

APX - NY Market



Presented to

NYISO

Business Issues Committee

MSG

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by

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Agenda



- Who is APX
- APX New York Market
- NYISO Issues
- Where is FERC?



An Introduction to APX



APX History



- June 1996 - Seed by founders
- November 1997 - \$3.1 Million
 - Bechtel, Technology Partners
- April 1, 1998, launch & first revenues
- August 1999 - \$15.5 Million
 - Bechtel, Technology Partners
 - Kinetic Ventures, Woodside Fund, Onset Ventures
 - FirstEnergy, Unicom



APX Northeast Presence



- Member NY ISO (M C B I O C)
- Regional Offices
 - Albany (G len M cC artney/ M ike F itzP atrick)
 - Philadelphia (J im V ema)
 - Connecticut (G ary Z ie lanski)
- APX was active in NY ISO restructuring proceedings



APX Technology



- APX 2000 Software Released March 2000
- APX 2000 Consists of:
 - APX MarketWindow (GUI)
 - APX MarketEngine (database)
- Redundant servers operate the system in parallel to ensure reliability
- Capabilities range from simple matching service to full service clearing house with scheduling capabilities



APX New York Market



New York Forward Contract



- Settled against NY ISO DAM and RTM
 - A Zone
 - J Zone
 - G Zone
- Trading Steps
 - Hourly
 - Daily
 - Weekly



Future NY Products



- Physical Energy Products?
 - Physical world tied to financial bidding
 - Bidding gymnastics to get physicals scheduled
- Operating Reserves?
 - FERC has directed NYISO , in cooperation with M P s , to address self supply
- ICA P
 - Vibrant bilateral market
 - Self scheduling is permitted

Future NY Products



- Green Markets?
 - Need reason form arket to develop
 - System benefit credit or Renewable Portfolio Standard
- Secondary TCC Market



NYISO Issues



- Physical Energy Market
 - Inability to self schedule
 - Three part bidding process
 - Import/Export Cuts
 - Lack of trading hubs
- Operating Reserves
 - Inability to self supply
- Index Volatility
- VLB
- LBM P vs Forward Market



Where Is FERC?



- Recent FERC Order
 - Allows for generation self-scheduling
 - Directs CAOs 'not to charge net supply offer shortfall costs to market participants who do not use ISO energy and reserves
 - FERC concerned that "CAOs' market may in pose competitive disadvantages on alternative power exchanges"
 - CAOs may adopt 3 part bid process, but must allow single part bids
- FERC Order EL00-62-000 - ISO New England, Inc

Thank You



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