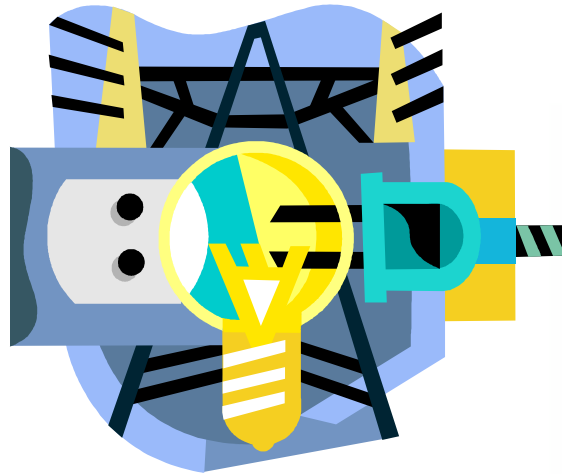


# NYISO 2004 Business Plan and Corporate Incentive Goals Overview



# 2004 Business Plan and Incentive Goals

- ✓ Business Plan and Incentive Goal Team
- ✓ Process
- ✓ Overview of the Plan
- ✓ 2004 Incentive Goals

# 2004 Business Planning and Incentive Goal Team

- Bob Boyle
- James Considine
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- Tim Duffy
- Tony Elacqua
- Dave Evanoski
- Mike Insero
- Glen Kaatz
- Ken Klapp
- Dave Lawrence
- Darlene LeVielle
- Scott Orr
- John Pade
- Chris Riffelbach
- Phil Shafeei

# Business Plan and Incentive Goal Process

- Goal input and regular interaction with the Market Participant Budget, Standards, and Performance Subcommittee
  - *Set of broad recommendations received from BSPS*
  - *Meetings with the subcommittee in summer and fall*

# Business Plan and Incentive Goal Process

- Our team met regularly from June through September and then *ad hoc*
  - *Incentive Goals and Business Plan are worked together to ensure that they are mutually supporting*
  - *Incentive Goals are developed and vetted by a NYISO-wide multi-disciplinary team*

# Business Plan and Incentive Goal Process

- Ongoing Direction from and Approval of Senior Management
- Approval of Board of Directors for Incentive Goals

# Overview of the Business Plan

- ✓ Corporate Administration
  - *Organization/Staffing*
  - *Governance*
  - *Market Participant Committees*
- ✓ Vision, Mission and Strategic Objectives
- ✓ 2003 Incentive Goals
- ✓ Group Plans

# 2004 Incentive Goals





# Teamwork to Achieve the Goals

- ✓ All of the Incentive Goals require teamwork from across the NYISO to succeed!



# Gateway Goals

## RELIABILITY GATEWAY GOAL

1. Maintain service to NYCA load.  
No interruption of load because of improper implementation of NYISO operating procedures by the NYISO.
- 

No loss of load or deliberate load shedding triggering a NERC reportable event (>300MWs for >15 minutes).

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## MARKET GATEWAY GOAL

2. Successfully post DAM schedules/ forward contracts.

DAM schedules/forward contracts are posted 99.73% of the time (1 miss) during 2004.

# Gateway Goals Discussion

- ✓ Reliability Gateway is a go/no go which emphasizes the importance of maintaining system reliability as one of our core functions
- ✓ Similarly, the Market Gateway emphasizes the importance of ensuring that the markets remain operational

# Comprehensive Electric System Planning Goal

Goal Values		
Threshold	Target	Superior

**3. Conduct Comprehensive Electric System Planning**

a) Complete Phase I Study	July 1	June 1	May 15
b) Complete FERC Filing of Phase II	Dec 1	Nov 1	Oct 1

# Comprehensive Planning Goal Discussion

- ✓ This goal supports a key element of the Strategic Plan, and consists of two equal parts
  - *Part 1: completion of the first phase of the comprehensive study*
  - *Part 2: a tariff filing with FERC*

