
NYISO President's Report

*Management Committee Meeting
July 7, 2004*

Agenda #3

Report Items

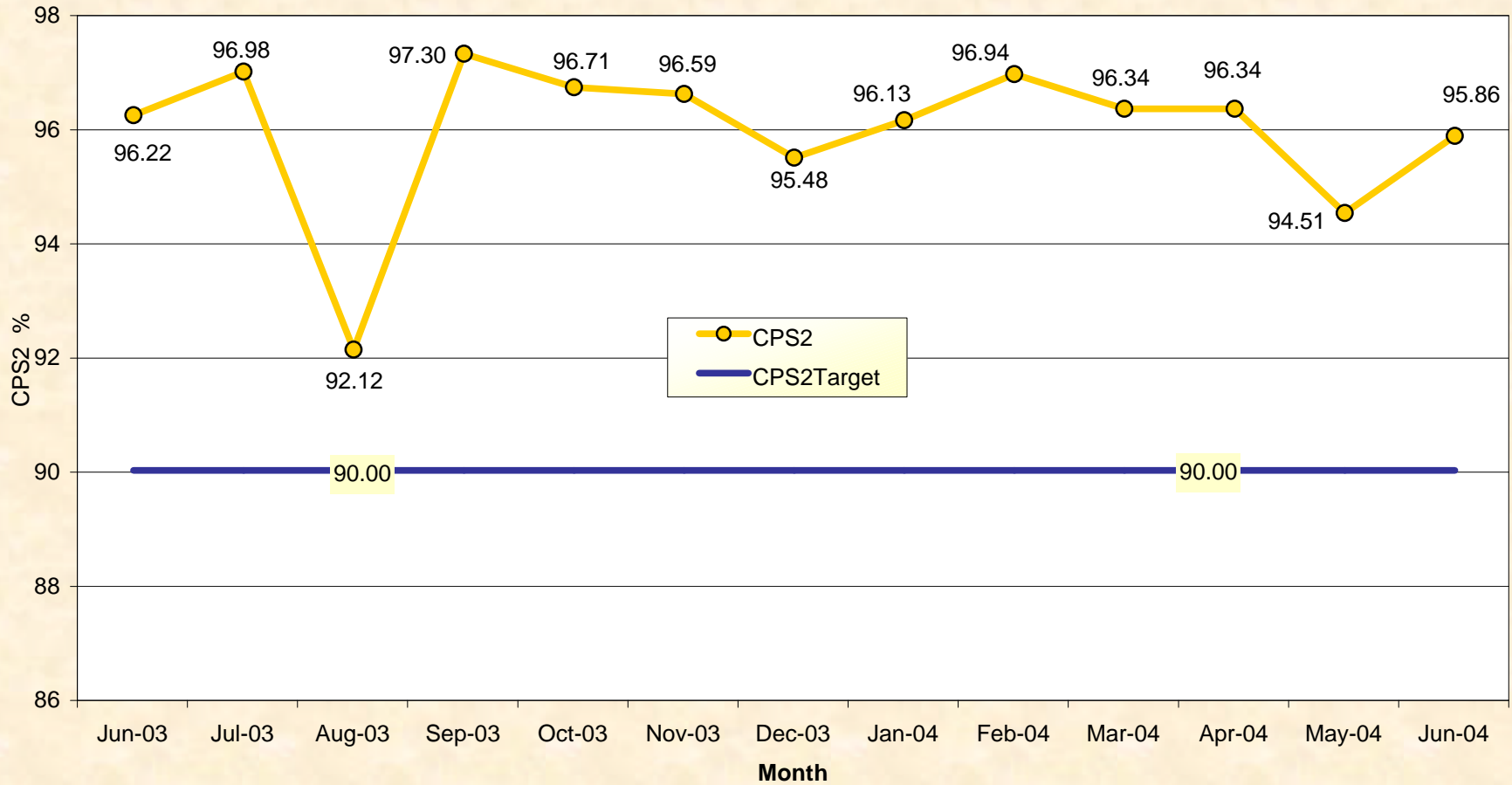
- Market Performance Highlights
- SMD 2.0 Update
- Presentation on Extraordinary Costs
- NERC "Version O" Standards Summary
- MPAAS Audit Report – Article X Issue

Market Performance Highlights for June 2004

- Monthly Average Cost has remained almost the same over last month (\$63.96 in June 2004, \$63.92 in May 2004) despite higher load thanks to slightly lower fuel prices (Fuel prices continue to be higher than in 2003).
- Real time uplift increased somewhat in June. The increase is attributed to additional congestion charges associated with thunderstorm alerts which occur only in the real- time market.
- The percent of DAM committed unit-hours mitigated in NYC continues to be low following the DAM Mitigation software change deployed on May 1. (8% for June 2004). The Real Time percent of committed unit-hours mitigated in NYC increased (from 21% in May to 27% in June).
- The percentage of intervals corrected declined from 1.87% in May to 1.11% in June. The percent of hours reserved has declined to 10.42% in June.

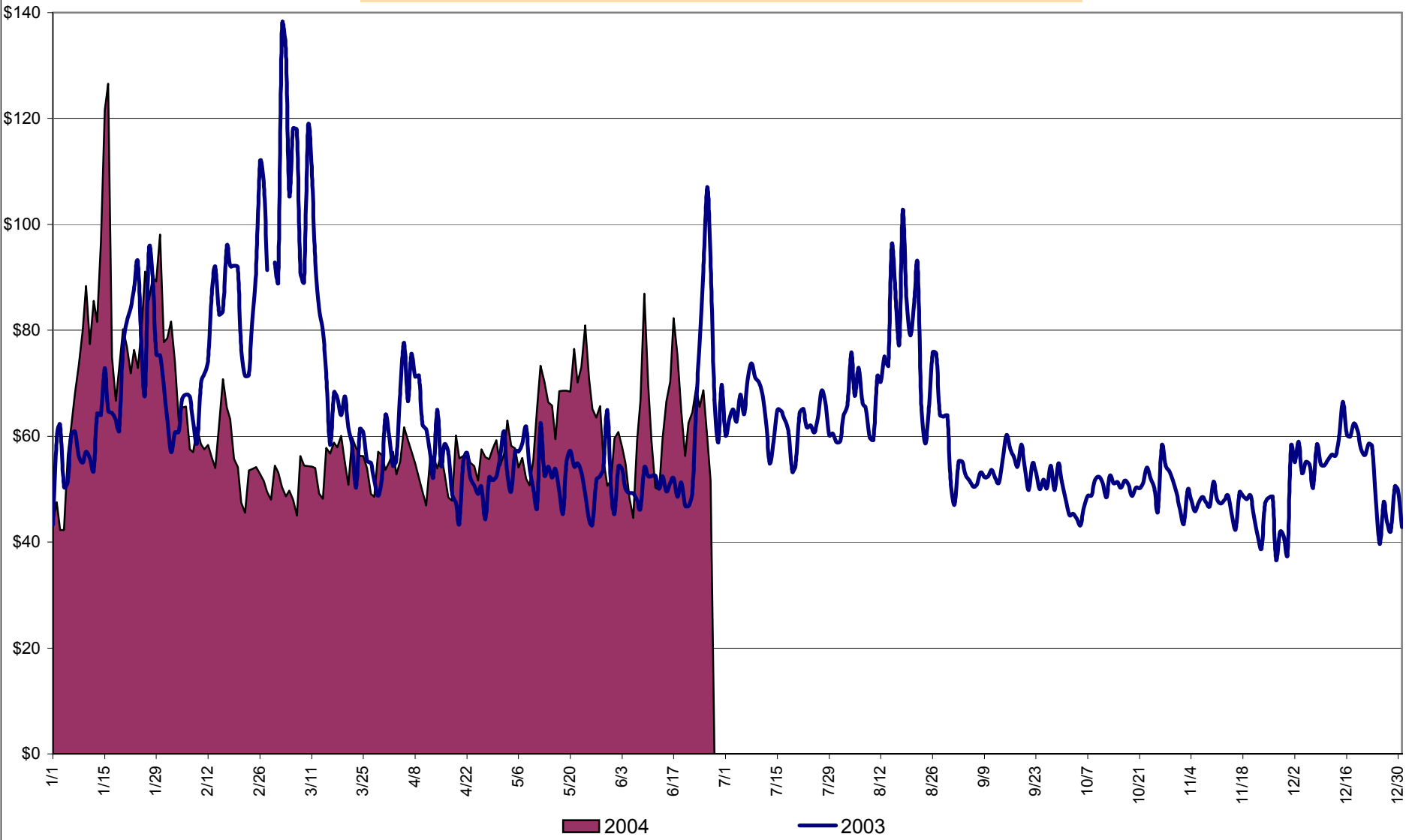
NERC Control Performance Standard

NYISO Compliance
Year 2003/2004



CPS2 for June = 95.86 % Compliance Threshold = 90%
CPS2 measures excessive unscheduled power flow resulting from large Area Control Error (ACE)

Daily NYISO Average Cost/MWH (Energy & Ancillary Services)*
2003 Annual Average \$62.40/MWH
June 2003 YTD Average \$67.47/MWH
June 2004 YTD Average \$63.31/MWH



4-A
Preliminary thru 6/27/04

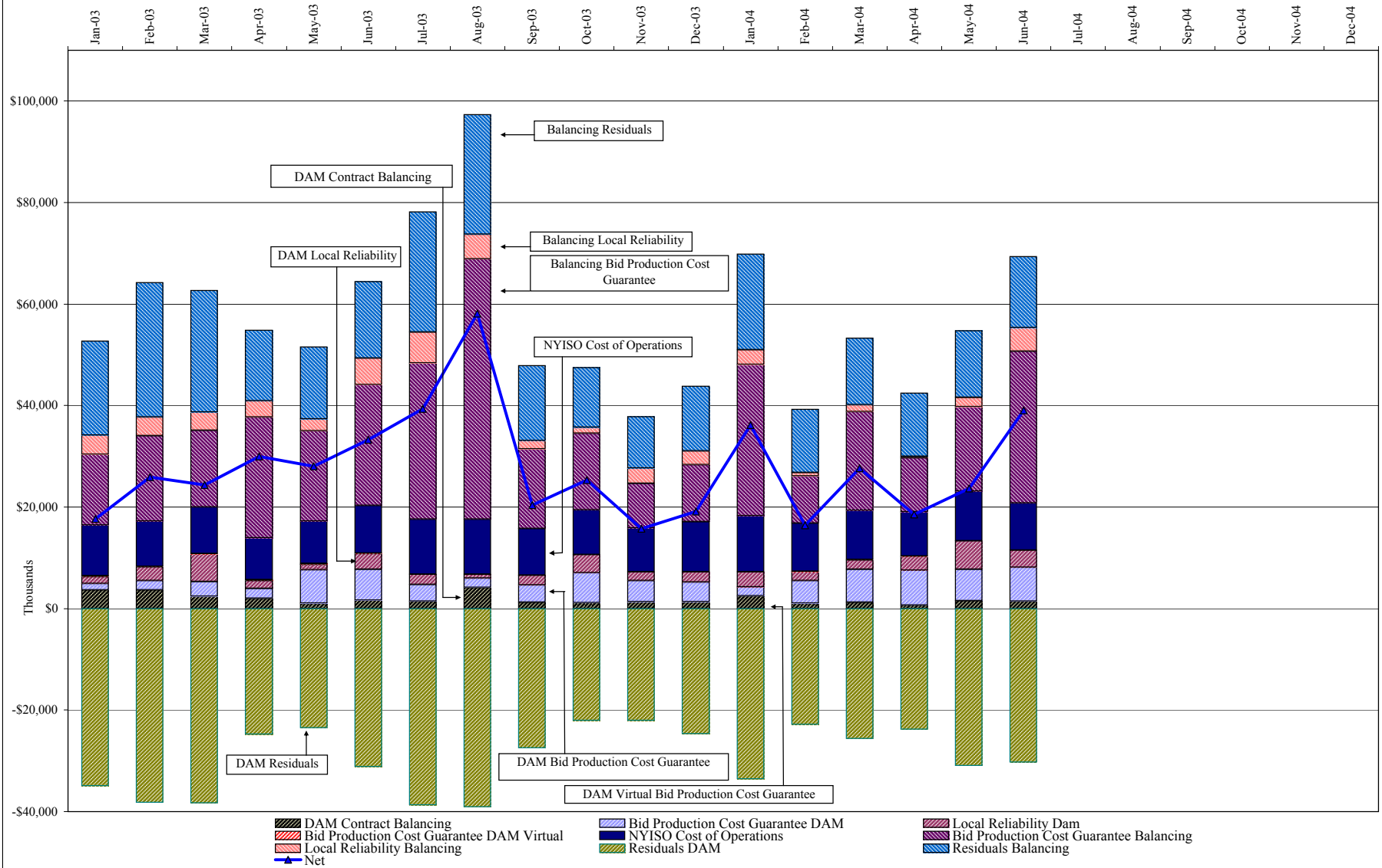
**NYISO Average Cost/MWH (Energy and Ancillary Services)*
from the LBMP Customer point of view**

2004		January	February	March	April	May	June	July	August	September	October	November	December
	LBMP	76.13	57.13	50.60	52.49	61.23	59.90						
	NTAC	0.47	0.42	0.55	0.51	0.42	0.53						
	Reserve	0.27	0.14	0.20	0.17	0.14	0.10						
	Regulation	0.18	0.34	0.25	0.13	0.11	0.10						
	NYISO Cost of Operations	0.73	0.73	0.73	0.73	0.73	0.73						
	Uplift	1.57	0.44	1.25	0.76	0.92	2.23						
	Voltage Support and Black Start	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>						
	Avg Monthly Cost	79.72	59.56	53.94	55.14	63.92	63.96						
	 Avg YTD Cost	79.72	70.68	65.29	63.02	63.19	63.31						

2003		January	February	March	April	May	June	July	August	September	October	November	December
	LBMP	66.34	76.59	78.31	54.28	49.77	57.46	60.10	68.14	50.82	47.05	43.37	52.19
	NTAC	0.42	0.36	0.67	0.46	0.45	0.40	0.54	0.37	0.25	0.29	0.52	0.37
	Reserve	0.47	0.35	0.45	0.40	0.47	0.25	0.15	0.22	0.13	0.10	0.18	0.16
	Regulation	0.27	0.28	0.39	0.32	0.65	0.34	0.19	0.18	0.33	0.51	0.46	0.25
	NYISO Cost of Operations	0.70	0.69	0.69	0.69	0.69	0.70	0.70	0.70	0.70	0.70	0.69	0.70
	Uplift	0.30	1.09	0.95	1.69	1.51	1.67	1.79	2.73	0.77	1.21	0.45	0.57
	Voltage Support and Black Start	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>	<u>0.34</u>
	Avg Monthly Cost	68.83	79.71	81.81	58.18	53.89	61.16	63.82	72.68	53.35	50.20	46.01	54.58
	 Avg YTD Cost	68.83	74.02	76.58	72.21	68.83	67.47	66.81	67.73	66.20	64.71	63.15	62.40

* Excludes ICAP payments

NYISO Dollar Flows - Uplift - OATT Schedule 1 components



DAM Contract Balancing amounts are for payments made to generating units to make them whole for being dispatched below their Day-Ahead schedule, as a result of out-of-merit dispatches.

DAM Bid Production Cost Guarantees for Virtual Transactions are included in the chart and are shown from the inception of Virtual Transactions. These values are small and cannot be identified on the chart.

DAM residuals are revenue charged or returned to customers due to the under or over collection of funds. On this chart, negative values represent funds returned to Transmission Customers (through Transmission Owners' Transmission Service Charges).

