SMD2 Readiness
Status Report

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Agenda #5
Management Committee
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SMD2 Readiness

- SMD2 Development Status
- SMD2 Readiness Plan
  - ✓ Testing
  - ✓ Training
  - ✓ Departmental Readiness
  - ✓ Deployment Planning (Cut-over/Fall-Back)
  - ✓ LECG/Patton Assessment
  - ✓ Consultation with MPs Prior to FERC Notification
- FERC Notification Requirements
  - Two-week notification of intent to "go-live"
  - 48-hour web-posting notification of effective date

SMD2 Development Status

✓ All Remaining ABB Critical Defects Addressed

✓ NYISO Software Features Complete
  – Critical bugs corrected / regression testing ongoing

✓ Both ABB and NYISO Software Under Code Freeze
  – All software changes approved by Business Owner / CEO

✓ Several "Day 2" Issues Identified and will be Prioritized for Next Release

✓ Current status supports December 1 deployment

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SMD2 Testing and Training

- Testing Status
  - ✓ Factory Acceptance Testing - Complete
  - ✓ Functional Testing – Complete
  - ✓ Integration Testing – In final stages
  - ✓ Business Owner Testing – In final stages
  - ✓ Market Trials (7 Exercises and reviews) - Complete

- Training Status
  - ✓ Market Participant (MP) Training – Complete
  - ✓ Ranger Training – Complete
  - ✓ NYISO Staff Training – Complete
  - ✓ Operator Training – To be completed prior to deployment

Departmental Readiness

- Market Operations
  - On schedule to complete validation of required software corrections prior to the December 1 deployment

- Market Monitoring & Performance
  - In final stages of testing, all outstanding tasks will be completed by November 23

- Power System Operations
  - Operator training is on schedule to support the December 1 deployment

- Customer Settlements
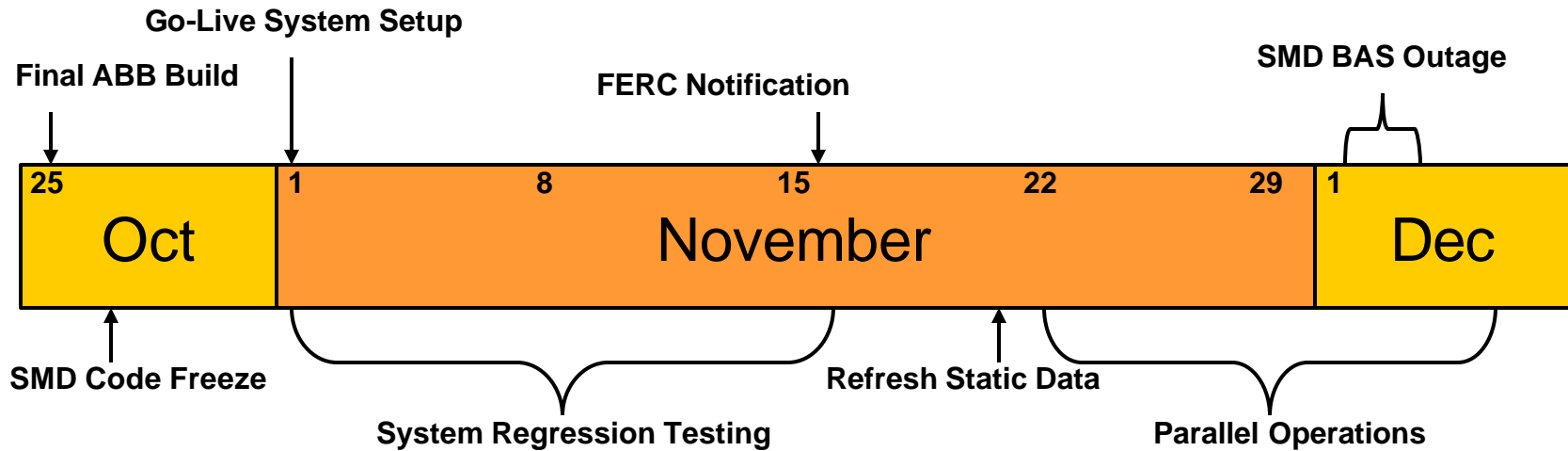 - In final stages of testing, all outstanding tasks will be completed by November 12

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Cut-over Plan/Activities

- Designed to Minimize Impact
  - Minimize risk to reliability
  - Reduce market downtime
  - Maximize opportunity for successful fall-back

- Parallel Operations/Bidding (Legacy and SMD2)
  - Begins with Dispatch Day November 24
  - Full MP participation critical to ensure clean transition of MP data
  - SMD2 bids should reflect realistic bids for settlement
  - Provides opportunity for final stabilization
  - Facilitates rapid fall-back (if required)

