Tracks of Work
  - Market Extension/Efficiency Improvements
    - Energy & Ancillary Services
    - ICAP
    - TCC
  - Inter-Market Coordination
    - Virtual Regional RTO
    - Market Rule Convergence

# Market Extension/Efficiency Improvements

- SCUC/RTS enhancements
- Multi-day commitment
- Forward energy/ancillary markets
- Green power
- Treatment of distributed generation
- Loss hedges
- Voltage support

# Market Extension/Efficiency Improvements (continued)

- TCC Options
- On-peak/off-peak TCC blocks
- Additional long term capacity projects
- Enhanced DAM participation in DADRP
- Support of outside demand exchange

# Inter-Market Coordination Improvements

- Removal of Rate Pan-caking
- Virtual Regional Dispatch (VRD)
- Cross-Border Hedging Instruments (CBH)
- Regional DAM
- Elimination of remaining seams issues
- Inter-market congestion management
- Regional Capacity Market

# Next Steps

- Provide list of candidate 2005 projects
- Complete list of future enhancements
- Tie back to NYISO Strategic Plan
- Develop prioritization for each track
  - Order is important!
  - Coordination a must!
  - Recognize budget/resource constraints