NYISO Markets Transactions

Transactions by Market 2004	January	February	March	April	May	June	July	August	September	October	November	December
Day Ahead Market MWH	14,614,304	12,806,346	12,836,889	11,818,317	13,026,160	12,289,954						
DAM LSE Internal LBMP Energy Sales	52%	50%	51%	51%	47%	49%						
DAM External TC LBMP Energy Sales	4%	2%	3%	3%	4%	4%						
DAM Bilateral - Internal Bilaterals	41%	45%	44%	44%	46%	45%						
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	0%	0%	0%						
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	1%	1%	1%	1%						
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	1%	1%	1%						
Balancing Energy Market MWH	367,460	269,220	508,837	238,876	379,159	439,041						
Balancing Energy LSE Internal LBMP Energy Sales	66%	31%	61%	84%	30%	37%						
Balancing Energy External TC LBMP Energy Sales	57%	78%	41%	38%	77%	65%						
Balancing Energy Bilateral - Internal Bilaterals	-20%	0%	0%	-9%	3%	4%						
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	0%	1%	0%	0%	0%	0%						
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	0%	1%	1%	0%						
Balancing Energy Bilateral - Wheel Through Bilaterals	-4%	-11%	-3%	-14%	-11%	-7%						
Transactions Summary												
LBMP	58%	54%	56%	55%	53%	54%						
Internal Bilaterals	40%	44%	42%	43%	45%	44%						
Import Bilaterals	1%	1%	1%	0%	0%	0%						
Export Bilaterals	1%	1%	1%	1%	1%	1%						
Wheels Through	1%	0%	1%	0%	1%	1%						
Market Share of Total Load												
Day Ahead Market	97.5%	97.9%	96.2%	98.0%	97.2%	96.6%						
Balancing Energy †	2.5%	2.1%	3.8%	2.0%	2.8%	3.4%						
Total MWH	14,981,764	13,075,566	13,345,726	12,057,193	13,405,319	12,728,995						
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	450						

Transactions by Market 2003

Day Ahead Market MWH	14,187,752	12,695,868	13,126,563	11,997,655	12,029,453	13,341,831	15,444,857	15,759,082	13,003,309	12,507,780	12,332,456	13,973,266
DAM LSE Internal LBMP Energy Sales	46%	48%	46%	49%	46%	48%	55%	57%	49%	48%	47%	48%
DAM External TC LBMP Energy Sales	1%	1%	1%	1%	2%	2%	1%	0%	1%	2%	2%	2%
DAM Bilateral - Internal Bilaterals	50%	49%	50%	46%	49%	46%	43%	40%	48%	47%	48%	46%
DAM Bilateral - Import/Non-LBMP Market Bilaterals	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
DAM Bilateral - Export/Non-LBMP Market Bilaterals	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
DAM Bilateral - Wheel Through Bilaterals	1%	1%	1%	2%	2%	2%	1%	1%	1%	1%	1%	2%
Balancing Energy Market MWH	347,539	285,381	376,222	235,800	278,939	291,519	208,142	-55,913	394,363	338,562	319,065	385,707
Balancing Energy LSE Internal LBMP Energy Sales	58%	35%	52%	72%	48%	39%	53%	-146%	65%	53%	26%	43%
Balancing Energy External TC LBMP Energy Sales	58%	80%	95%	73%	69%	78%	79%	242%	44%	61%	77%	68%
Balancing Energy Bilateral - Internal Bilaterals	-6%	-10%	-2%	0%	-5%	5%	-2%	-75%	1%	3%	0%	-2%
Balancing Energy Bilateral - Import/Non-LBMP Market Bilaterals	4%	1%	1%	1%	1%	0%	0%	2%	0%	0%	0%	0%
Balancing Energy Bilateral - Export/Non-LBMP Market Bilaterals	0%	0%	-38%	0%	0%	0%	0%	-14%	0%	0%	0%	0%
Balancing Energy Bilateral - Wheel Through Bilaterals	-14%	-7%	-8%	-46%	-14%	-23%	-31%	-109%	-10%	-16%	-3%	-9%
Transactions Summary												
LBMP	49%	50%	49%	52%	49%	52%	56%	58%	51%	52%	51%	52%
Internal Bilaterals	48%	47%	48%	45%	48%	46%	42%	40%	46%	46%	47%	45%
Import Bilaterals	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Export Bilaterals	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Wheels Through	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	2%
Market Share of Total Load												
Day Ahead Market	97.6%	97.8%	97.2%	98.1%	97.7%	97.9%	98.7%	100.4%	97.1%	97.4%	97.5%	97.3%
Balancing Energy †	2.4%	2.2%	2.8%	1.9%	2.3%	2.1%	1.3%	-0.4% *	2.9%	2.6%	2.5%	2.7%
Total MWH	14,535,291	12,981,249	13,502,785	12,233,455	12,308,392	13,633,350	15,652,999	15,703,169	13,397,672	12,846,342	12,651,521	14,358,973
Average Daily Energy Sendout/Month GWh	458	450	418	393	382	432	497	498	433	397	402	435

† Balancing Energy: Load(MW) purchased at Real Time LBMP.

* The signs for the detail section intuitively reflect the direction of power flow eliminating the use of double negatives when Balancing Energy is negative.

Notes: Percent totals may not equal 100% due to rounding.

Virtual Transactions are not reflected in this chart.

NYISO Markets 2004 Energy Statistics

	January	February	March	April	May	June	July	August	September	October	November	December
<u>DAY AHEAD LBMP</u>												
Price *	\$72.12	\$55.31	\$49.08	\$51.01	\$57.25	\$55.04						
Standard Deviation	\$25.99	\$14.40	\$10.90	\$11.42	\$16.72	\$18.04						
Load Wtg.Price **	\$75.01	\$56.90	\$50.44	\$52.50	\$59.89	\$58.37						
<u>BME *** LBMP</u>												
Price *	\$77.51	\$54.41	\$53.01	\$56.94	\$60.98	\$59.65						
Standard Deviation	\$37.54	\$15.73	\$16.25	\$18.41	\$23.58	\$24.87						
Load Wtg.Price **	\$80.51	\$55.89	\$54.71	\$58.89	\$64.14	\$63.83						
<u>REAL TIME LBMP</u>												
Price *	\$73.72	\$52.95	\$49.56	\$50.83	\$56.20	\$54.65						
Standard Deviation	\$32.61	\$15.04	\$17.75	\$14.15	\$25.74	\$23.61						
Load Wtg.Price **	\$76.85	\$54.33	\$51.27	\$52.36	\$59.61	\$58.74						
Average Daily Energy Sendout/Month GWh	464	440	416	393	408	450						

NYISO Markets 2003 Energy Statistics

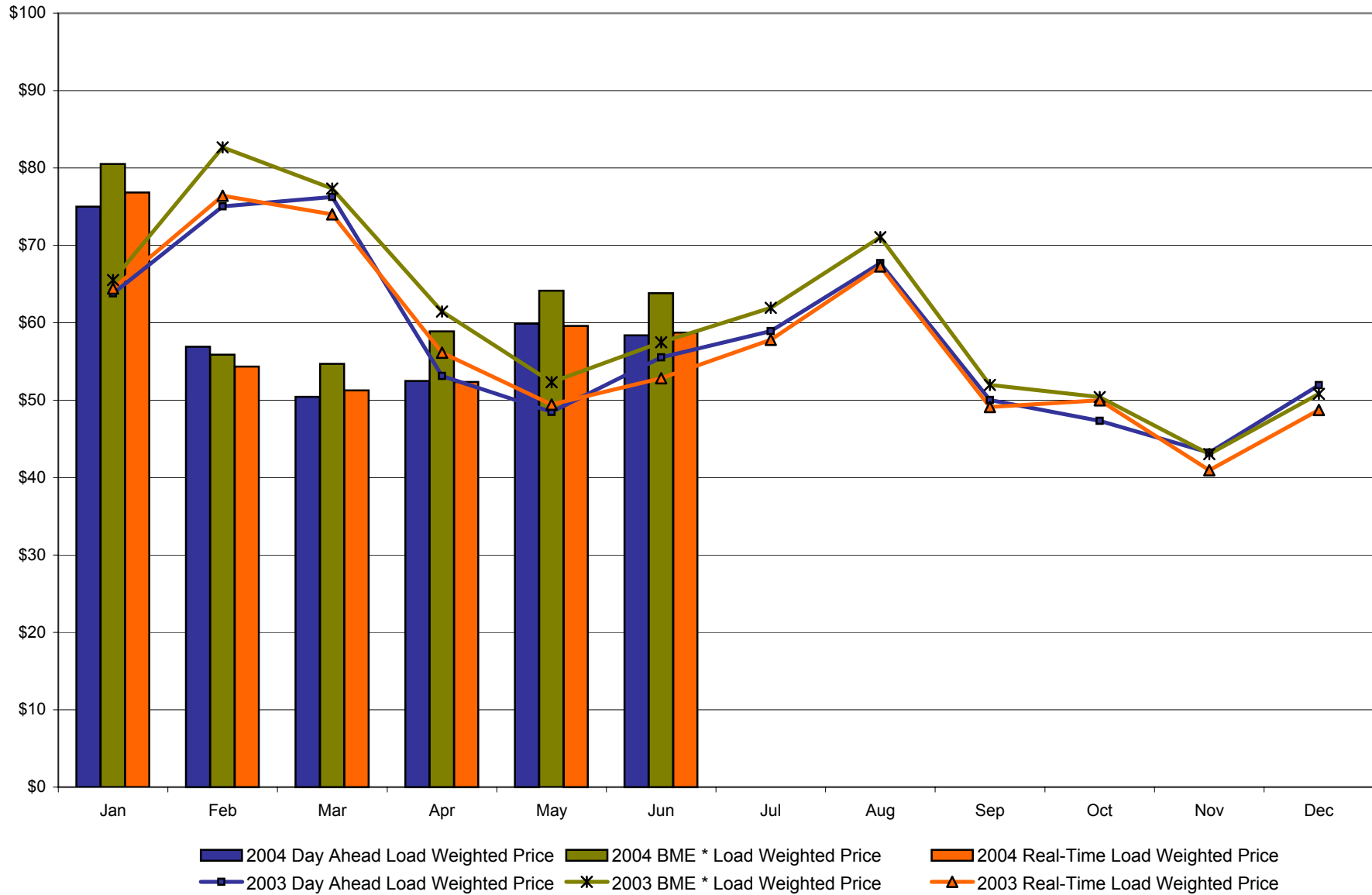
	January	February	March	April	May	June	July	August	September	October	November	December
<u>DAY AHEAD LBMP</u>												
Price *	\$61.33	\$72.81	\$73.18	\$51.58	\$46.43	\$51.45	\$57.10	\$64.94	\$48.29	\$45.81	\$41.58	\$50.07
Standard Deviation	\$20.09	\$21.12	\$29.70	\$12.47	\$14.03	\$21.27	\$11.88	\$18.06	\$11.04	\$10.91	\$12.06	\$14.92
Load Wtg.Price **	\$63.81	\$75.03	\$76.25	\$53.14	\$48.47	\$55.52	\$58.93	\$67.71	\$50.02	\$47.34	\$43.21	\$51.95
<u>BME *** LBMP</u>												
Price *	\$63.19	\$80.25	\$74.27	\$59.22	\$50.27	\$53.84	\$59.99	\$67.63	\$50.34	\$48.74	\$41.01	\$48.73
Standard Deviation	\$25.43	\$41.53	\$32.77	\$25.00	\$16.37	\$22.27	\$14.82	\$72.20	\$14.01	\$15.35	\$18.51	\$18.89
Load Wtg.Price **	\$65.54	\$82.65	\$77.33	\$61.45	\$52.31	\$57.49	\$61.94	\$71.07	\$51.96	\$50.39	\$43.05	\$50.81

* Average zonal load weighted prices

** Average zonal load weighted prices, load weighted in each hour

*** Commonly referred to as Hour Ahead Market (HAM)

**NYISO Monthly Average Internal LBMPs
2003 - 2004**



* Commonly referred to as Hour Ahead Market (HAM)

4-F
Preliminary thru 6/28/04

June 2004 Zonal Statistics for NYISO (\$/MWH)

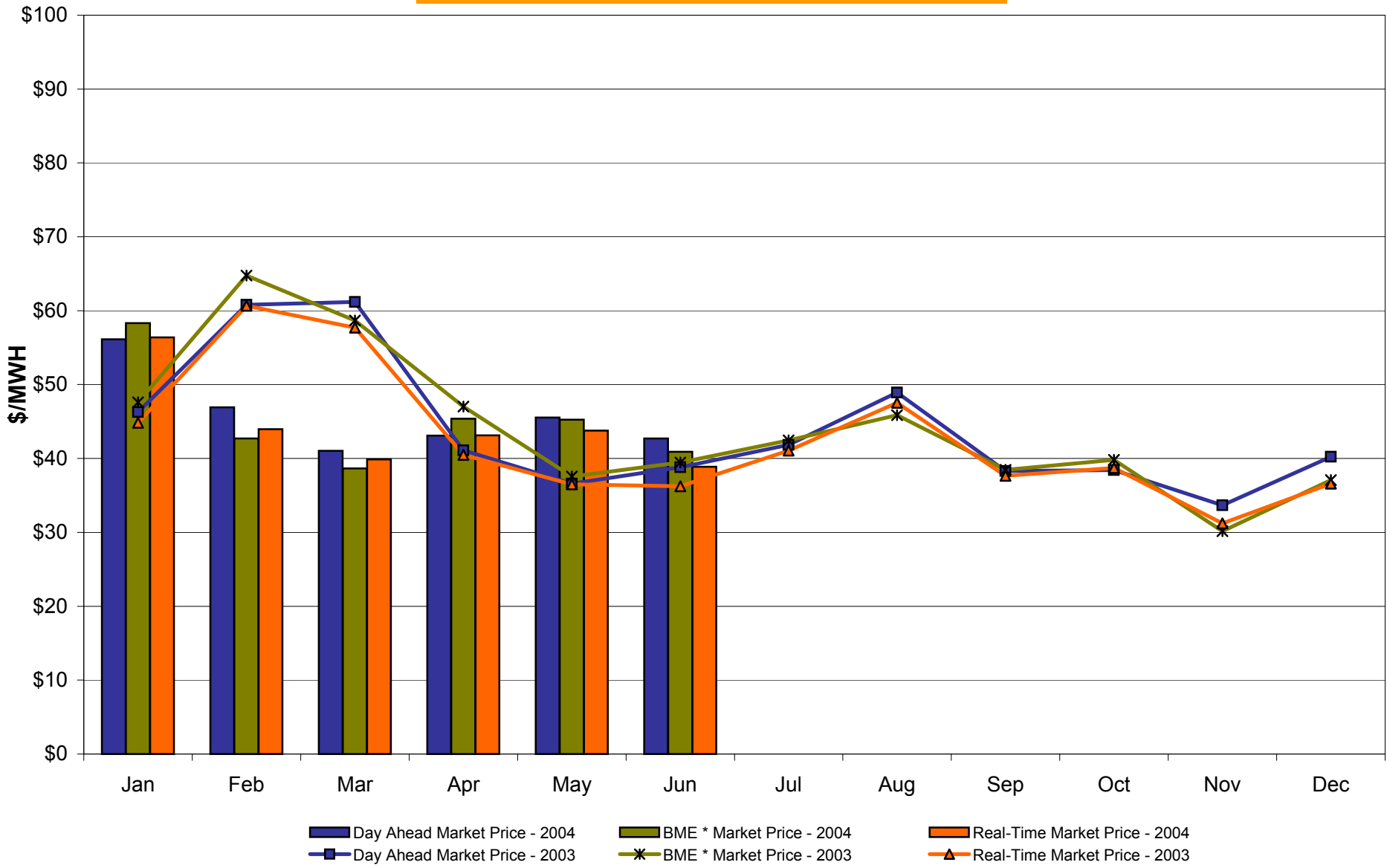
	WEST Zone A	GENESEE Zone B	NORTH Zone D	CENTRAL Zone C	MOHAWK VALLEY Zone E	CAPITAL Zone F	HUDSON VALLEY Zone G	MILLWOOD Zone H	DUNWOODIE Zone I	NEW YORK CITY Zone J	LONG ISLAND Zone K
<u>DAY AHEAD LBMP</u>											
Unweighted Price *	42.72	45.52	46.44	45.83	47.79	50.26	51.57	51.82	52.51	63.09	62.54
Standard Deviation	14.09	14.48	14.14	14.51	14.81	15.50	16.61	17.22	17.64	23.27	17.65
<u>BME ** LBMP</u>											
Unweighted Price *	40.90	42.72	47.61	47.24	48.74	49.92	51.15	53.17	53.86	74.82	67.12
Standard Deviation	16.85	17.27	17.38	18.09	18.32	18.56	19.17	23.63	23.87	36.48	28.46
<u>REAL TIME LBMP</u>											
Unweighted Price *	38.88	41.76	42.41	41.56	43.51	43.51	45.65	49.90	50.71	66.49	65.07
Standard Deviation	16.49	17.18	17.37	17.12	17.82	19.65	20.28	26.84	27.18	31.53	30.27
	ONTARIO IMO Zone O	HYDRO QUEBEC Zone M	PJM Zone P	NEW ENGLAND Zone N							
<u>DAY AHEAD LBMP</u>											
Unweighted Price *	41.94	47.10	44.53	51.04							
Standard Deviation	13.59	14.42	15.95	15.93							
<u>BME ** LBMP</u>											
Unweighted Price *	37.98	47.84	44.00	50.76							
Standard Deviation	43.26	17.29	20.93	17.84							
<u>REAL TIME LBMP</u>											
Unweighted Price *	37.57	42.67	39.32	46.87							
Standard Deviation	43.47	17.62	19.10	19.39							

