



# President's Report

Joint Board of Directors / Management  
Committee Meeting

October 16, 2001

# NYISO President's Report

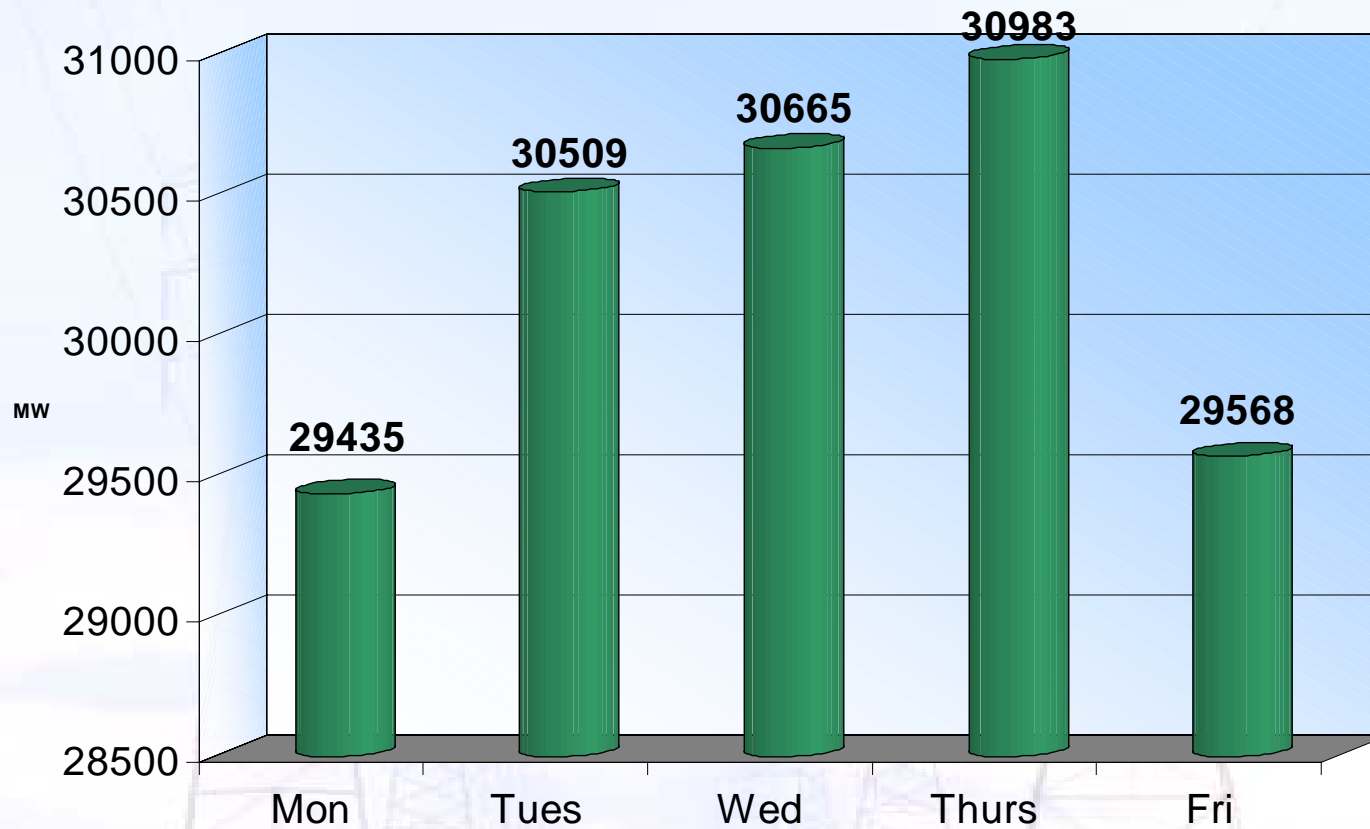
- 1) Summer 2001 Operations
- 2) 2002 Capacity Outlook
- 3) Seams Issues
- 4) RTO Status and Schedule