- Pre-deployment SMD2 OASIS Results Created During Parallel Operations Will Not be Posted
  - SMD2 schedules available over the internet
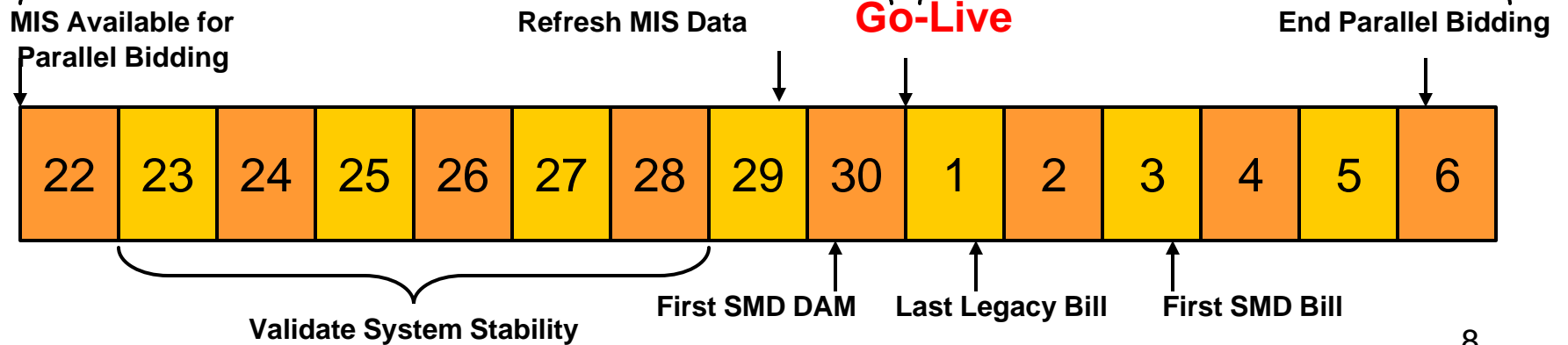
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Cut-over Plan Impacts

- ## Market Impacts/Outages
  - ### Short MIS outages for data preparation/transfer
    - Three planned outages: (1) early November; (2) prior to parallel operation; and, (3) November 30

- ## Operational Impact
  - ### Short dispatch signal interruption at cut-over

- ## Billing Outages
  - ### Longer outage for historical data translation
  - ### Following posting of November 30 invoice
  - ### First SMD2 invoice posted on December 3
    - Specific schedule dependent on data conversion

Cut-over Timeline

Go-Live System Setup

Final ABB Build

FERC Notification

SMD BAS Outage

25	1	8	15	22	29	1	
Oct	November					Dec	

SMD Code Freeze

Refresh Static Data

System Regression Testing

Parallel Operations

SMD2 Bids Non-Binding up to DA & RT Markets for 12/1

Legacy Bids Non-Binding Unless Fall-back Occurs

MIS Available for Parallel Bidding

Refresh MIS Data

Go-Live

End Parallel Bidding

22	23	24	25	26	27	28	29	30	1	2	3	4	5	6

Validate System Stability

First SMD DAM

Last Legacy Bill

First SMD Bill

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SMD2 Fall-Back

- Primary Objective in Making Fall-Back Decision is Maintaining Power System Reliability

- Multiple Scenarios Have Been Considered
  - Reliability emergency; Immediate execution of plan
  - Market dysfunction; Planned migration to next DAM schedules (possibly at next 00:00)
  - Hybrid

- Depending on Decision Factors, Amount of Market Notification Might be Variable
  - The NYISO would strive for the maximum amount of notification possible

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SMD2 Fall-Back (Cont.)

- Process of Executing Fall-Back is Similar Whether Emergency or Planned
  - Notify TO control centers, Market Participants
  - Reload legacy ICCP model; basepoints supplied from legacy EMS
  - Declare statewide Out of Merit (OOM)
  - Assess status of legacy market schedules, determine best time to resume NYISO markets
  - Perform controlled establishment of legacy schedules

- Settlement rules for period between cut-over and fall-back will depend on circumstances. Specific guidelines have been developed and will be shared with MPs during an upcoming working group meeting.

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SMD2 Readiness Status

- Current state of readiness supports sending the two-week <u>intent</u> to "go-live" notice to FERC on November 16
  - Work will continue to complete all required readiness items before "go-live" date
- Final readiness status will be reviewed prior to making <u>final</u> "go-live" decision
  - SMD2 Readiness telecon scheduled for November 26
  - Final departmental, LECG, and Patton assessments
- If requirements are met, the 48-hour effective date notice will be posted on November 27

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SMD2 Readiness Concerns

- Market Participants have recently raised concerns over:
  - NYISO's ability to attain an unqualified SAS70 opinion based on SMD2 controls after only one month of operation
  - Market Participants' ability to test internal controls pursuant to SAS70 and Sarbanes-Oxley
  - Market Participants' ability to meet Public Company Auditing Oversight Board (PCAOB) standards for testing

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Meeting Timeline to Go-Live

Nov 10th	MC Meeting	SMD2 Readiness Review, Market Advisors Assessment, Consultation with MPs on FERC initial Go-Live Notification
Nov 12th	SMD2 Teleconference 2:00pm – 4:00pm	SMD2 Readiness Review
Nov 16th		FERC Notification of intent to go-live
Nov 17th/18th	BIC/OC Meeting	SMD2 Readiness Review
Nov 19th	SMD2 Tech Conference	MP Technical Staff Conference on go-live logistics
Nov 22nd	MSWG Teleconference 1:00pm - 3:00pm	Follow-up/Additional discussion on MSWG SMD2 Topics
Nov 26th	SMD2 Teleconference 3:00pm – 4:00pm	MP Final Consultation on go-live
Nov 27th		NYISO Forty-eight hour posting of effective date (go-live date)
Nov 30th	Multiple TO/SOAS Teleconferences	Review final readiness status; identify potential operational impacts
Dec 1st		SMD2 Go-Live (Day-Ahead bids submitted for Dec 1st on Nov. 30th)
Dec 2nd	MC Meeting	SMD2 Day After Go-Live Update
Dec 3rd	MSWG Teleconference 1:00pm - 3:00pm	SMD2 post-deployment consultation with MPs