* Straight zonal LBMP averages

** Commonly referred to as Hour Ahead Market (HAM)

4-G
Preliminary thru 6/28/04

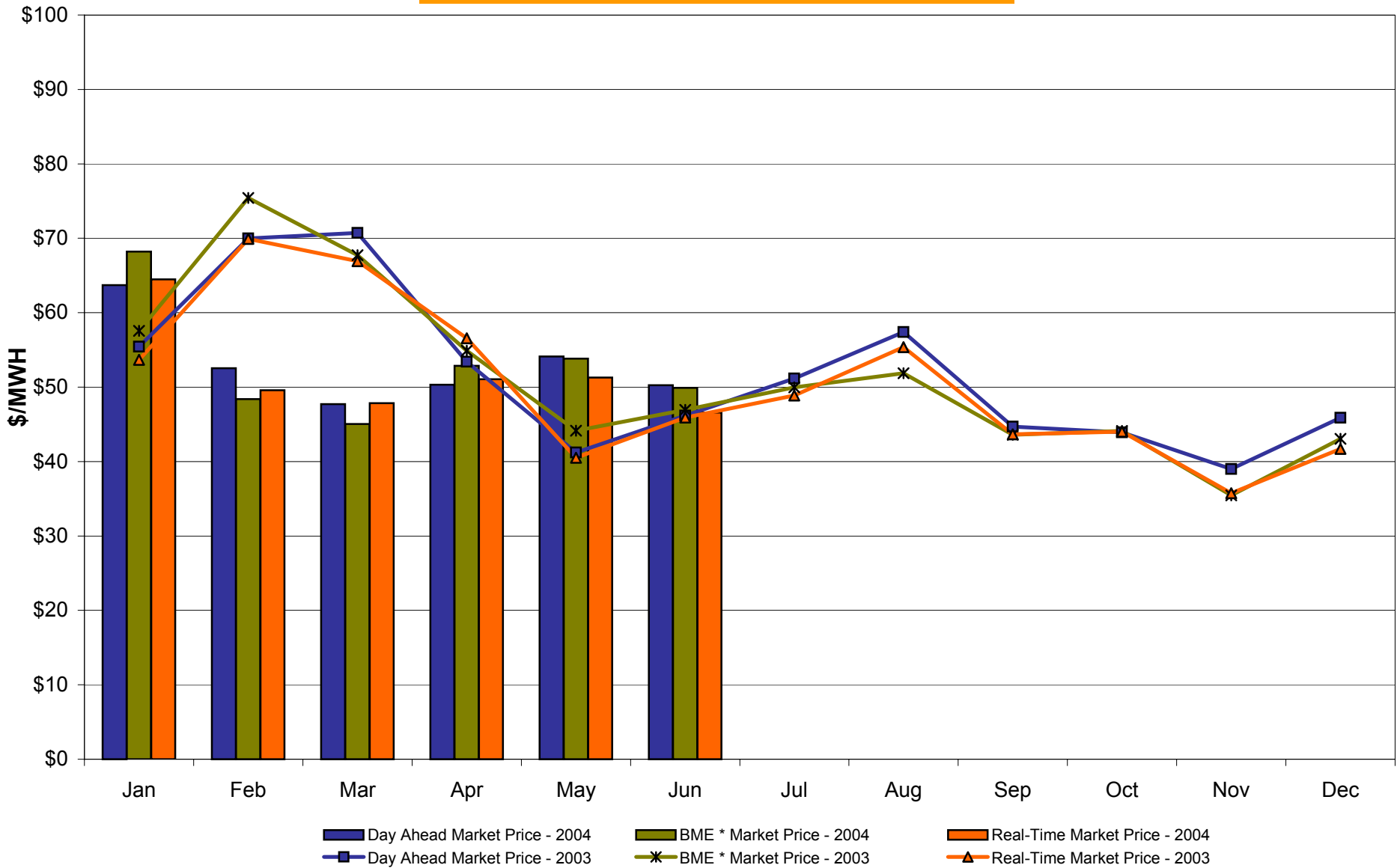
West Zone A Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

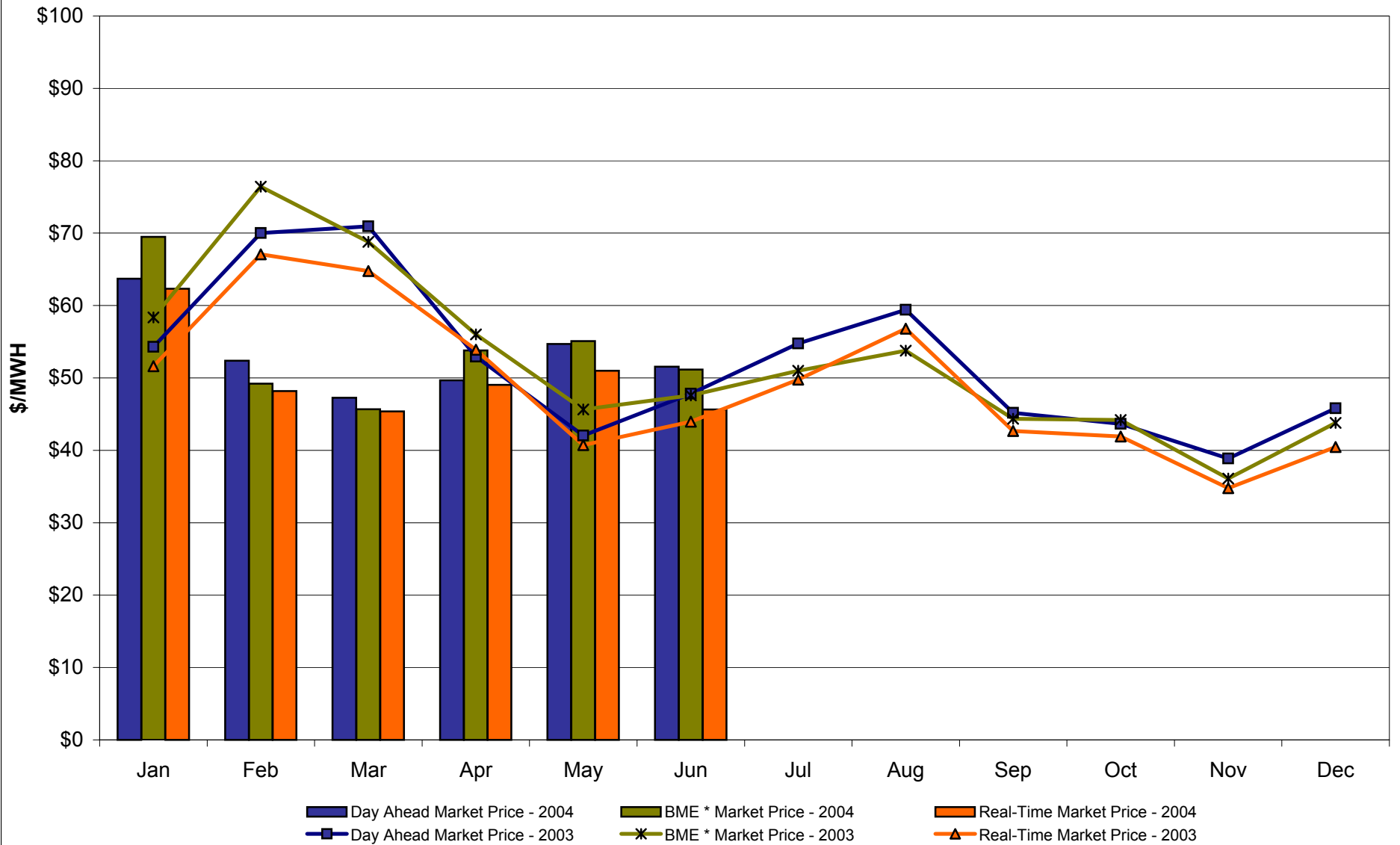
4-H
Preliminary thru 6/28/04

Capital Zone F Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

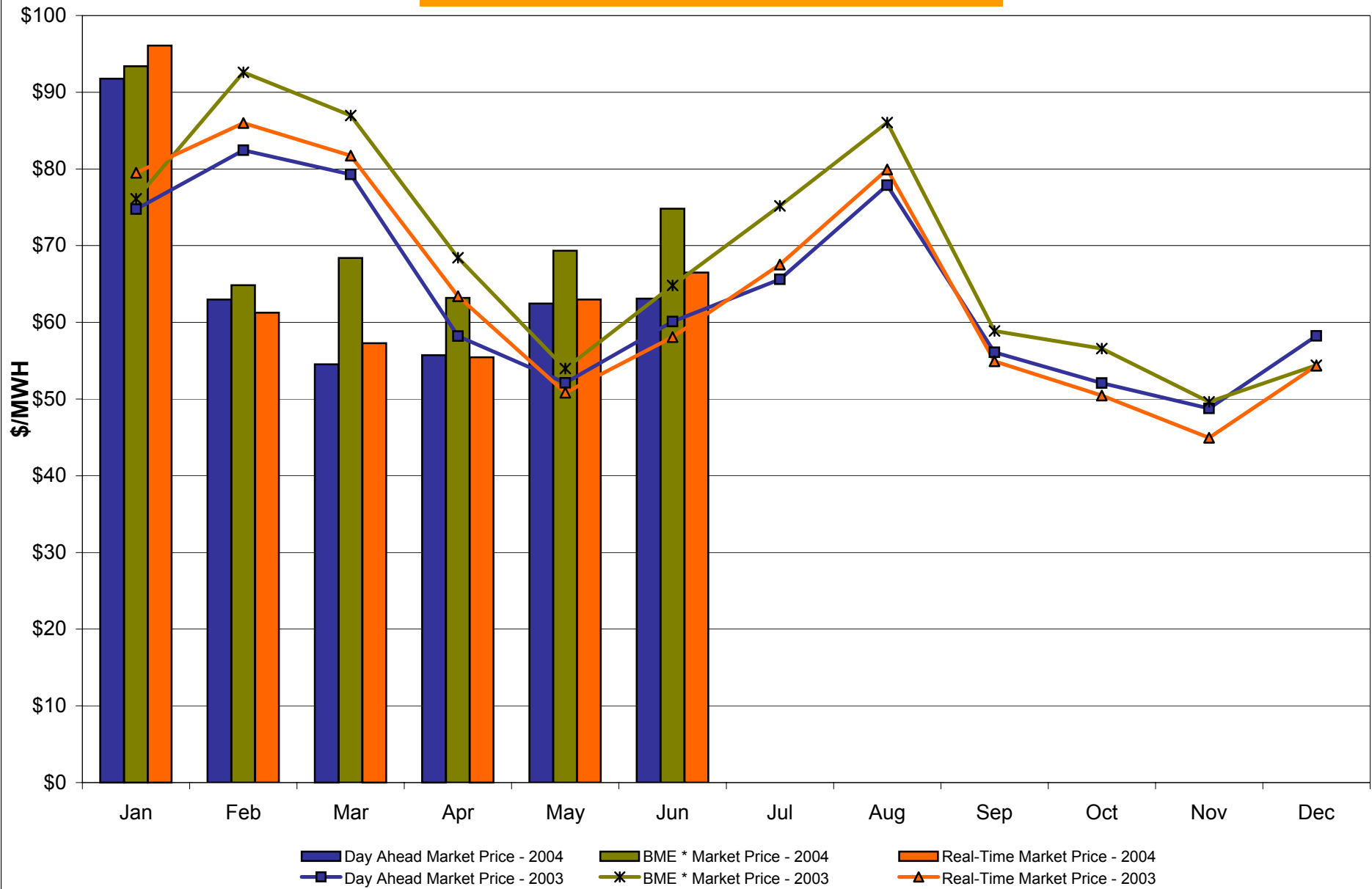
Hudson Valley Zone G Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

4-J
Preliminary thru 6/28/04

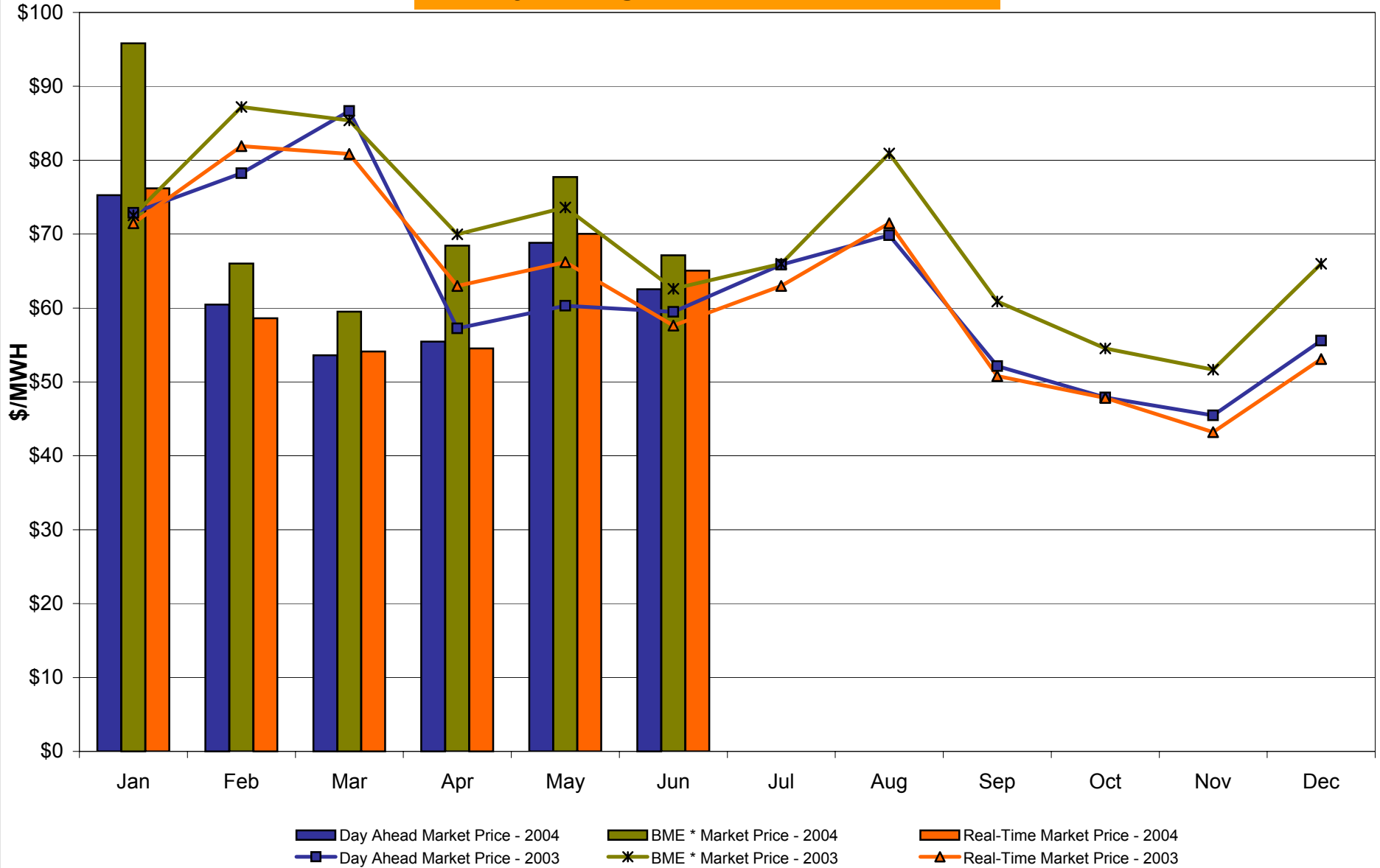
NYC Zone J Monthly Average LBMP Prices 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