# NYISO Operations

Week of August 6, 2001

## NYISO Loads Peak Week August 6 - 10, 2001 Daily Peak Loads (MW)



# NYISO Operations

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## ✓ Overview

- *New NYISO Peak Load - 30983 MW HB14, August 9*
- *New Peaks in Neighboring Control Areas*
  - ✧ **IMO - 25,269 MW**
  - ✧ **ISO-NE - 25,158 MW**
  - ✧ **PJM - 54,176 MW**

# Peak Day Summary

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- ✓ NYISO Operating at Reserve Requirements
- ✓ Neighboring Control Areas Operating at Margins
- ✓ NYISO Exporting Energy Sales
- ✓ Transfer Limitations into Long Island
- ✓ Depressed Voltage Levels

# Emergency Actions Taken

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- ✓ Curtailing non essential customer load
- ✓ Manual Voltage Reduction (5%)
- ✓ Voluntary Curtailments
  - *Large Industrial and Commercial Customers*
- ✓ Radio and TV Appeals
- ✓ Counted NYISO Exports as reserve
  - *Recall NYISO exports, Capacity and some energy*
- ✓ Counted 5% Quick Response VR as reserve
- ✓ Initiate EDRP & SCR

# Emergency Actions Taken

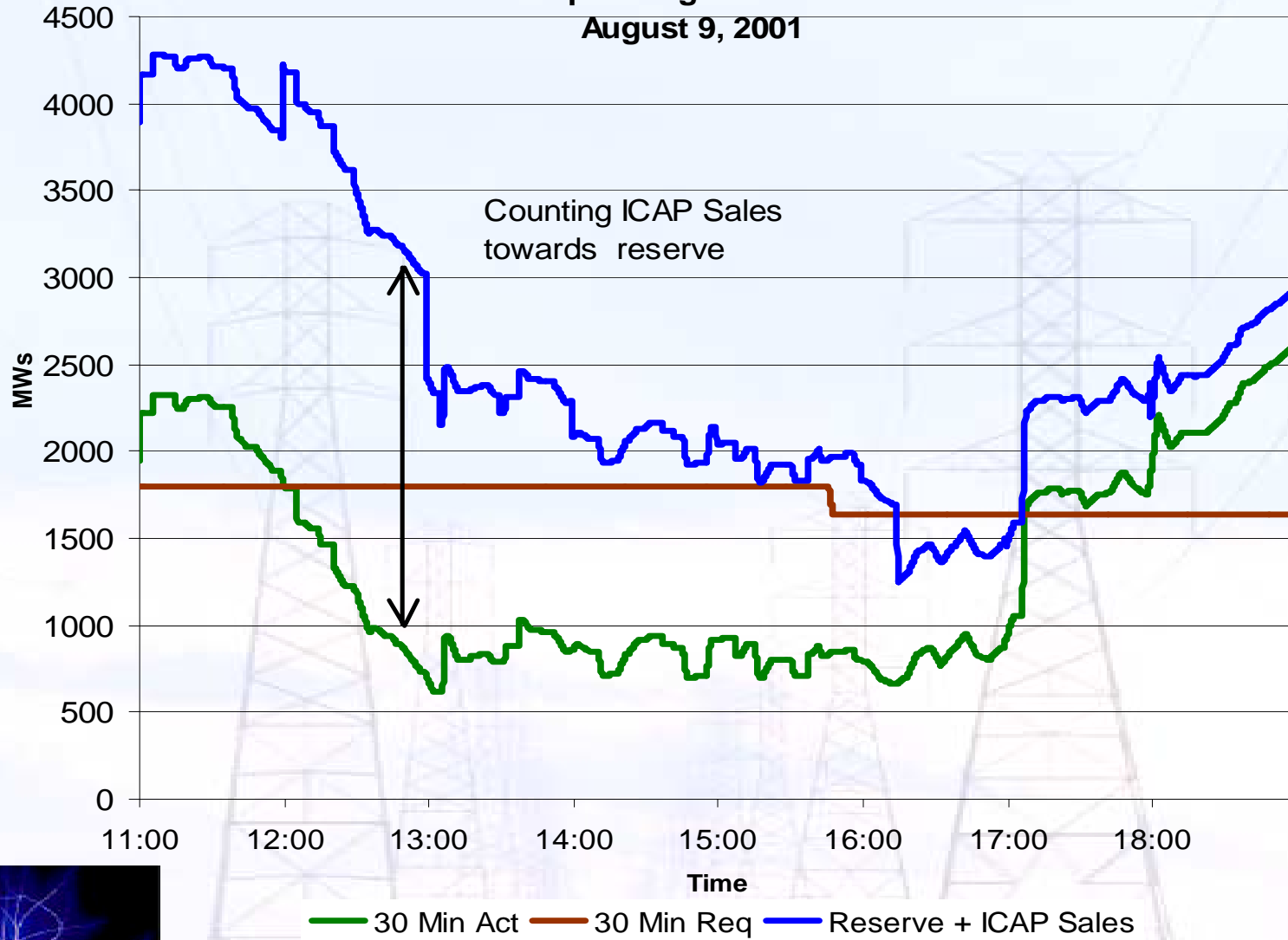
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## ✓ Other Actions Taken

