

NYISO President's Report

Management Committee Meeting

May 10, 2001

Bill Museler, NYISO President and CEO

Market Operations Report

1) Reliability Indicators

- *NERC Criteria (CPS-2 Curve)*

2) Market Performance Highlights

3) NY/NE/PJM Price Comparisons

4) Reserve Sharing Status and Schedule

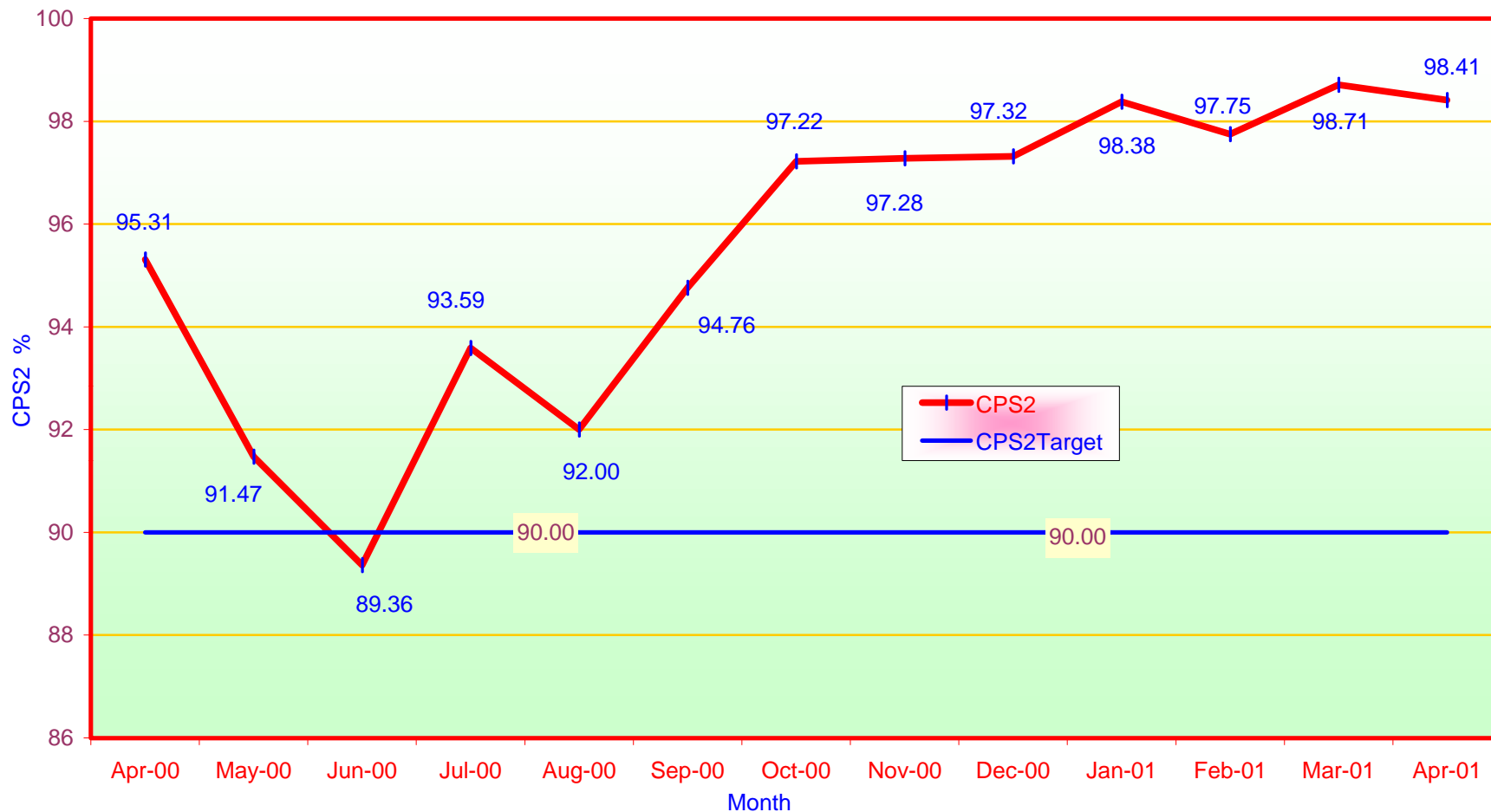
- *NY/NE*