4-K
Preliminary thru 6/28/04

Long Island Zone K Monthly Average LBMP Prices 2003 - 2004

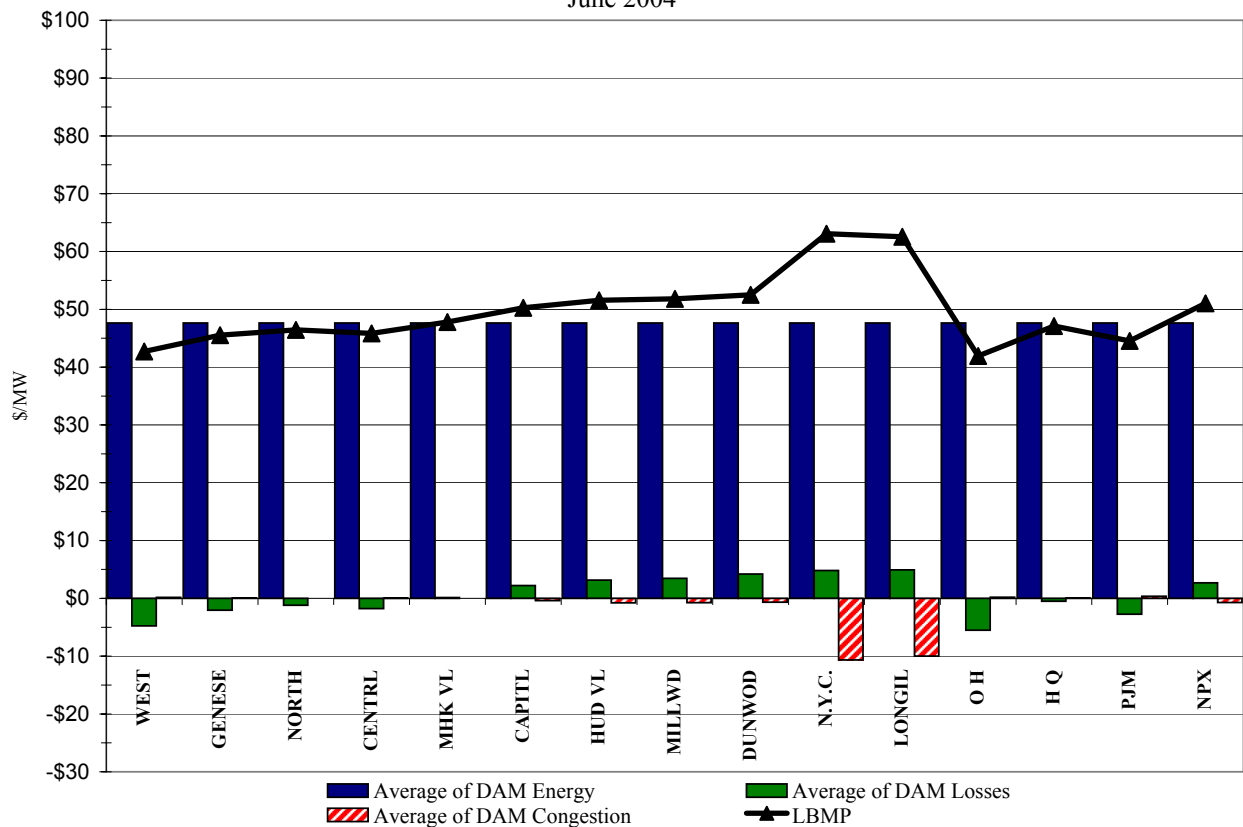


4-L
Preliminary thru 6/28/04

* Commonly referred to as Hour Ahead Market (HAM)

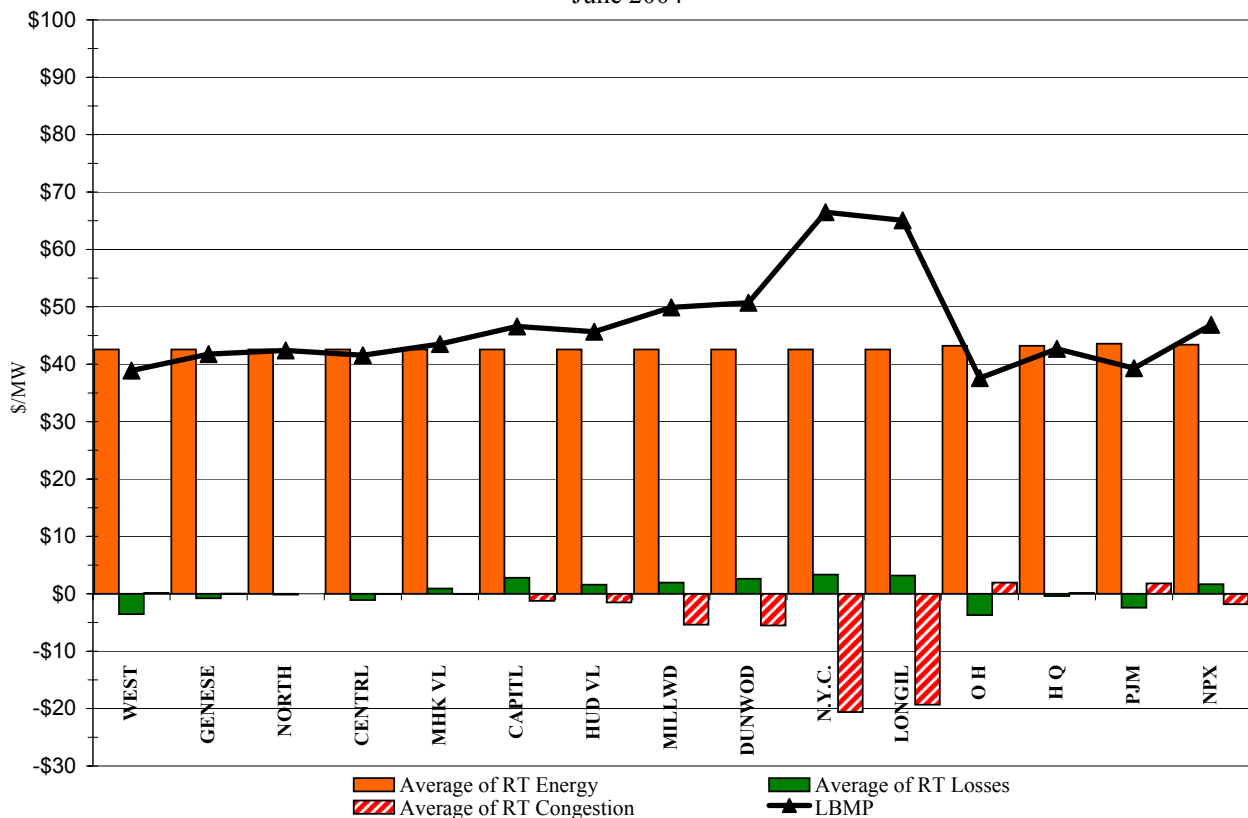
DAM Zonal Unweighted Monthly Average LBMP Components

June 2004



RT Zonal Unweighted Monthly Average LBMP Components

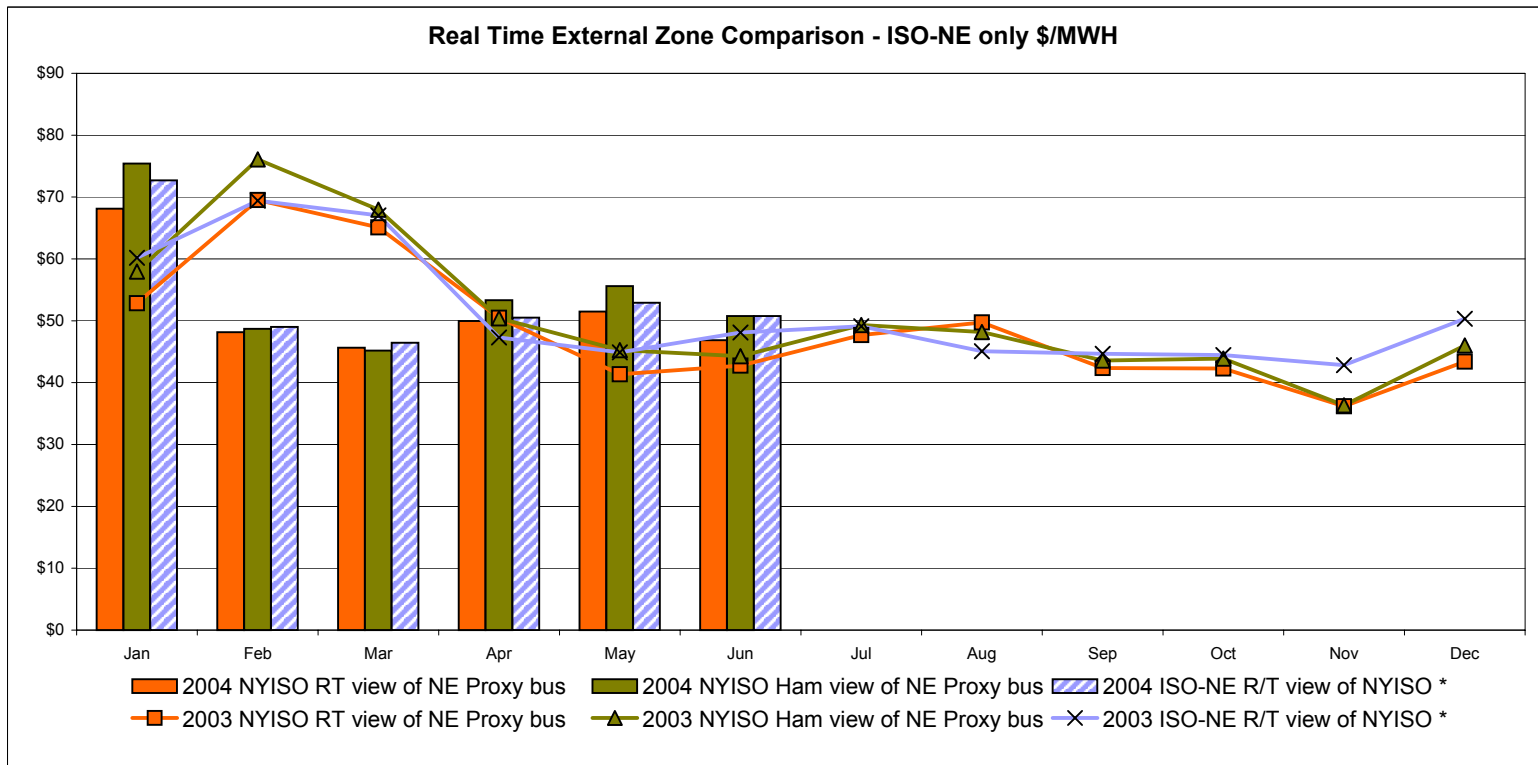
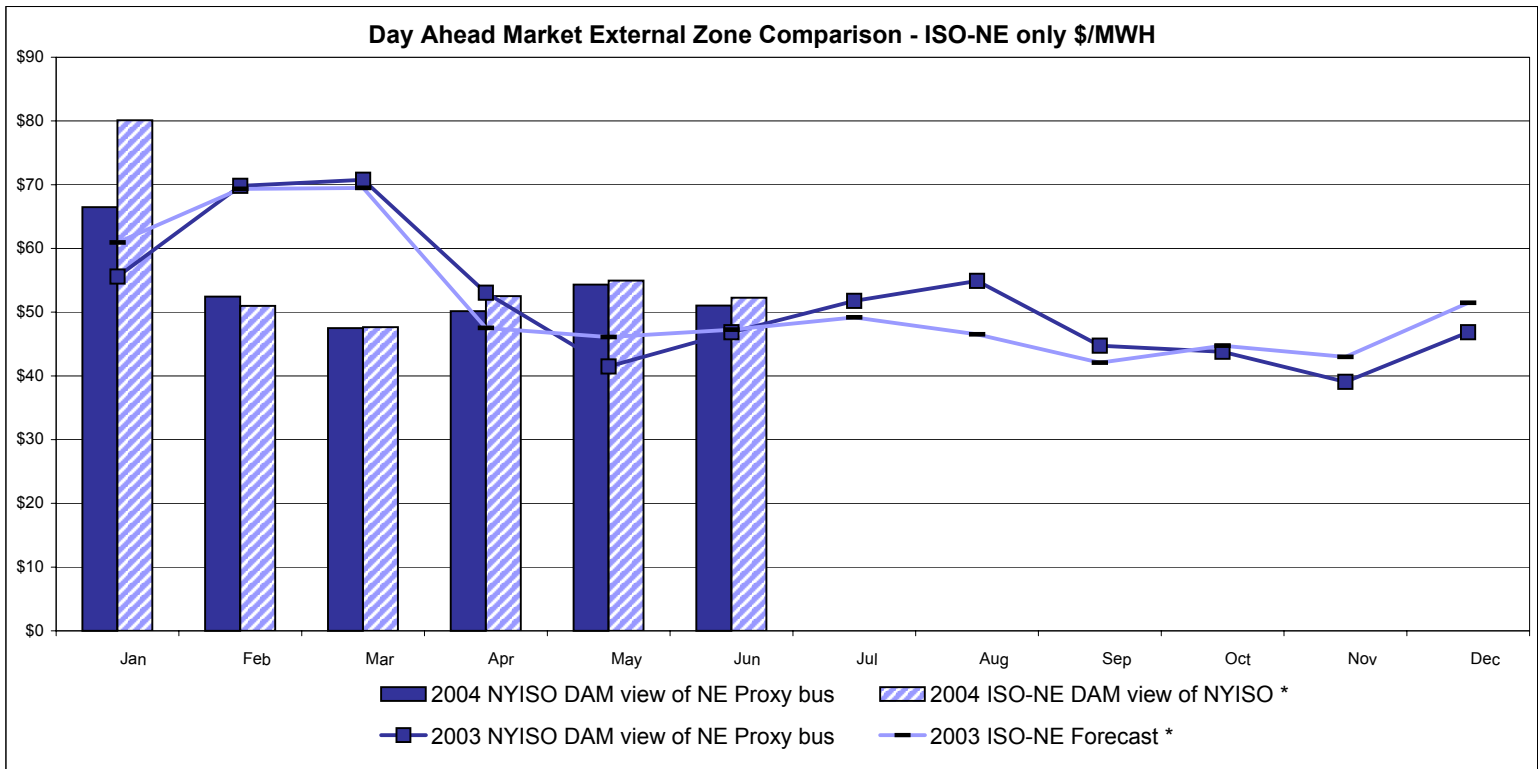
June 2004



