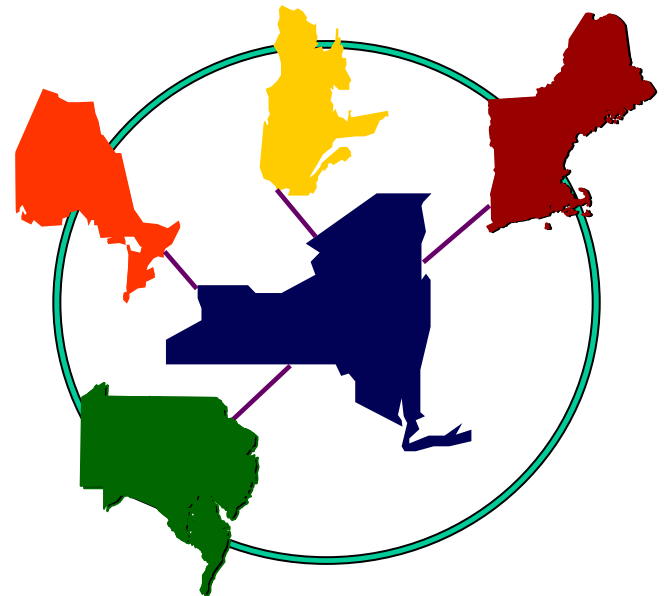


Northeast Seams Report

Update on Northeast Seams Issues

June 16, 2004

Business Issues Committee





Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
1. Facilitated Checkout (FCO)	<ul style="list-style-type: none"> June 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE, PJM, IMO, HQ & MISO – The data exchange for operator facilitated checkout tool is in production in both NYISO and ISO-NE. ISO-NE deployed their FCO display for operator use at the end of April. NYISO deployment of the FCO display for operations is anticipated in June 2004.
2. Harmonize New York Demand Response Programs With ISO-NE	<ul style="list-style-type: none"> 2Q 2004 Complete 	<ul style="list-style-type: none"> NYISO, ISO-NE and PJM - NYISO has met several times w/ISO-NE and PJM to review each ISO's programs and have agreed that program designs are essentially parallel, allowing for region-specific rules and requirements. Several changes to DADRP were approved by BIC and MC which would also more closely align the NYISO program with PJM's program. PRLWG will initiate discussions in summer '04 on demand response participation in the day-ahead market



Other Seams Related Activity

Recent Initiatives

Issue	Activity Description
1. Elimination of Rate Pancaking	<ul style="list-style-type: none">▪ PJM, NYISO and ISO-NE –The NYISO Management Committee, on June 4, 2004 approved amending the NYISO tariff to eliminate export charges (TSC and NTAC) for exports to New England with an effective date the same date that New England eliminates export fees to New York on a reciprocal and unconditional basis.▪ PJM and MISO Transmission Owners are holding discussions on the issue and FERC approved extending the existing through and out rates for the combined region until December 1, 2004. The parties have begun negotiations for the replacement long term solution that will go in effect on Dec 1st.
2. Virtual Regional Dispatch	<ul style="list-style-type: none">▪ NYISO and ISO-NE – NYISO and ISO-NE have documented a technical definition of a virtual regional dispatch process and will proceed with further stakeholder meetings to finalize the technical definition and to work towards a joint stakeholder acceptance of the proposal▪ The goal is to develop a pilot to test VRD in 2004 with a potential initial implementation in mid-2005 followed by further analysis and stakeholder review and enhancement in 2006 if warranted.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
3. Coordination of Cross-Sound Cable	<ul style="list-style-type: none">▪ NYISO and ISO-NE - The end state project (A-619) will provide an external proxy bus representation for controllable tie lines (HVDC and/or PAR) which span two control areas. The project addresses both the external node pricing calculations as well as scheduling of primary and secondary party transactions.
4. E-Tagging Integration	<ul style="list-style-type: none">▪ NYISO – Will implement automated tools to improve communication and updates of NYISO transaction bids and schedules with the E-Tag system.▪ Automation provides direct benefits to other control areas, such as PJM, that are linking their systems to the E-Tag system for transaction scheduling inputs.▪ Allows automated response on incoming E-Tag requests and automated updates for bid / schedule changes to the E-tag system resulting from the hour-ahead evaluation, checkout and curtailments.▪ Phase I development (operations automation) is complete and was deployed on April 25, 2004.▪ Phase II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
<p>5. Facilitated Checkout</p>	<ul style="list-style-type: none"> ▪ NYISO, ISO-NE, PJM, IMO, HQ & MISO - have been participating in the specification of the communication protocol. ▪ NYISO deployment of New York –New England operator checkout displays is targeted for June 2004. IMO is targeting a July 2004 implementation. ▪ Collaborative meetings have continued through NPCC and development of the specification and implementation standards document is in the final stages of review.
<p>6. ISO-NE Phase II HVDC Evaluation</p>	<ul style="list-style-type: none"> ▪ ISO-NE, NYISO, PJM and HQ – This is a joint project lead by ISO-NE to update the PJM/NY/NE methodology and procedures for operation of the Phase II HVDC interconnection between New England and Quebec. ▪ Initial efforts were focused on use of the IDC as a possible tool to forecast availability of Phase II above the 1200 MW limit, however the parties have concluded that the IDC in it's current form would not be suitable. ▪ ISO-NE is continuing to evaluate current data available from NY and PJM for forecasting availability of Phase II. ▪ NYISO staff has been participating in monthly conference call meetings and continues to support this effort.



Issues Pending Further Discussion

Issue	Activity Description
1. External Reserve Supply from NY to ISO-NE	<ul style="list-style-type: none">▪ A desire has been expressed by market participants to sell reserves into the New England reserve markets from suppliers located in New York. MPs suggest protocols be developed to allow reserves to be sold across the border coincident with the implementation of the Forward Reserves Market in ISO-NE.
2. NY MS-7040 Transfer Study	<ul style="list-style-type: none">▪ NY study on the impact of MS-7040 transfers above the current 1500 MW limit is complete and recommended no change in the current limit but did recommend developing a process to assess available margins to support HAM scheduling above current MW limits.