- *Reduced wheel throughs for voltage problems*
- *Water Management Steps with Hydro's*
- *NY State Programs*



# NYISO Reserve Requirement Operating Reserve August 9, 2001



# Generation Availability

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## ✓ Capacity Review for August 9, 2001

▪ <i>August ICAP</i>	-	36,948 MW
▪ <i>Generation Available</i>	-	34,182 MW
▪ <i>Scheduled Maint.</i>	-	55 MW
▪ <i>LT Outages</i>	-	220 MW
▪ <i>Temp &amp; Hydro Derates</i>	-	1293 MW
▪ <i>Other accepted adjustments</i>	-	1200 MW

✓ 7.5% Actual Unavailable

✓ 13% Planned Unavailability

# Load Relief Measure

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- ✓ Load Management Relief – Aug 9
  - *Total* - 1580 MW
  - *EDRP & SCR* - 580 MW
  - *Voltage Reduction* - 350 MW
  - *Public Appeals* - 270 MW
  - *NYS Government* - 220 MW
  - *TO Programs* - 130 MW

# System Performance

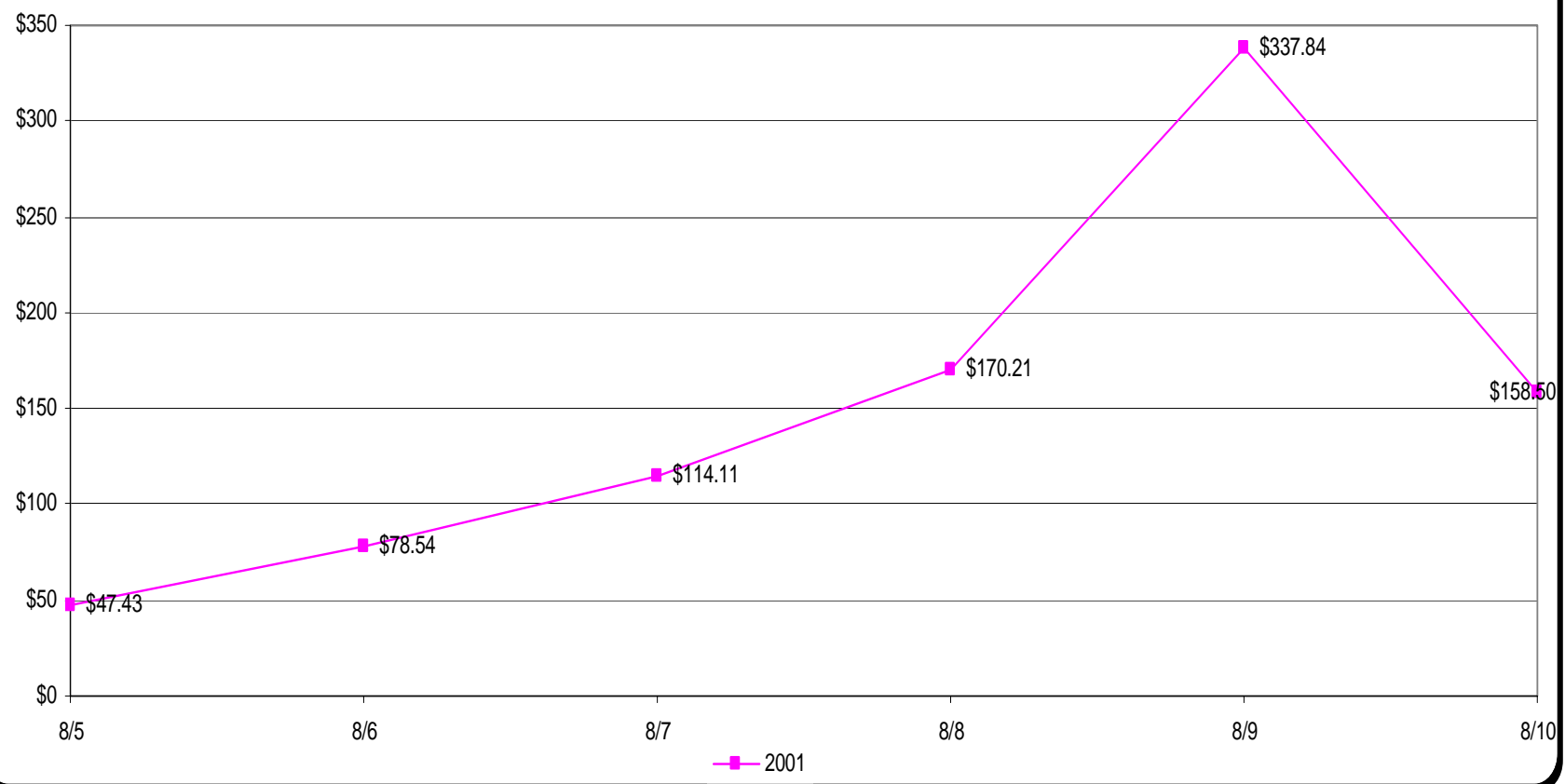
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- ✓ 5% Voltage Reduction
  - *Observable in the SENY Voltages*
  - *Not as much benefit as expected*
  - *Expected Relief- 370 MW*
  - *Actual Relief - 231 MW*