4-M

Preliminary thru 6/28/04

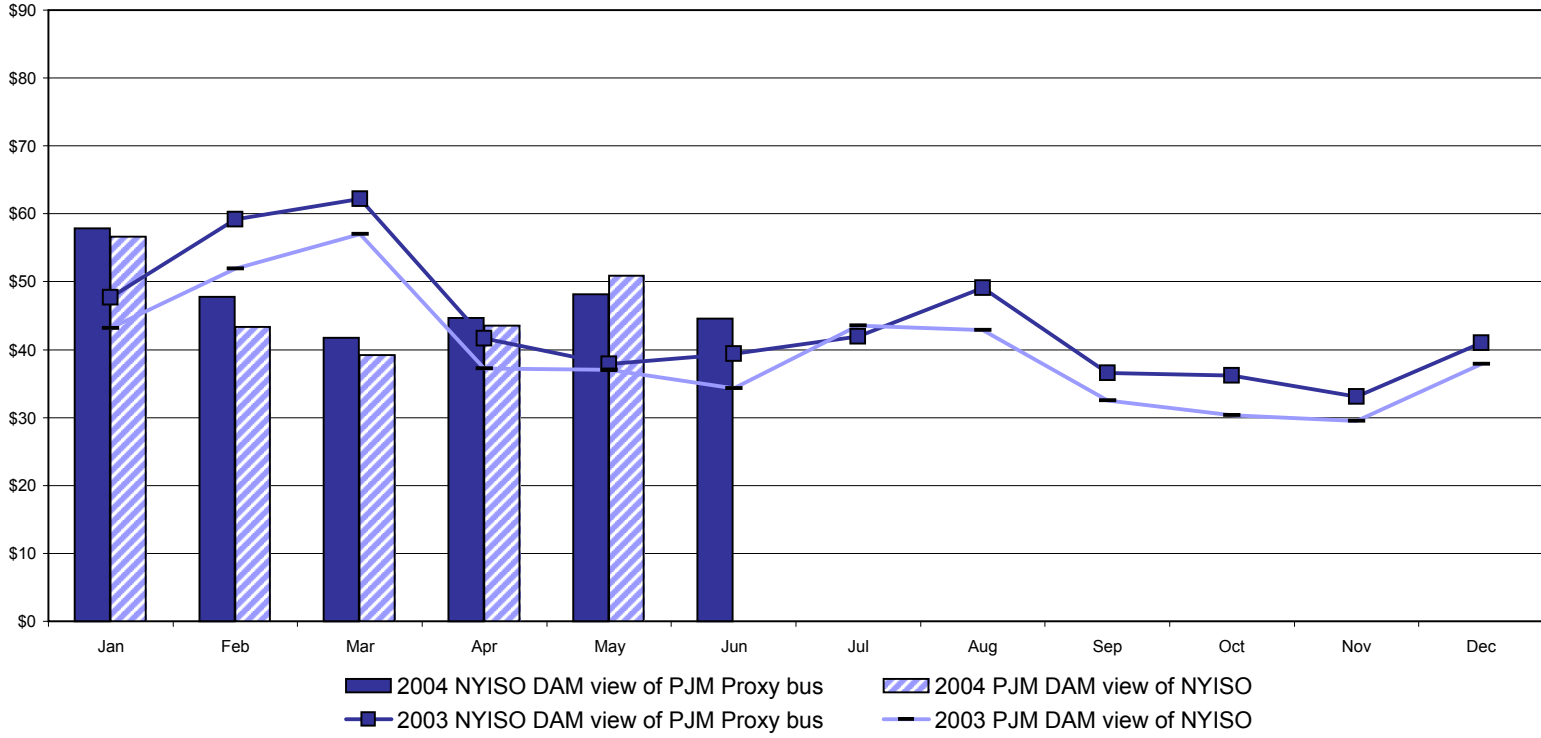
External Comparison ISO-NE



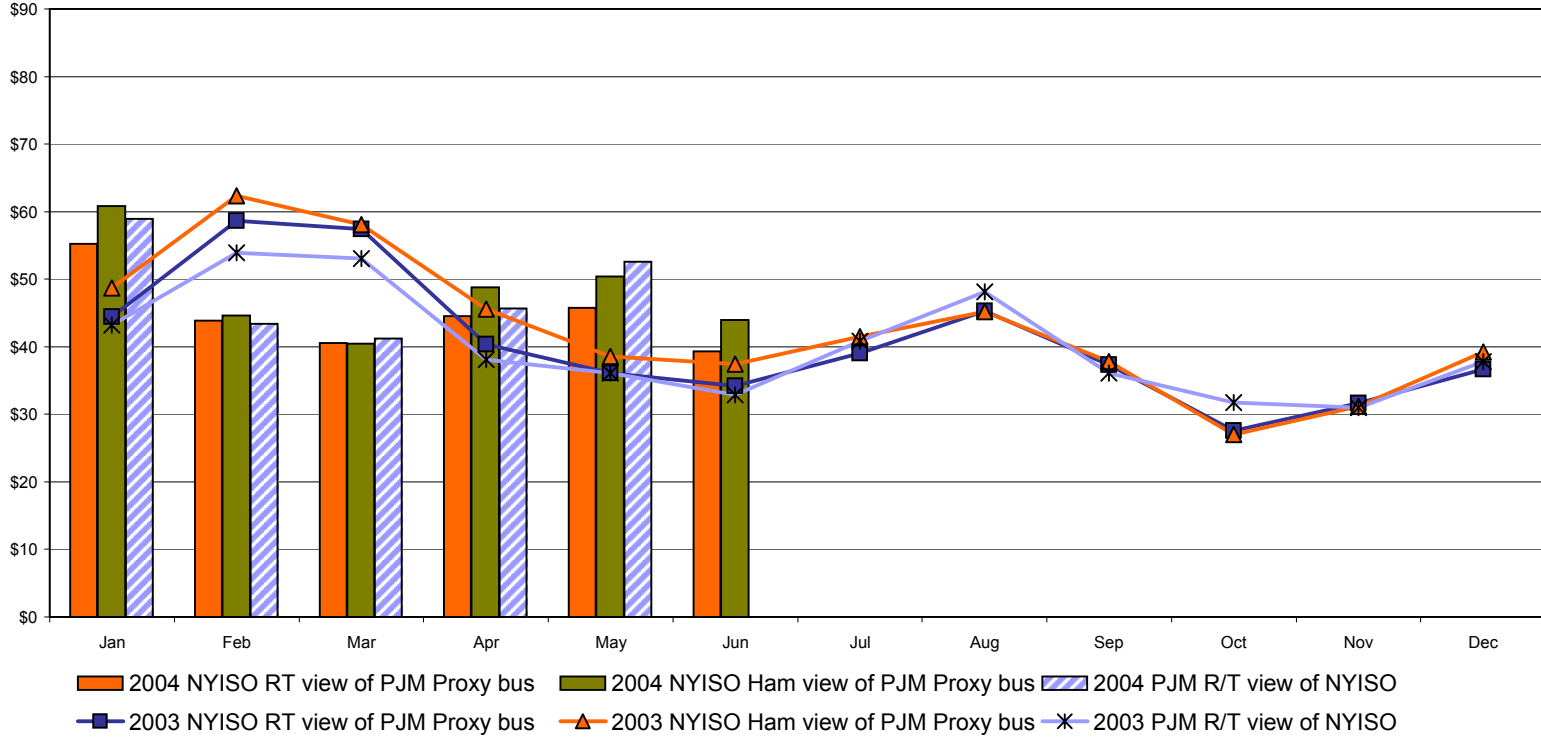
Note:
 ISO-NE Forecast is an advisory posting @ 18:00 day before
 * Effective 3/1/2003 SMD implemented by ISO-NE. The DAM and R/T prices at the Roseton interface are now used.

External Comparison PJM

Day Ahead Market External Zone Comparison - PJM only \$/MWH

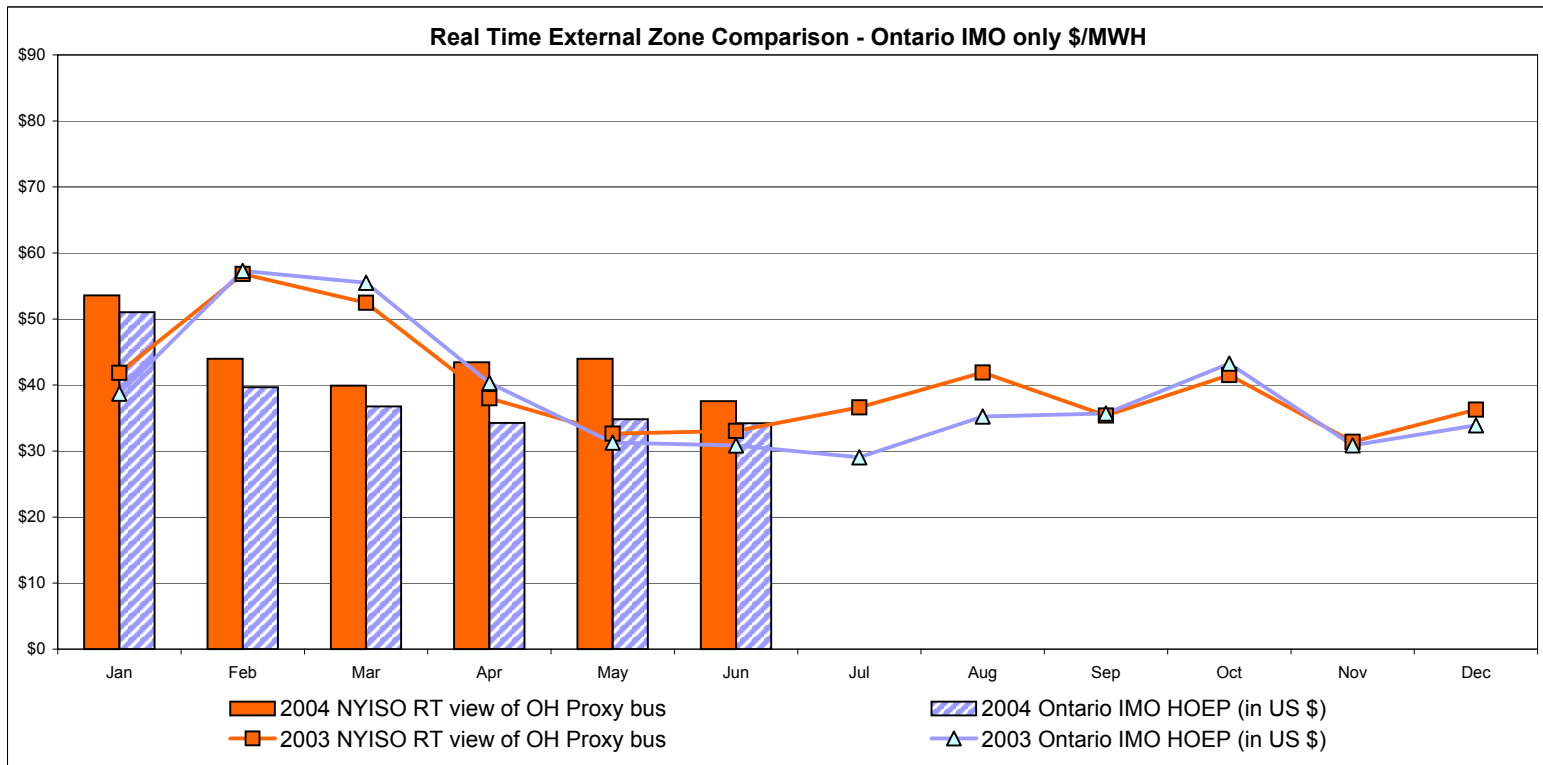
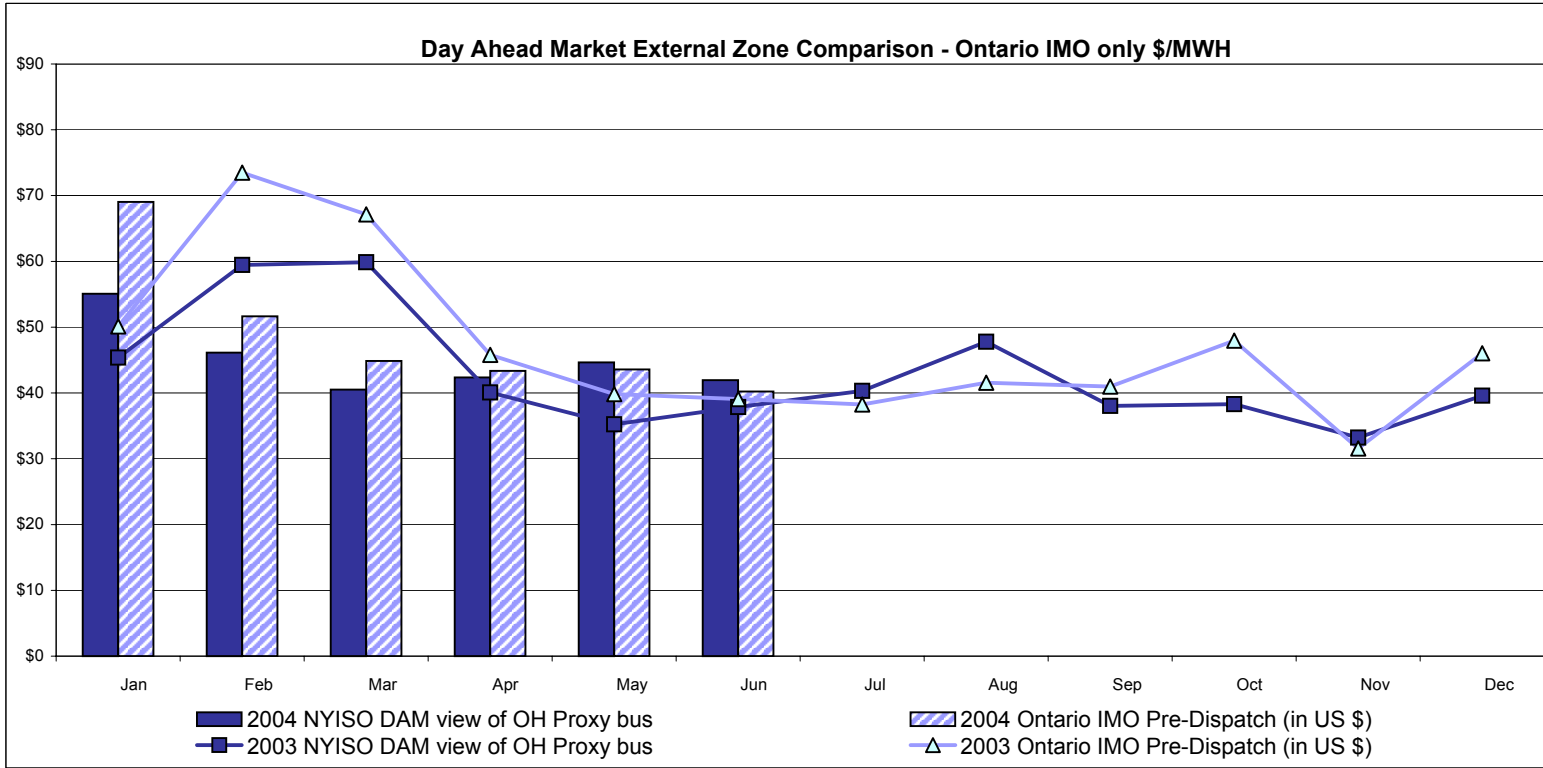


Real Time External Zone Comparison - PJM only \$/MWH



Note:
 After 5/1/02 PJM lists only one interface as NYIS
 June 2004 data not yet posted by PJM

External Comparison Ontario IMO



Notes: Exchange factor used for May 2004 was .73 to US \$
 HOEP: Hourly Ontario Energy Price
 Pre-Dispatch: Projected Energy Price
 Pre-Dispatch data from 8/14/03 Hr 15 thru 8/21/03 not included