# Operating Standards Goal

Goal Values		
Threshold	Target	Superior

**4. Comply with NERC/NAERO  
Operating Standards**

**CPS-2 (20%)**

**10 of 12  
months**

**12 of 12  
months**

**DCS: (80%)**

**10 of 12  
months**

**11 of 12  
months**

**12 of 12  
months**

**(Disturbance Control  
Standard)**

# Operating Standards Goal Discussion

- ✓ Control Performance Standards (CPS) are criteria defined by NERC to monitor and compare power system operation across North America.
  - *CPS-2 measures the magnitude of short-term Area Control Error (ACE) values.*
  - *The Disturbance Control Standard is that ACE must be returned to zero or to its pre -disturbance level within 15 minutes following the start of a NPCC reportable event.*

# Market Availability Goal

Goal Values		
Threshold	Target	Superior

**5a. Achieve timely posting of DAM schedules and forward contracts. Post by 11 am:**

**6 misses                      3 misses                      0 misses**

**5b.1 MIS Availability (measured monthly > = average availability of other ISOs/RTOs)**

**2 misses                      1 miss                      0 misses**

**5b.2 During the year, an individual occurrence of unplanned service interruptions will not be greater than 4 hours. There will be no more than:**

**3 occs of                      2 occs of                      1 occ of  
1-4 hours                      1-4 hours                      1-4 hours**



# Market Availability Goal Discussion

- ✓ First part of goal complements the Market Gateway goal and provides an incentive to achieve the 11 AM posting time for the Day-ahead Market a high percentage of the time
- ✓ The MIS availability portion of the goal has two aspects
  - *The first part rewards very high levels of system availability over the entire year*
  - *The second part incentivizes us to minimize unplanned outages*

# Real-Time Price Certainty and Accuracy Goal

Goal Values		
Threshold	Target	Superior

Improve the certainty and accuracy of Real-Time prices:

a) Hours reserved

$\leq 12\%$

$\leq 10\%$

$\leq 8\%$

b) Intervals corrected:

$\leq 0.6\%$

$\leq 0.5\%$

$\leq 0.4\%$

# Real-Time Price Goal Discussion

- ✓ There are two issues regarding prices in the real-time market:
  - *the number of hours that are reserved for review (price uncertainty) and*
  - *the number of prices actually corrected after review (price accuracy).*
- ✓ Market participants have cited both as important components of a competitive market.

# Billing and True-up Goal

Goal Values		
Threshold	Target	Superior

**7. Improve the billing and true-up process:**

**a. Posting of all invoices within 5 business days of the start of the month according to invoice schedule**

**2 misses**

**1 miss**

**0 misses**

**b. Metering improvements**

**Finalize  
Program**

**Implement  
Program**

**Finalize  
Schedule**

**c. Turn-Around of Billing issues (in business days)**

**40 days**

**35 days**

**30 days**

# Billing and True-Up Goal Discussion

- ✓ The billing goal is divided into three equal parts and each can be traced to our strategic goal of a state-of-the-art settlement system.
  - *Part A: invoices will be posted to the website by the 5th business day of the month and will encompass all rebills, true ups as well as the invoicing of final bill challenges.*
  - *Part B: takes on the issue of improving metering data – an essential prerequisite of shortened billing cycles*
  - *Part C: incentivizes short turn-around time for the correction of any billing issues.*

# Improve Customer Satisfaction Goal

Goal Values		
Threshold	Target	Superior

9. Improve customer satisfaction with NYISO services as determined via surveying three times annually

>= 2%

>= 4%

>= 6%

# Customer Satisfaction Goal Discussion

- ✓ A Key method of measuring our Strategic Objective of First Class Customer Service!
- ✓ 3 Market Participant Internet surveys
  - *April, July, November*
- ✓ Survey is conducted and measured by Customer Technical Services
  - *Improvements in Customer Satisfaction is All of Our Responsibilities!*

# Project Execution Goal

Goal Values		
Threshold	Target	Superior

10. Improve Project Management Deliverables (Goal weighted 20%)

a) On-time completion of high profile, high priority projects.

a1. Schedule

Miss 3

Miss 2

Miss 1

a2. Cost

Miss 3

Miss 2

Miss 1

b) SMD 2.0 Implementation

11/16/04

10/12/04



# Project Management Goal Discussion

- ✓ This goal is divided into two equal parts.
  - *On time and on budget completion of high priority projects*
  - *Implementation of SMD 2.0*
- ✓ This goal is weighted at a higher percentage (20%) to reflect the critical nature of on-time project completion to our market participants.
- ✓ Responsibility for successful achievement of this goal is company wide