# EDRP Program Performance

<i>Date</i>	<i>Remarks</i>	<i>MW estimated from non-TO CSPs</i>	<i>MW estimated from TOs</i>	<i>Total MW estimated</i>
August 6	Advisory issued – program not invoked	206	200	406
August 7	event called, hours 1500-1900	233	200	433
August 8	event called, hours 1300-1900	229	200	429
August 9	event called, hours 1100-1900	276	200	476
August 10	event called (Zones F-K), hours 1330-1800**	82	62	144

**Average Daily NYISO - Administered Total Price (Energy & Ancillary Services)**  
2000 Annual Average \$57.81/MWH  
Jan to August 2000 Average \$56.54/MWH  
Jan to August 2001 Average \$59.61/MWH



This chart is a version of the Market Monitoring monthly chart 4-A

**Average Daily NYISO - Administered Total Price (Energy & Ancillary Services)**

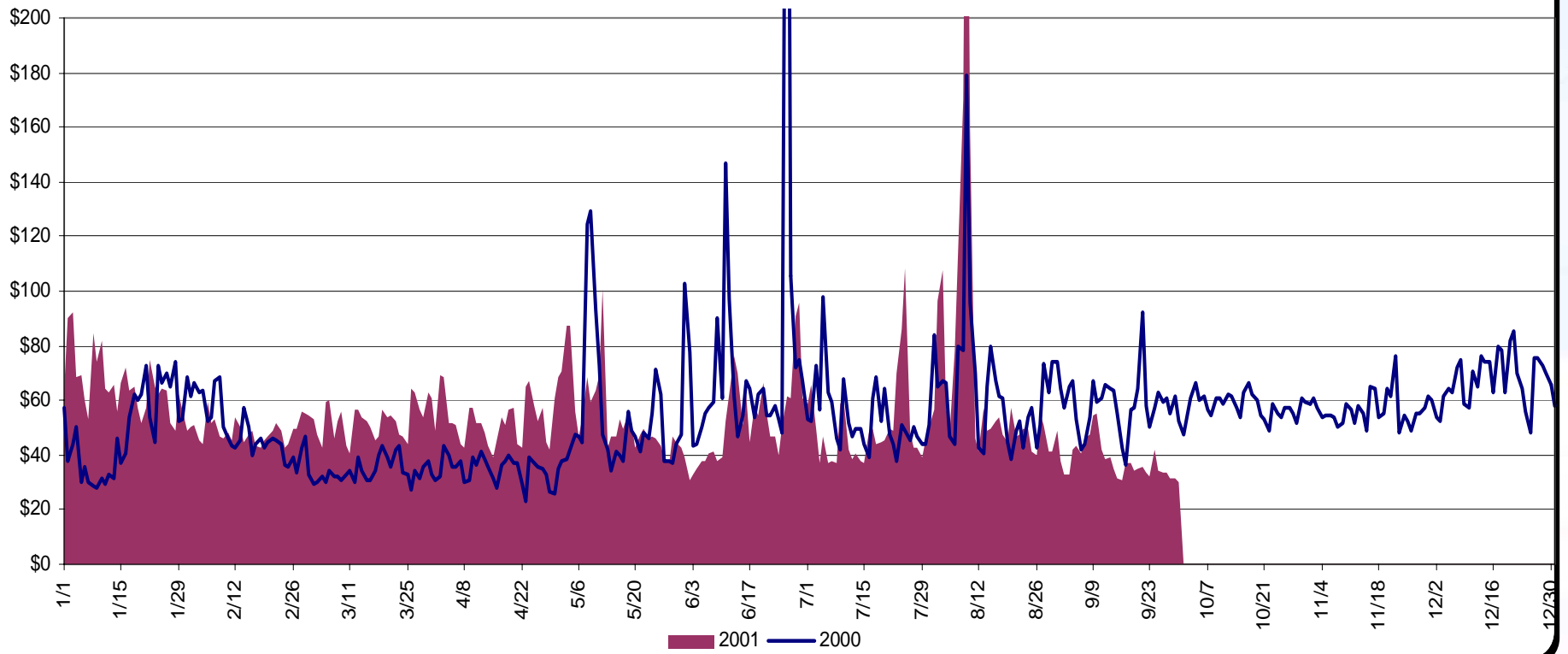
2000 Annual Average \$57.81/MWH

Jan to September 2000 Average \$56.92/MWH

Jan to September 2001 Average \$57.08/MWH

June 26, 2000 Daily Average 414.14

August 9, 2001 Daily Average 337.84