NYISO Price Correction Statistics

NYISO Price Corrections 2004

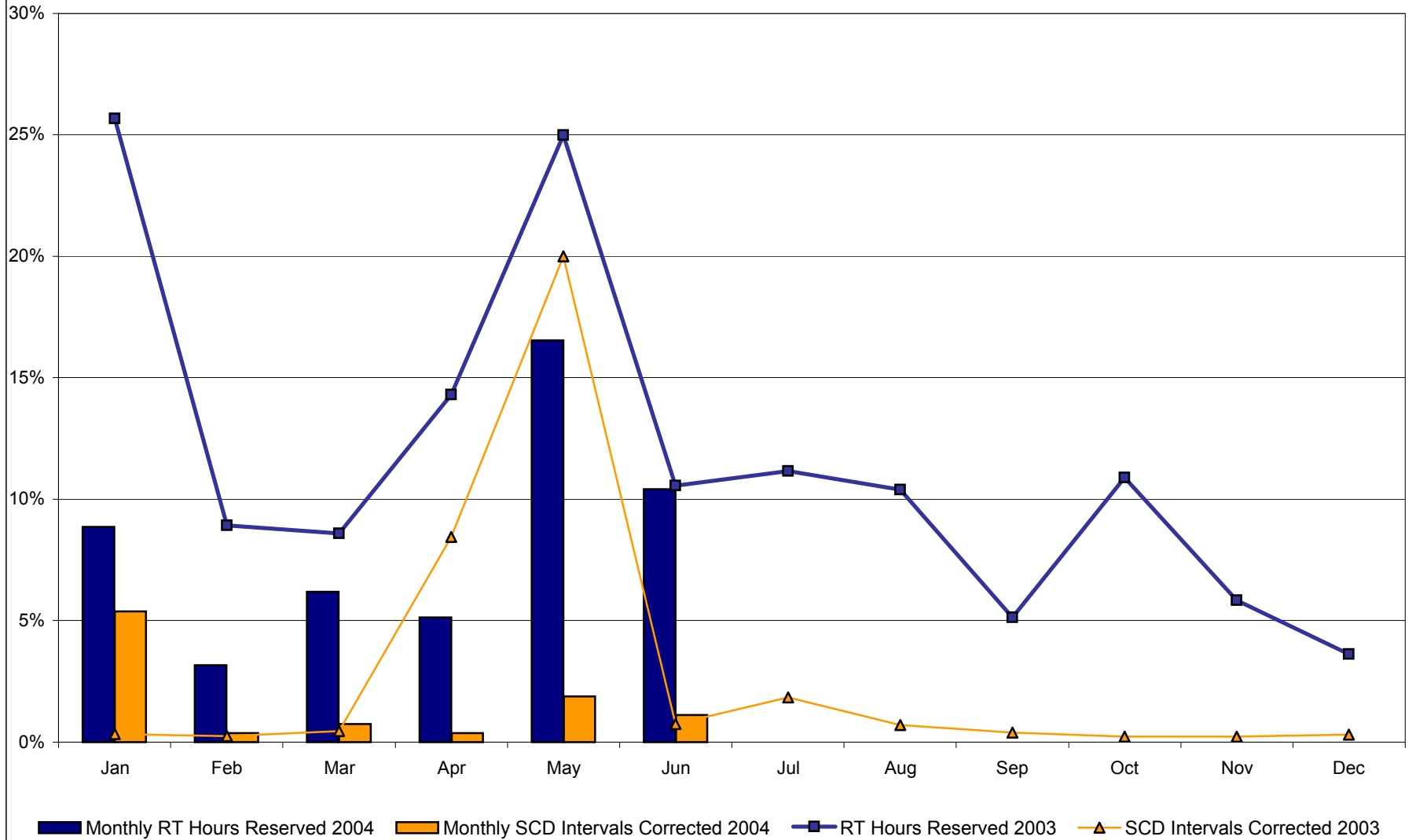
<u>Interval Corrections</u>	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	597	40	83	40	220	107						
Number of Intervals in the month	11,089	10,495	11,085	10,805	11,740	9,652						
Percentage of intervals corrected in the month	5.38%	0.38%	0.75%	0.37%	1.87%	1.11%						
Number of Intervals corrected Year-to-date	597	637	720	760	980	1,087						
Number of Intervals Year-to-date	11,089	21,584	32,669	43,474	55,214	64,866						
Percentage of intervals corrected Year-to-date	5.38%	2.95%	2.20%	1.75%	1.77%	1.68%						
<u>Hours Reserved</u>												
Number of hours reserved in the month	66	22	46	37	123	65						
Number of hours in the month	744	696	744	720	744	624						
Percentage of hours reserved in the month	8.87%	3.16%	6.18%	5.14%	16.53%	10.42%						
Number of hours reserved Year-to-date	66	88	134	171	294	359						
Number of hours Year-to-date	744	1,440	2,184	2,904	3,648	4,272						
Percentage of hours reserved Year-to-date	8.87%	6.11%	6.14%	5.89%	8.06%	8.40%						
<u>Days Without Corrections</u>												
Days without price corrections in the month	14	20	11	9	8	6						
Days without price corrections Year-to-date	14	34	45	54	62	68						

NYISO Price Corrections 2003

<u>Interval Corrections</u>	January	February	March	April	May	June	July	August	September	October	November	December
Number of Intervals corrected in the month	36	25	49	891	2,254	79	202	71	41	25	25	34
Number of Intervals in the month	10,986	10,197	10,918	10,554	11,274	10,729	10,998	9,973	10,620	11,248	10,629	11,175
Percentage of intervals corrected in the month	0.32%	0.25%	0.45%	8.44%	19.99%	0.74%	1.84%	0.71%	0.39%	0.22%	0.24%	0.30%
Number of Intervals corrected Year-to-date	36	61	110	1,001	3,255	3,334	3,536	3,607	3,648	3,673	3,698	3,732
Number of Intervals Year-to-date	10,986	21,183	32,101	42,655	53,929	64,658	75,656	85,629	96,249	107,497	118,126	129,301
Percentage of intervals corrected Year-to-date	0.32%	0.28%	0.34%	2.35%	6.04%	5.16%	4.67%	4.21%	3.79%	3.42%	3.13%	2.89%
<u>Hours Reserved</u>												
Number of hours reserved in the month	191	60	64	103	186	76	83	69	37	81	42	27
Number of hours in the month	744	672	744	720	744	720	744	664 *	720	744	720	744
Percentage of hours reserved in the month	25.67%	8.93%	8.60%	14.31%	25.00%	10.56%	11.16%	10.39%	5.14%	10.89%	5.83%	3.63%
Number of hours reserved Year-to-date	191	251	315	418	604	680	763	832	869	950	992	1,019
Number of hours Year-to-date	744	1,416	2,160	2,880	3,624	4,344	5,088	5,752	6,472	7,216	7,936	8,680
Percentage of hours reserved Year-to-date	25.67%	17.73%	14.58%	14.51%	16.67%	15.65%	15.00%	14.46%	13.43%	13.17%	12.50%	11.74%
<u>Days Without Corrections</u>												
Days without price corrections in the month	17	15	14	9	8	8	7	5	9	17	15	14
Days without price corrections Year-to-date	17	32	46	55	63	71	78	83	92	109	124	138