5) Summer Preparations Schedule

6) NE Short Schedule Rule for Hydro & Quick Start Units

7) ICAP Deficiency Auction

NERC Control Performance Standard
NYISO Compliance
Year 2000/2001

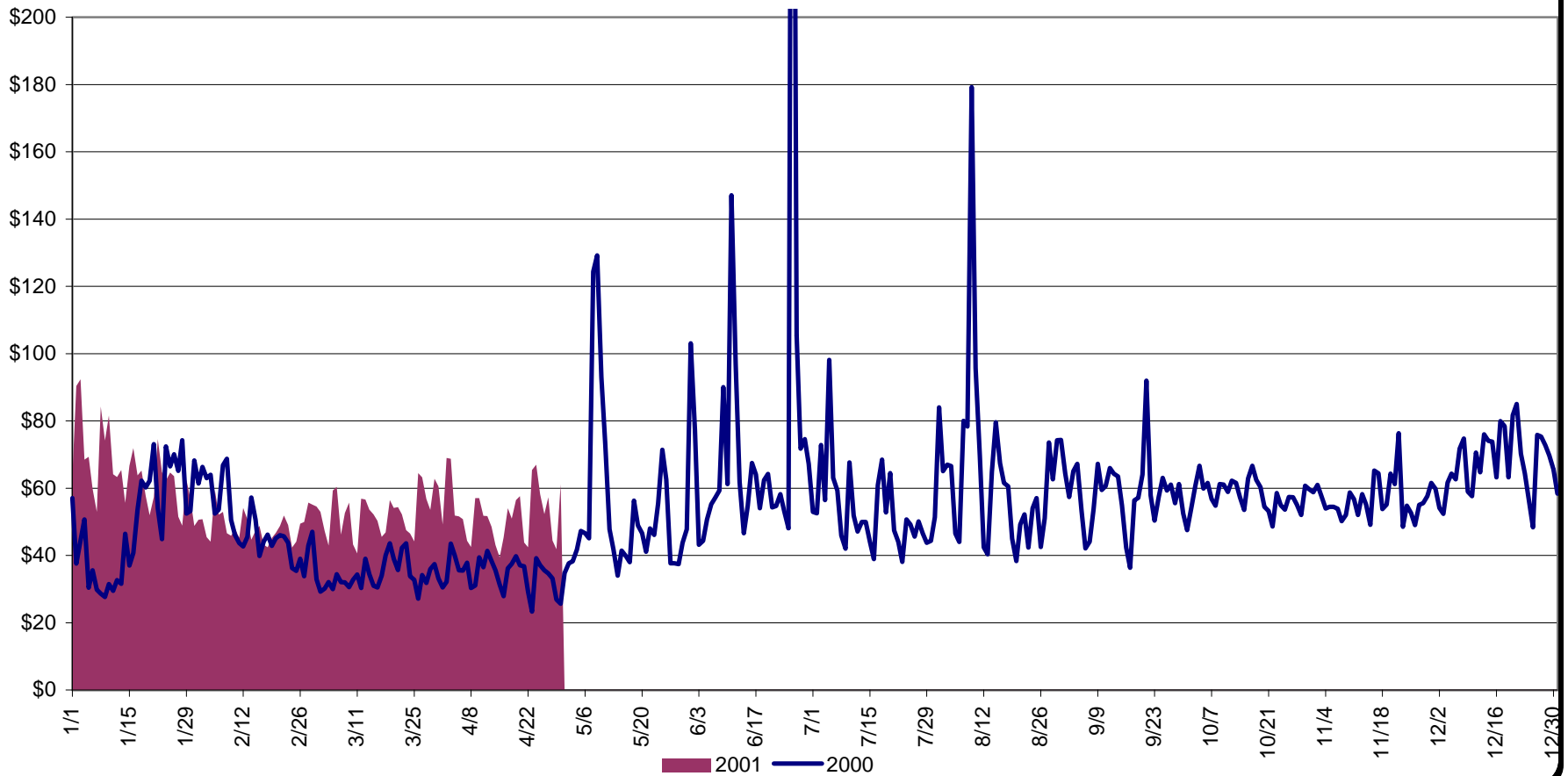


CPS2 for Apr-01 =98.41% Compliance Threshold=90%
CPS2 measures excessive unscheduled power flow resulting from large Area Control Error(ACE)