# NYCA & Locality Load and Capacity Outlook : Summer 2002

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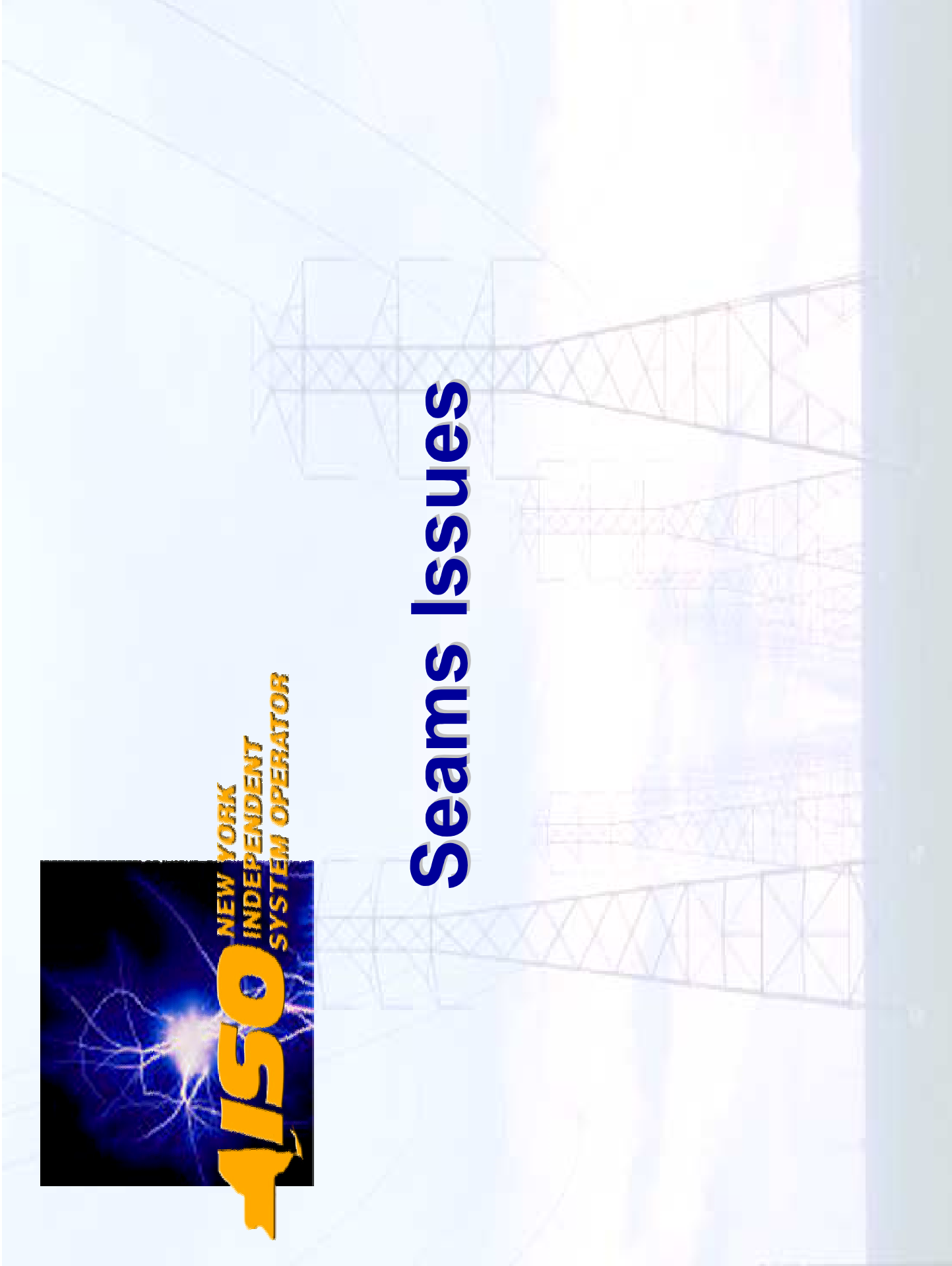
<u>Statewide</u>	<u>Total NYCA</u>	<u>Extreme Weather</u>
Forecast Demand	30,650 MW	32,290 MW
Reserve Requirement	<u>5,517 MW</u>	<u>5,812 MW</u>
Total Requirement	36,167 MW	38,102 MW
NYCA Available Supply	<u>36,081 MW</u>	<u>36,081 MW</u>
Need from External or SCR's	86 MW	2,021 MW

*Available supply includes 585 MW of potential new supply in NYCA*





# Seams Issues



# Overview

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- ✓ Quick resolution of the significant trading impediments is a high priority for the NYISO.
- ✓ We have been reviewing the seams issues list to determine which items can be resolved prior to summer 2002.
- ✓ Continuing to pursue resolution through existing stakeholder processes where appropriate.

# Major Projects Addressing Seams

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- ✓ **Ability for TO's to Discount TSC Rates**
  - *Will be available for Specific Interfaces / On and Off Peak – Nov '01*
- ✓ **Transaction Checkout/Curtailment**
  - *Market Operations Desk for notification of curtailments and resolution of checkout problems - Nov '01*

# Major Projects Addressing Seams

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- ✓ **Transaction Scheduling/Ramping**
  - *Multi-Hour Blocked Transactions - Dec '01*
  - *Open Scheduling System - Phase 1 - 4Q '01*
  - *External Transaction Prescheduling and Ramp Management – 4Q '01*
- ✓ **Improved posting of ATC/TTC**
  - *Project proposed to PPT*

# Summary

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- ✓ The majority of high priority items can be addressed by summer 2002.
- ✓ A few items will require some cooperation with the other ISOs (OSS, Ramp Management, Pre-Scheduling, Capacity Markets/Recall of Capacity).
- ✓ The implementation plan calls for the creation of a new project which will encompass several of the ATC/TTC issues.
- ✓ We are working with the Project Priority Team to assure the implementation plan is given sufficient priority and resources.

