

Agenda #5

Update on Northeast Seams Issues

Management Committee Meeting

June 18, 2003

Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
1. NY Trading Hubs	▪ Complete	▪ With ISO-NE SMD startup, all three Northeast ISOs have trading hubs. MP feedback is that current NY zones provide sufficient trading hub capability. RTS will implement load-weighted LBMPs however posting of the existing generation-weighted LBMPs will be maintained.
2. Open Scheduling System (OSS)	▪ Complete	▪ OSS deployed April 13 th
3. Evaluation of 7040 transfer limits	▪ June	▪ Draft study is under review.

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 - Discussions are continuing among the ISOs, the respective TOs and regulator representatives.▪ NYISO is working with the NY TOs/PSC on an agreement in principle targeting the June/July timeframe.▪ Larger stakeholder involvement is planned as part of the overall process.▪ The goal is to take action by the end of 2003 to begin the elimination of pancaking in 2004.
2. Virtual Regional Dispatch	<ul style="list-style-type: none">▪ NYISO and ISO-NE – A draft working paper has been distributed for market participant review.▪ A joint meeting between the NY MSWG and the ISO-NE Markets Committee was held on May 29th in Albany.▪ Invitations were extended to PJM and IMO.
3. Scarcity Pricing	<ul style="list-style-type: none">▪ NYISO and ISO-NE – NY implementation underway for reserve shortage cost pricing and to permit EDRP and SCR resources to set energy prices in real-time. Implementation planned for June.▪ ISO-NE has filed a scarcity pricing proposal with FERC for implementation in July which is similar to the NYISO proposal for reserve shortage situations.

Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
4. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none">▪ ISONE, PJM and NYISO - RFP issued on April 4th for development of the central resource market design.▪ Bids are being evaluated and vendor selection is scheduled for early June.▪ RAM group will continue to work on other issues outside the scope of the RFP, in parallel with the RFP market study.
5. Open Scheduling System (OSS)	<ul style="list-style-type: none">▪ NYISO and PJM - Development efforts under way to integrate PJM Ramp Data.▪ Provided status report and discussion with stakeholders at March 10th MSWG.▪ NYISO - Working with Sapient to determine level of effort for potential OSS capabilities for in-day pre-scheduling, operator checkout tools and additional one-stop-shop functionality.
6. Multiple Proxy Buses	<ul style="list-style-type: none">▪ NYISO and ISO-NE – A draft white paper has been distributed for market participant review.▪ This issue was discussed at a joint meeting between the NY MSWG and the ISO-NE Markets Committee on May 29th in Albany.
7. Northeast Coordinating Committee	<ul style="list-style-type: none">▪ NYISO, IMO and ISO-NE - Northeast Independent Market Operator's Coordinating Committee - first status report issued in May 2003

Open Issues

Issue	Activity Description
1. Controllable Line Scheduling	<ul style="list-style-type: none"><li data-bbox="595 458 1798 615">■ Concept of operations for general methodology to schedule controllable lines has been drafted by NY and distributed to MSWG back in January. Stakeholder input will be gathered through the existing NY working group process which is open to all regional participants.
2. Multiple Proxy Buses For Free-Flowing Interfaces	<ul style="list-style-type: none"><li data-bbox="595 725 1792 882">■ There is a desire to provide east and west scheduling points for transactions on the NY-PJM interface. This issue is being referred to the individual ISO Market Committees to discuss and refine the business issue definition.
3. Different Ramping Rules	<ul style="list-style-type: none"><li data-bbox="595 1042 1804 1118">■ Stakeholder desire for Operations to look at the short-term ability to make 30-minute schedule changes between NY and PJM.

NAESB Seams Efforts

- ✓ A preliminary effort aimed at identifying business practices suitable for standardization, which could reduce or eliminate various seams issues
- ✓ NAESB recognizes that “seams issue” resolution is already underway in a variety of forums
- ✓ NAESB is reaching out to contact various industry groups involved with/or working on seams issues
- ✓ NYISO, through the ISO/RTO Council will support this effort and coordinate with NAESB in the near future