* 80 hours not included due to suspended market during system disruption

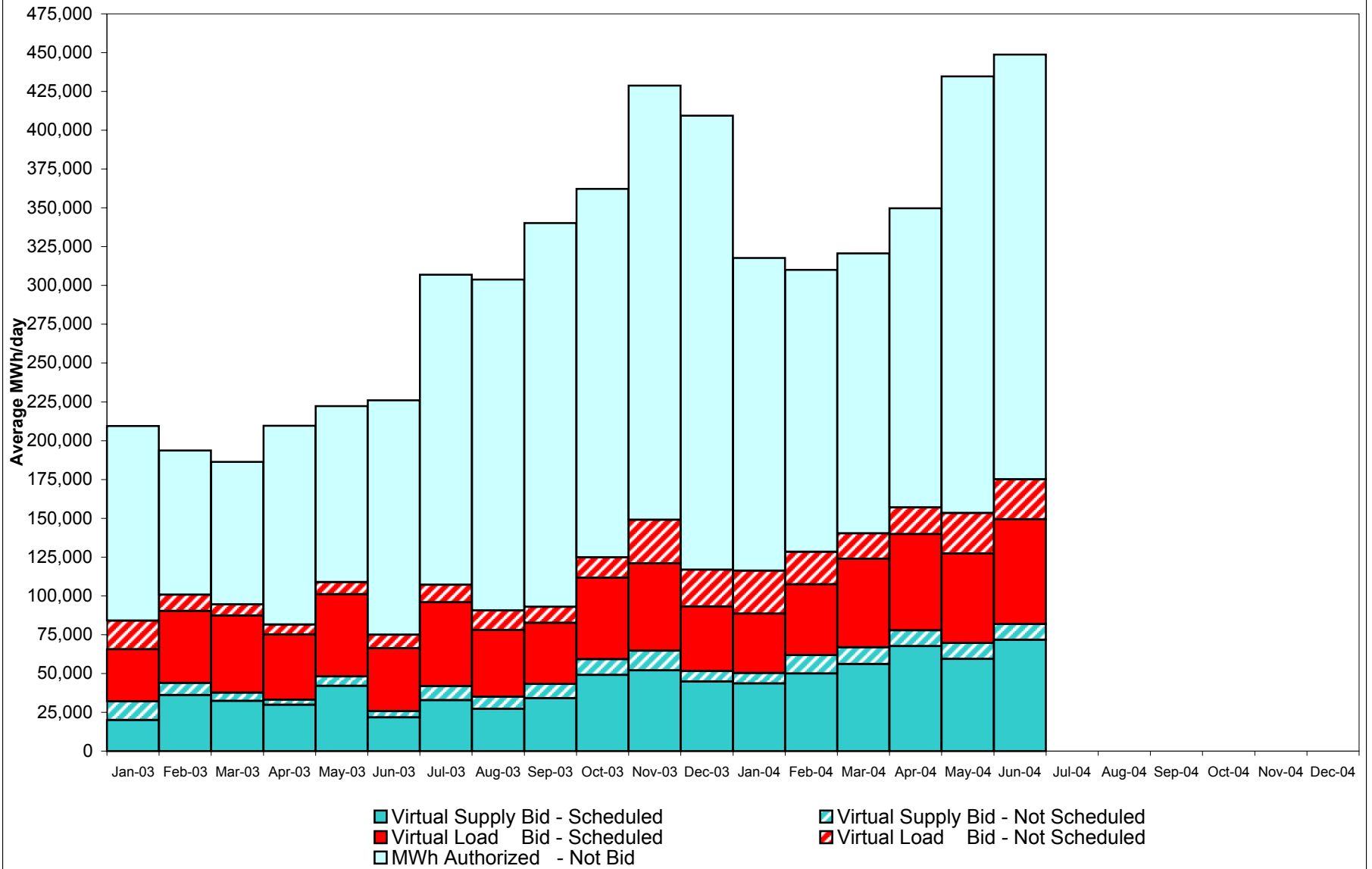
Percentage of Real-Time Corrections



4-R

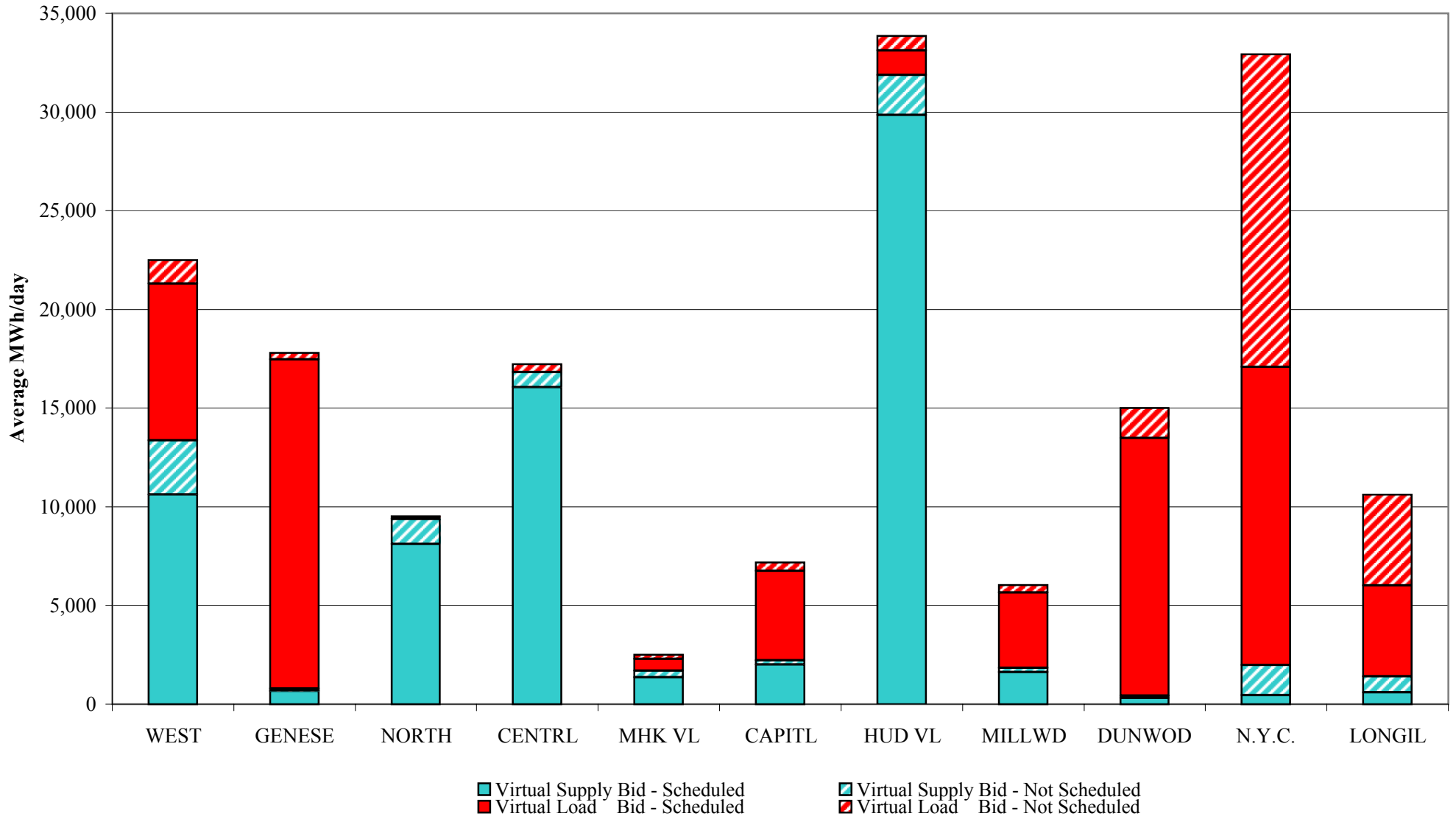
Preliminary thru 6/26/04

NYISO Virtual Trading Average MWh per day



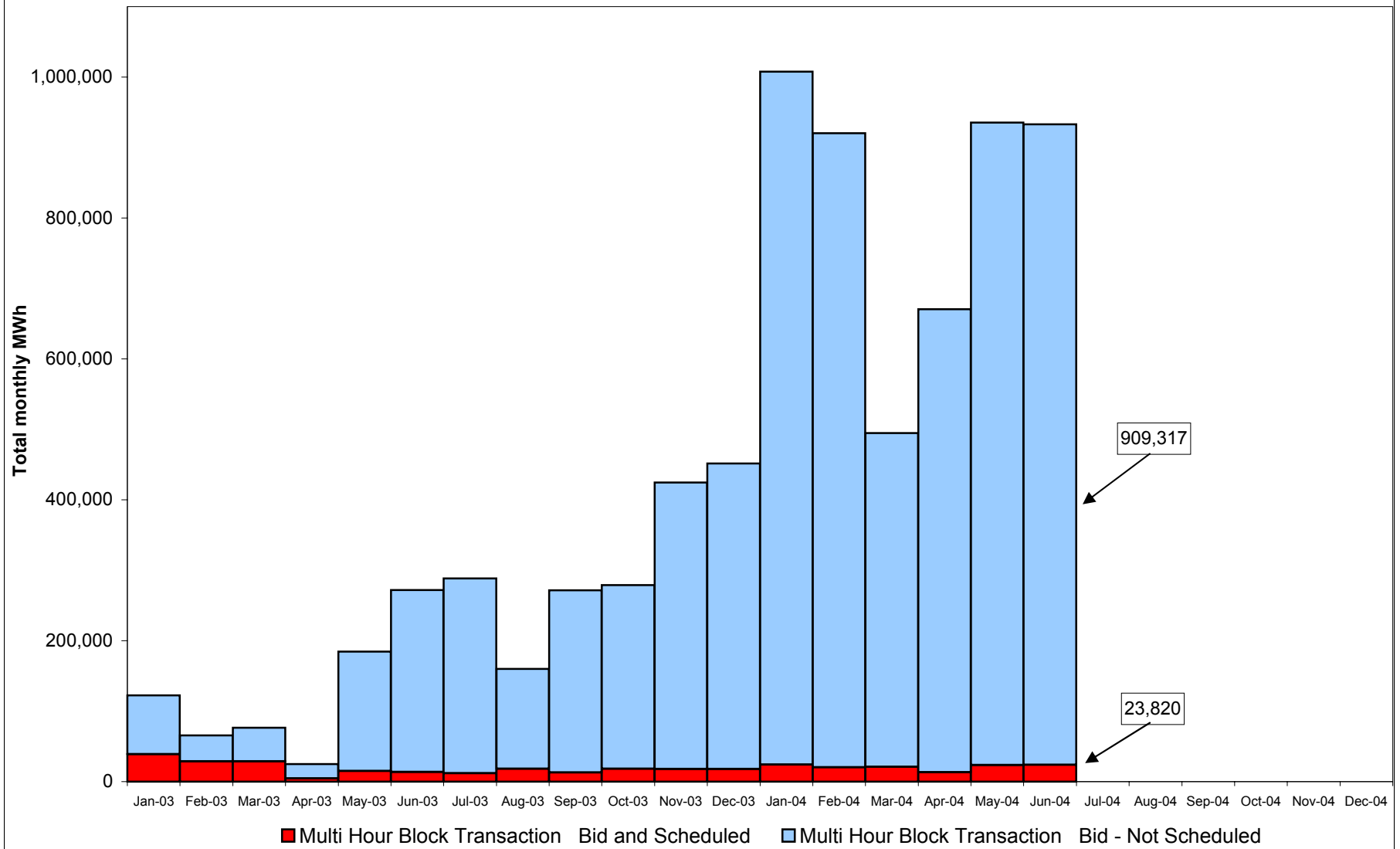
4-S
Preliminary thru 6/29/04

Virtual Load and Supply Zonal Statistics June 2004



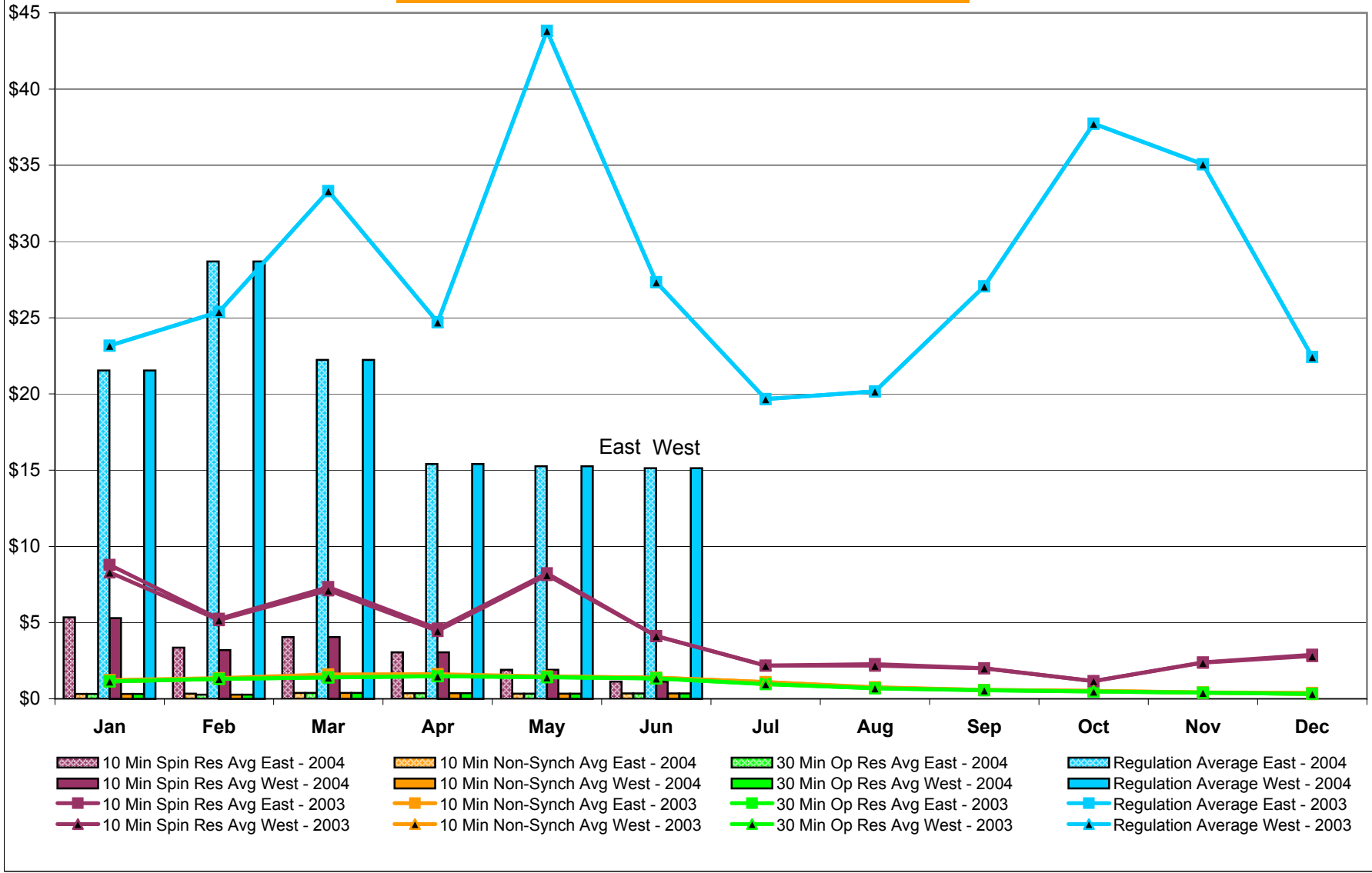
4-T
Preliminary thru 6/29/04

NYISO Multi Hour Block Transactions Monthly Total MWh



4-U
Preliminary thru 6/29/04

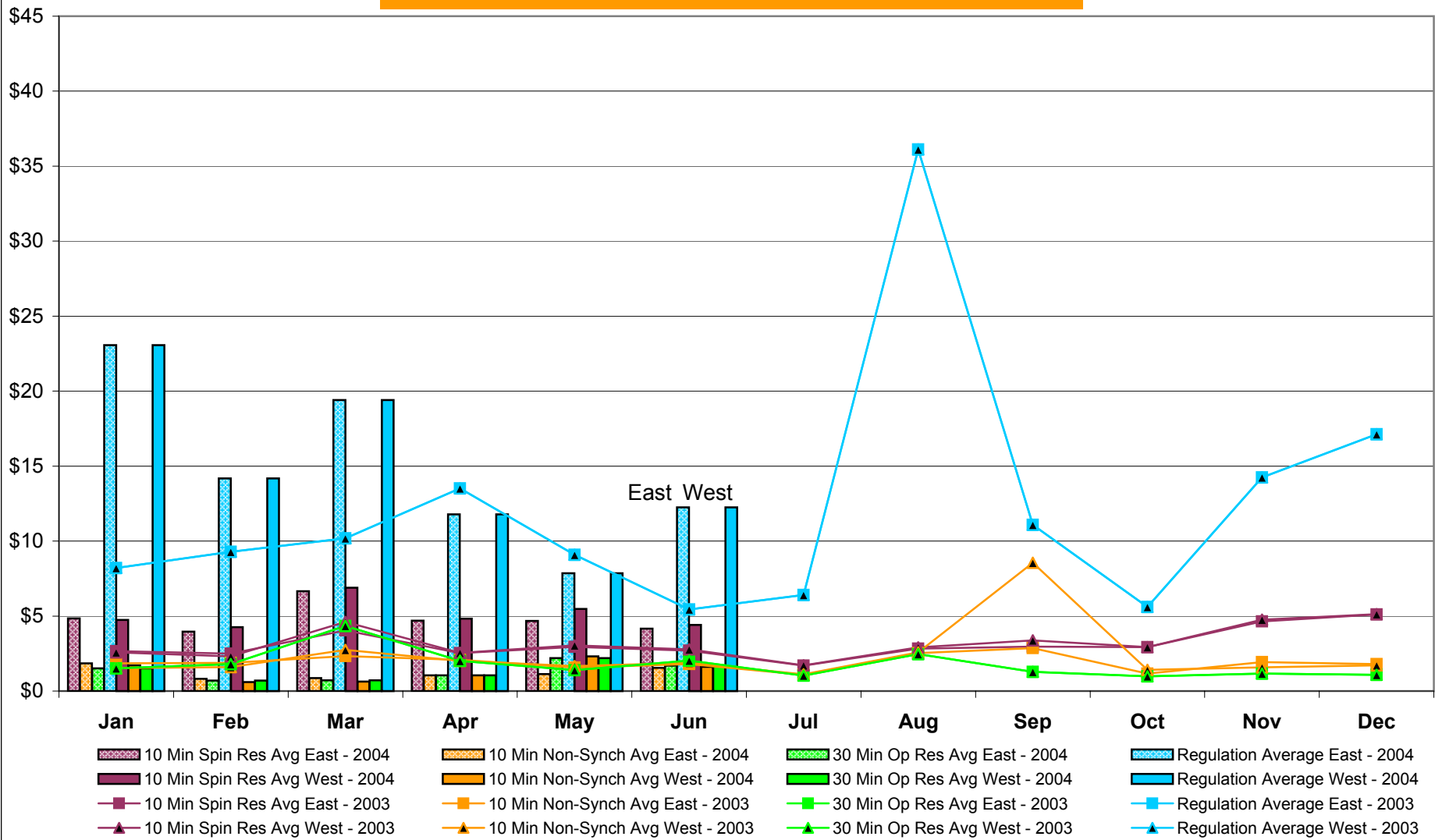
NYISO Monthly Average Ancillary Service Prices Day Ahead Market 2003 - 2004



4-V

Preliminary thru 6/28/04

NYISO Monthly Average Ancillary Service Prices BME * 2003 - 2004



* Commonly referred to as Hour Ahead Market (HAM)

NYISO Markets Ancillary Services Statistics

January February March April May June July August September October November December

ANCILLARY SERVICES Unweighted Price (\$/MWH) 2004

Day Ahead Market

10 Min Spin East	5.35	3.36	4.05	3.04	1.91	1.14
10 Min Spin West	5.29	3.20	4.05	3.04	1.90	1.14
10 Min Non Synch East	0.33	0.33	0.39	0.38	0.34	0.35
10 Min Non Synch West	0.32	0.27	0.39	0.38	0.33	0.35
30 Min East	0.32	0.27	0.39	0.38	0.33	0.35
30 Min West	0.32	0.27	0.39	0.38	0.33	0.35
Regulation East	21.54	28.69	22.23	15.41	15.26	15.13
Regulation West	21.54	28.69	22.23	15.41	15.26	15.13

BME* Market

10 Min Spin East	4.84	3.96	6.65	4.69	4.67	4.15
10 Min Spin West	4.75	4.27	6.89	4.82	5.48	4.40
10 Min Non Synch East	1.85	0.81	0.87	1.05	1.14	1.56
10 Min Non Synch West	1.71	0.60	0.64	1.06	2.31	1.61
30 Min East	1.51	0.70	0.72	1.06	2.20	1.70
30 Min West	1.51	0.70	0.72	1.06	2.20	1.70
Regulation East	23.07	14.18	19.41	11.78	7.85	12.25
Regulation West	23.07	14.18	19.41	11.78	7.85	12.25

ANCILLARY SERVICES Unweighted Price (\$/MWH) 2003

Day Ahead Market

10 Min Spin East	8.78	5.24	7.33	4.60	8.24	4.12	2.18	2.28	2.01	1.17	2.39	2.89
10 Min Spin West	8.30	5.17	7.12	4.45	8.12	4.11	2.18	2.18	2.00	1.17	2.37	2.81
10 Min Non Synch East	1.22	1.36	1.60	1.61	1.48	1.40	1.09	0.76	0.58	0.52	0.41	0.38
10 Min Non Synch West	1.15	1.32	1.45	1.54	1.45	1.39	1.09	0.72	0.58	0.52	0.40	0.32
30 Min East	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
30 Min West	1.14	1.30	1.41	1.48	1.42	1.35	0.97	0.69	0.56	0.48	0.40	0.32
Regulation East	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43
Regulation West	23.17	25.39	33.31	24.70	43.82	27.33	19.67	20.17	27.06	37.74	35.07	22.43

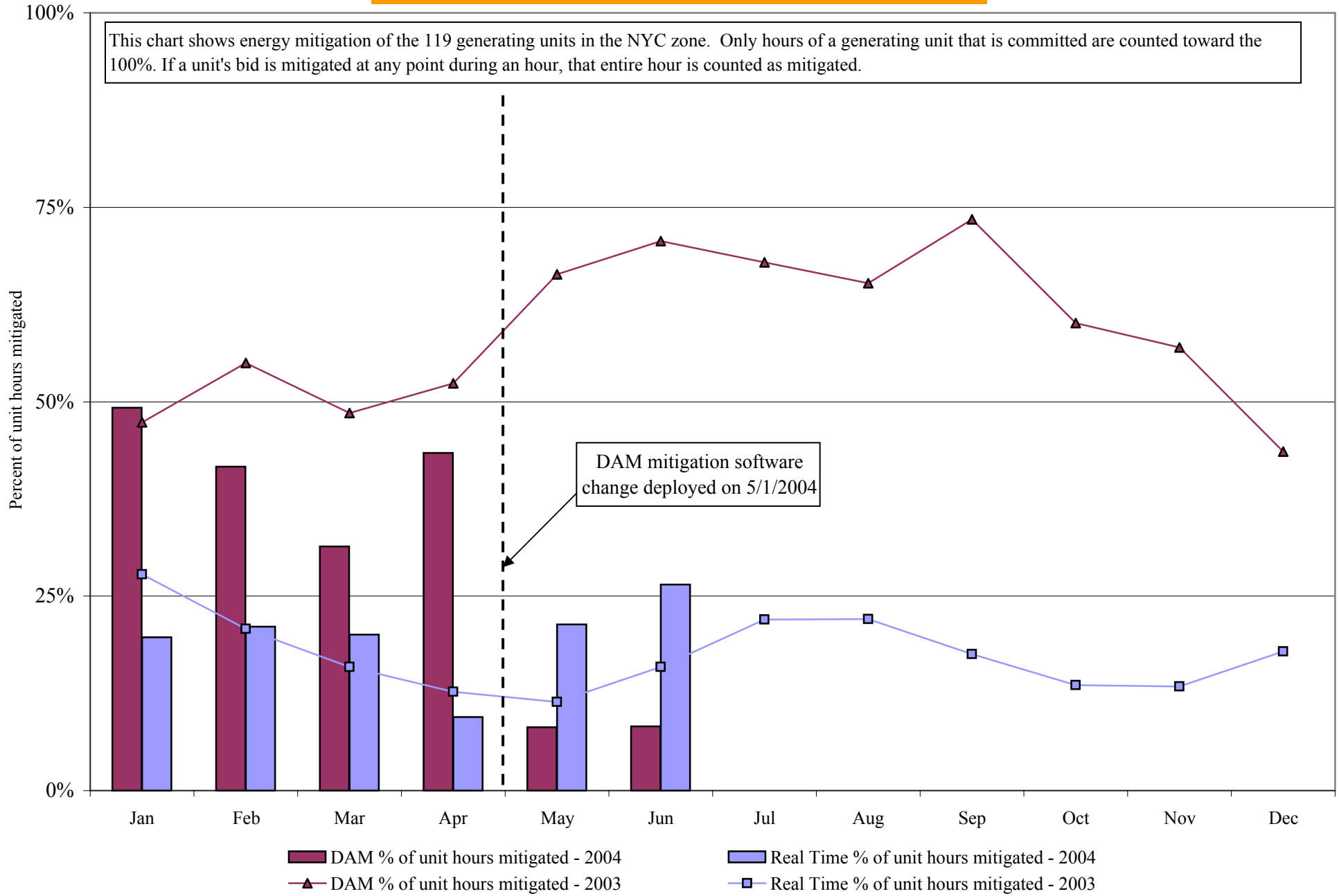
BME* Market

10 Min Spin East	2.67	2.50	4.05	2.54	2.95	2.69	1.69	2.82	2.96	2.92	4.65	5.11
10 Min Spin West	2.59	2.32	4.61	2.55	3.04	2.78	1.72	2.91	3.38	2.94	4.76	5.13
10 Min Non Synch East	1.85	1.89	2.34	2.07	1.57	1.80	1.09	2.53	2.87	1.17	1.92	1.80
10 Min Non Synch West	1.53	1.59	2.75	2.02	1.67	1.88	1.11	2.58	8.55	1.41	1.57	1.71
30 Min East	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
30 Min West	1.52	1.80	4.34	2.02	1.40	2.03	1.04	2.46	1.28	0.97	1.17	1.07
Regulation East	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12
Regulation West	8.21	9.28	10.19	13.52	9.08	5.44	6.41	36.11	11.09	5.60	14.24	17.12