# NYISO Board RTO Position

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- ✓ Support formation of a Northeast RTO providing:
  - *A logical implementation plan is adopted (such as Alternative IM in Judge Young's Report)*
  - *Appropriate "Best Practices" from New York and New England are included in the Market Design on "Day 1"*
  - *Local and Regional Reliability is assured*
  - *Governance provides for equal representation from all three ISOs*
- ✓ Seams Issues should be resolved ASAP during the transition to a Northeast RTO\
- ✓ September Board Resolution (attached) contains detailed NYISO Board Policy and Position

# NYISO Board Position/Policy on RTO Development

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The NYISO Board supports the concept of a single Northeast RTO (NERTO) in accordance with the following basic principles:

## 1. GOVERNANCE

- a) *NERTO Final and Transitional Governance must meet FERC's RTO Order criteria for independence (e.g. – Market Participant Committees are advisory).*
- b) *Transitional Governance (e.g., Board, Steering Committee, etc.) must provide equal representation for each of the 3 ISOs, as appointed by the existing ISO Boards.*

# NYISO Board Position/Policy on RTO Development

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## 2. RELIABILITY

- a) Maintain current levels and standards for, NY State, NYC, and LI reliability.*
- b) Market mechanisms should be used to provide reliability-related services (e.g. reserves).*



# NYISO Board Position/Policy on RTO Development

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## 3. MARKET STRUCTURE AND DESIGN

- a) *NERTO Market Structure and Design should include the Best Practices from NYISO, ISO-NE, and PJM.*
- b) *NERTO Market Structure and Design must be economically efficient and non-discriminatory.*
- c) *NERTO Market Structure and Design must accommodate each ISOs unique characteristics (e.g., level of divestiture, transmission constraints, market power potential, etc.)*
- d) *The transitional governance or other interim decision-making authority, must employ an objective 3<sup>rd</sup> party expert(s) to advise them on the economics, schedule, and risk tradeoffs of proposed market structures and designs; and the technological and operational challenges of operating a market and electric system as large as the proposed NERTO.*

# NYISO Board Position/Policy on RTO Development

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## 4. GENERATION

- a) *NERTO Market Structure and Design must provide market incentives for generation additions.*

## 5. TRANSMISSION

- a) *Adequate transmission is critical to the success of a NE Market.*
- b) *For any regional transmission organization to be an improvement over the existing ISOs, appropriate legislation is required to give the regional organization or other appropriate entity the authority to ensure that transmission required for maintaining existing system reliability and improving existing market efficiency is actually planned and built in a timely manner.*

# NYISO Board Position/Policy on RTO Development

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## 6. INTERREGIONAL TRADING IMPEDIMENTS (SEAMS ISSUES)

- a) *The NYISO Staff will seek the cooperation of the other two ISOs to resolve the Seams Issues by November 2001, by petitioning FERC to convene a binding ADR process, with implementation of the resolution no later than May 2002.*

# RTO Status & Schedule

Activity	Date	Status
Northeast Mediation	8/6/01 – 9/17/01	✓
ALJ's Report	9/17/01	✓
Responses to ALJ Report	10/8/01	NYISO filed on time
"RTO Week" (Commissioner led discussion)	10/15/01 – 10/19/01	NYISO not invited
RTO Orders	10/31/01	May slip to early November
NOPR on Market Design	?	Unclear if this includes The Northeast
Deadline for Establishing RTO's	12/15/01	Changed to "joining Approved RTO's"

# FERC'S Dual Path Approach

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## **PATH 1 – GOVERNANCE**

- ✓ RTO Orders expected to be proscriptive
- ✓ TO's (and others?) ordered to join RTOs
- ✓ Original December 15<sup>th</sup> deadline to be applied to above

## **PATH 2 – MARKET DESIGN**

- ✓ Rulemaking approach
- ✓ Rewrite 888 Pro-Forma Tariff for nationwide application
- ✓ Some question of treating the Northeast differently

# FERC'S Northeast RTO Decision Options

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## 1. Agree with ALJ's Report

- *Deliberate Implementation Process (1-M)*
- *Resolve Governance by Order or Settlement*
- *Third Party Evaluation of Critical Technical Issues*

## 2. PJM/One RTO Coalition Approach

- *Order 6, 3, 2 Board*
- *Adopt PJM Market with minimal changes*
- *24-month schedule controlling*

## 3. Other (?)