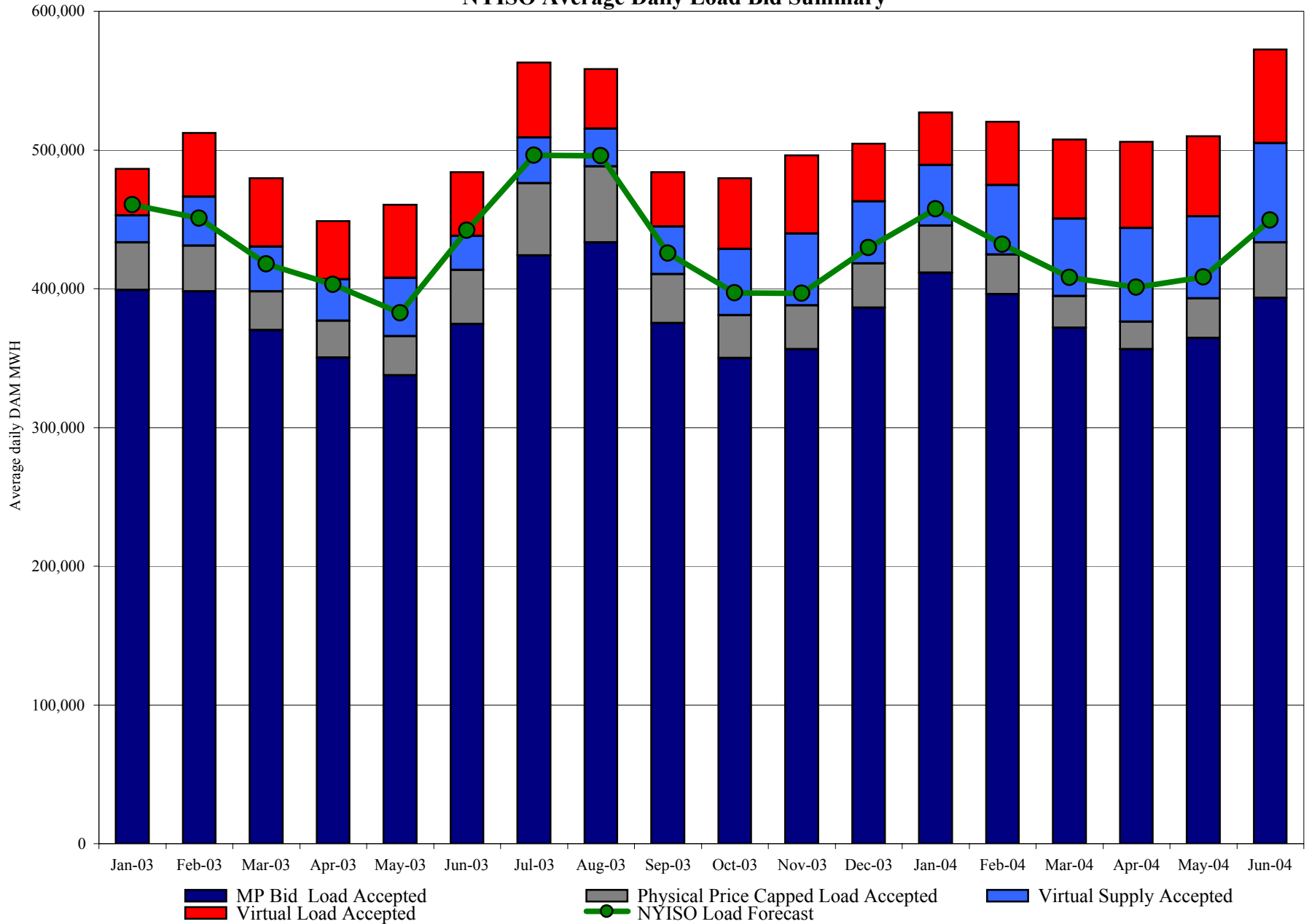
* Commonly Referred to as Hour Ahead Market (HAM)

4-X

NYISO In City Energy Mitigation (NYC Zone) 2003-2004 Percentage of committed unit-hours mitigated



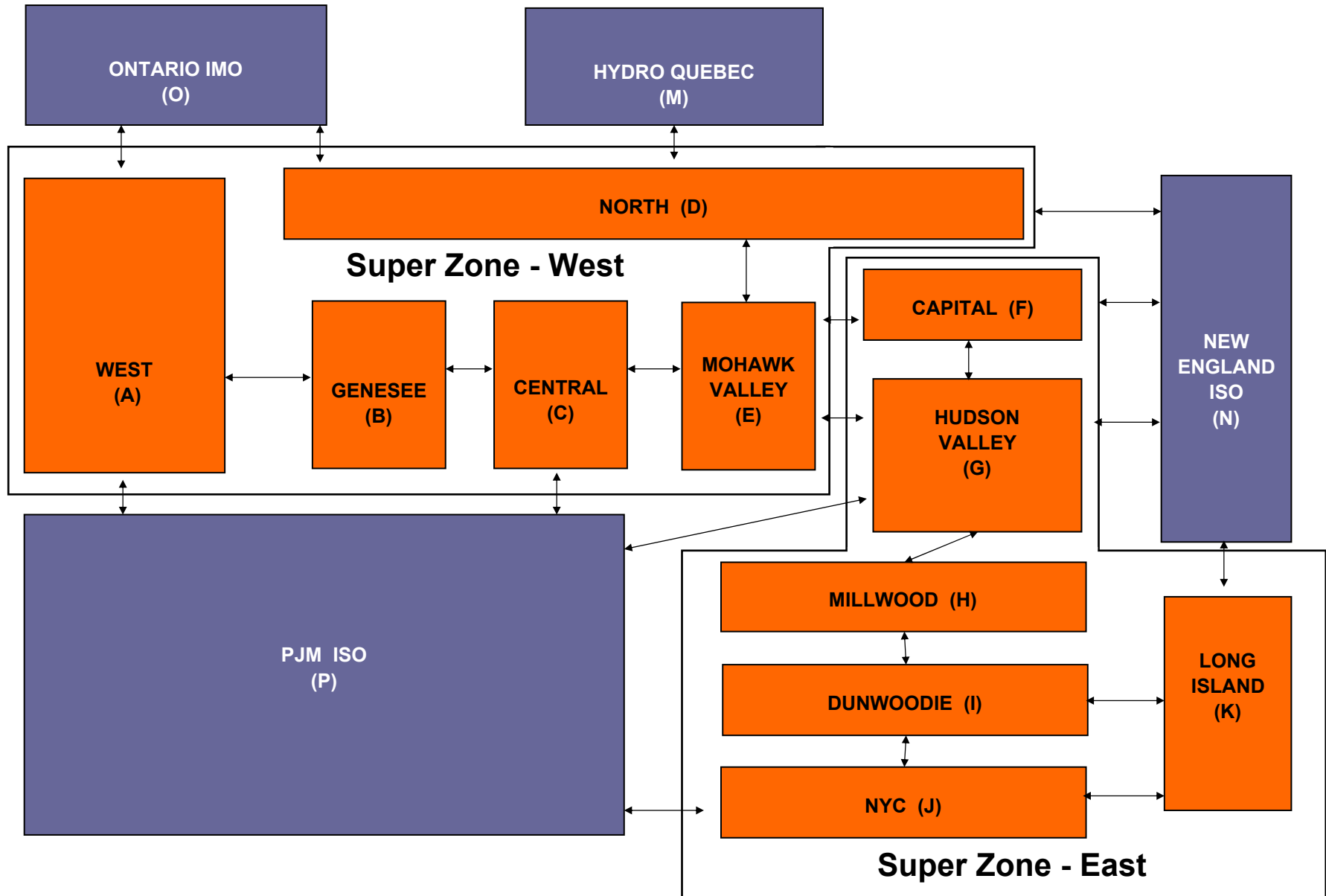
NYISO Average Daily Load Bid Summary



4 - Z

Preliminary thru 6/29/04

NYISO LBMP ZONES



SMD2 Project Status

July 1, 2004

Factory Acceptance Testing:

- The NYISO and ABB project teams performed the integrated testing portion of the Factory Acceptance Testing (FAT) on the ABB Business SMD2 software.
- The integrated tests mark the final testing exercises of the Phase 2a development cycle, and constitute tests to validate the system recovery, performance, and stability features of the new system.
- Most aspects of the integrated tests went well; however, some of the system performance scenarios were not successfully executed and will need to be re-run following the next software delivery from ABB.
- The areas of performance that did pass are a small percentage of the overall system functions, and do not affect the base operation of the system.

Market Trials:

- The first of a series of Market Trial exercises were achieved on schedule in June.
- A simulation of the Day Ahead Market was performed using Market Participant supplied data and the new SMD2 software.
- The test constituted collecting a set of simulated bids, closing the Day Ahead Market, running Security Constrained Unit Commitment (SCUC) software, and the posting of market results.
- The results were posted with only minor anomalies and the results were reviewed with MPs following the event.
- A majority of the NYISO MPs participated, including all the major market players.
- Customer Relations has actively tracked participation in the Market Trial, and has contacted all MPs that did not get involved to ensure their participation in future iterations.
- Day Ahead Market Trail statistics are included on the following page.

ABB Development:

- ABB delivered a new software release that contained fixes to nearly all the Phase 2a software defects that were required for Market Trials, as well as many enhancements that were identified during the functional FAT exercises.
- By achieving this milestone by the contract date, ABB earned an incentive payment as defined in the milestone payment schedule of the contract.

Upcoming Activities:

- A second iteration of the Day Ahead Market Trials will be conducted on July 7th.
- The first of three (3) Real-time Market Trials will be conducted on July 21st. The Real-time trial will incorporate a simulation of the Day Ahead Market, 24 hours of simulated real-time operation, and the production of a sample bill.

Market Exercise #1 Summary

- ~ 40 Market Participant organizations participated
 - All TOs and most major suppliers participated
 - There were adequate generator, load, and transaction bids entered although the NYISO did pre-load bids prior to the exercise (MP bids entered replaced the NYISO pre-loaded bids).
 - Over 16,000 generator offers entered
 - Just under 2000 load bids entered
 - Just under 2200 transaction bids entered
 - Very few virtual bids entered
 - NYISO Customer Relations staff will be calling MPs that did not participate in the exercise to request that they participate in the next exercise.

- Market results for the exercise were consistent with SMD2 market rules based upon evaluations conducted to date.
 - LECG and NYISO MMU are still reviewing market results
 - Per the Daily Energy Report:
 - Scheduled 80% of bid load
 - Scheduled 74% of generation offered
 - Scheduled 56% of imports bid
 - Scheduled 27% of exports bid
 - Scheduled 25% of wheel throughs
 - Note: the exercise MIS does require confirmation for transactions where such bid validation rules apply.

- Known issues
 - Some units are not properly modeled in the SMD2 data base yet and may not have received schedules – fixed for upcoming 7/7/04 SCUC trials.
 - Some OASIS reports did not post, posted late, or posted with faulty data
 - Par Flows – did not post
 - SCUC load forecast – did not post
 - Zonal bid load – posted late
 - DAM limiting constraints – incorrect data
 - Note: OASIS postings for days other than the exercise day are the result of NYISO testing. MPs are free to view them, but must be aware that these posted test results may be inconsistent with expectations.

Extraordinary Costs

Update

July 7, 2004

Emergency Energy

- **Emergency Energy Payments for Period of August 14-August 17:**
 - Total Paid to Four C/A Neighbors -\$11,773,912;
 - Net Purchases – 126,817 MWh;
 - Costs were recovered in the August 2003 invoice.

Extraordinary Cost Payments Made or Authorized

- Energy/Ancillary Services: 9%
- Fuel/Water/Labor/
Consumables for
Expedited Restart: 30%
- Repair of Equipment Damaged
During Expedited Restart: 40%
- Gas Balancing Penalties: 21%
- **TOTAL AUTHORIZED** **\$2,440,199.***
- **TOTAL DENIED** **\$5,074,013.**

* \$1,216,410 paid out to date.

NERC “Version 0” Standards Summary
For Management Committee
July 2004

NERC’s goal is to develop a “Version 0” baseline set of integrated reliability standards translated from the existing requirements and measures by February 2005. This action is strongly motivated by the August 14 Blackout aftermath and recommendations from the U.S./Canada Power System Outage Task Force and FERC for NERC to rapidly modify their standards so they are ‘clear and enforceable.’

- The transition will be made from existing NERC Operating Policies (1-9), Planning Standards and compliance templates.
- No new requirements will be added.
- Language may be modified to add clarity and specificity.
- Requirements without a current compliance template will be noted as ‘not specified’.
- The NERC Reliability Functional Model will be applied to designate functions to which each existing requirement and measure applies.
- NERC and the Regional Councils will seek to register all entities that perform the Functional Model functions identified in the Version 0 standards in the Fall.
- Potential business practice standards are being reviewed by NAESB.
- Some material in reference and training documents are folded into the Version 0 standards as requirements. The question of the general disposition of the reference and training documents will be put to the industry during the comment period. The standing committees will also be asked for an opinion/recommendation.
- Previously defined Standards Authorization Requests (SARs) and draft standards are expected to continue on their paths to adoption as Version 1 reliability standards, later in 2005, adding to or replacing the appropriate Version 0 standards subsequent to adoption of the Version 0 standards in February 2005.

Summary of Activities and Schedule

- Standards Authorization Request (“SAR”) posted for comment in May. Comments and responses are posted.
- Standard Drafting team formed in May. There are members from 5 ISO/RTOs (CAISO, ERCOT, IMO, NYISO, & PJM). The IMO member was selected as Co-Chair).
- NYISO staff (Karl Tammar) reviewed the Version 0 plan and process with the NYSRC on July 1.
- The first draft of the Version 0 standards are completed and will be posted on July 2 for a 30 day comment period.

- In August the Drafting Team will review the comments and prepare a second draft for posting in early September for a 45-day comment period.
- Third draft Version 0 standards will be posted on October 25 to the standing committees for endorsement at the November 8-12 meetings.
- The Version 0 standards will be balloted twice: December 1 -10 and, if needed, January 1-10.
- Posted for Board ratification on January 25, 2005, for vote on February 5, 2005.

Prepared by

Karl Tammar
July 2, 2004

MPAAS Audit Report – Article X Issue

The NYISO has developed a process for Article X reviews, to enable Market Participants to confirm the accuracy of their invoices, beyond that available in the Data Warehouse. The process includes:

- Safeguards for the confidentiality of Market Participant data.
- An organized methodology for Market Participants to request access to specific data.
- Assurances that the NYISO's operations won't be disrupted by Market Participant auditing requests.
- This process is on the NYISO Board Audit & Compliance Committee agenda for August.