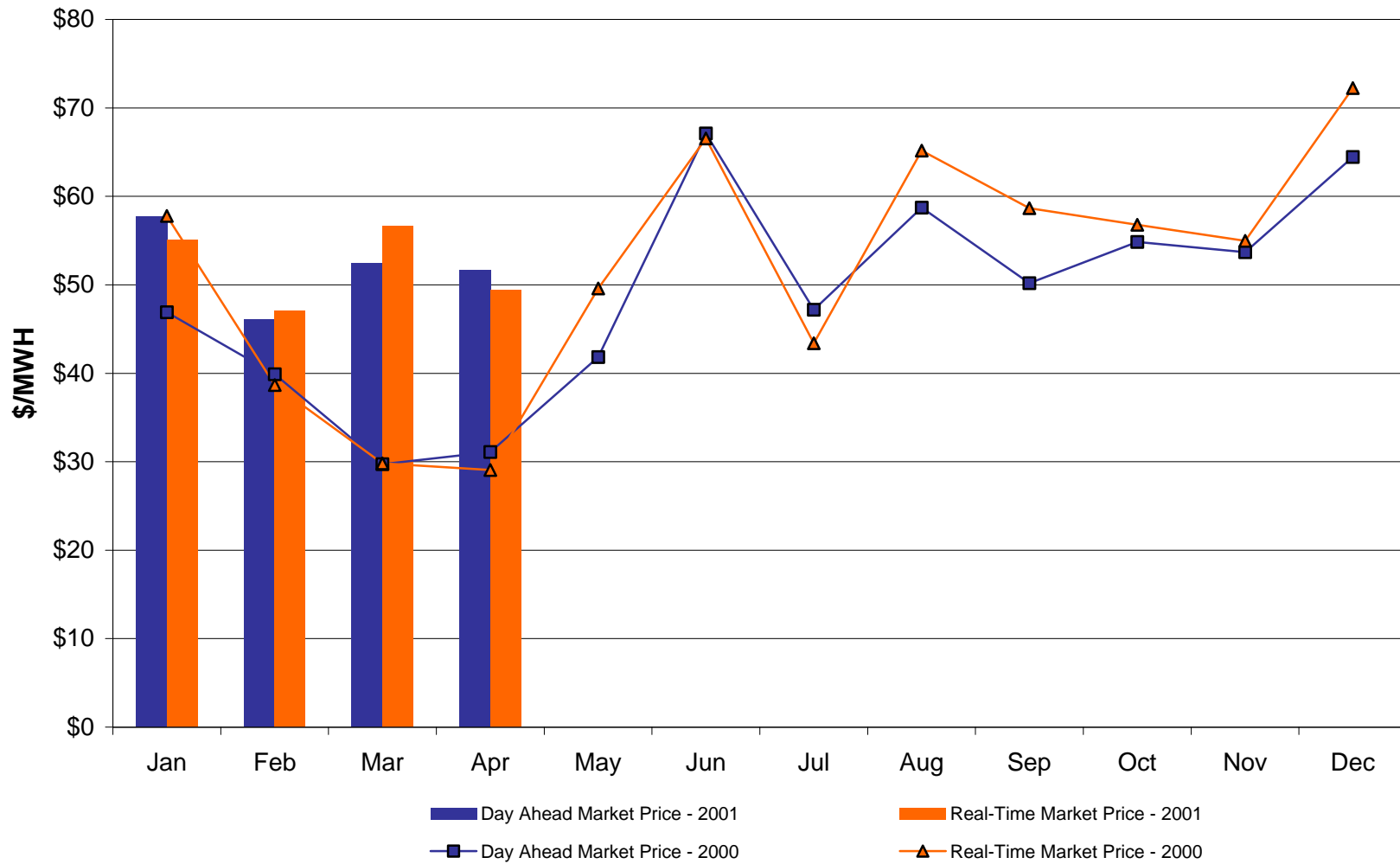
Average Daily NYISO - Administered Total Price (Energy & Ancillary Services)

2000 Annual Average \$57.81/MWH
Jan to Apr 2000 Average \$42.03/MWH
Jan to Apr 2001 Average \$55.68/MWH

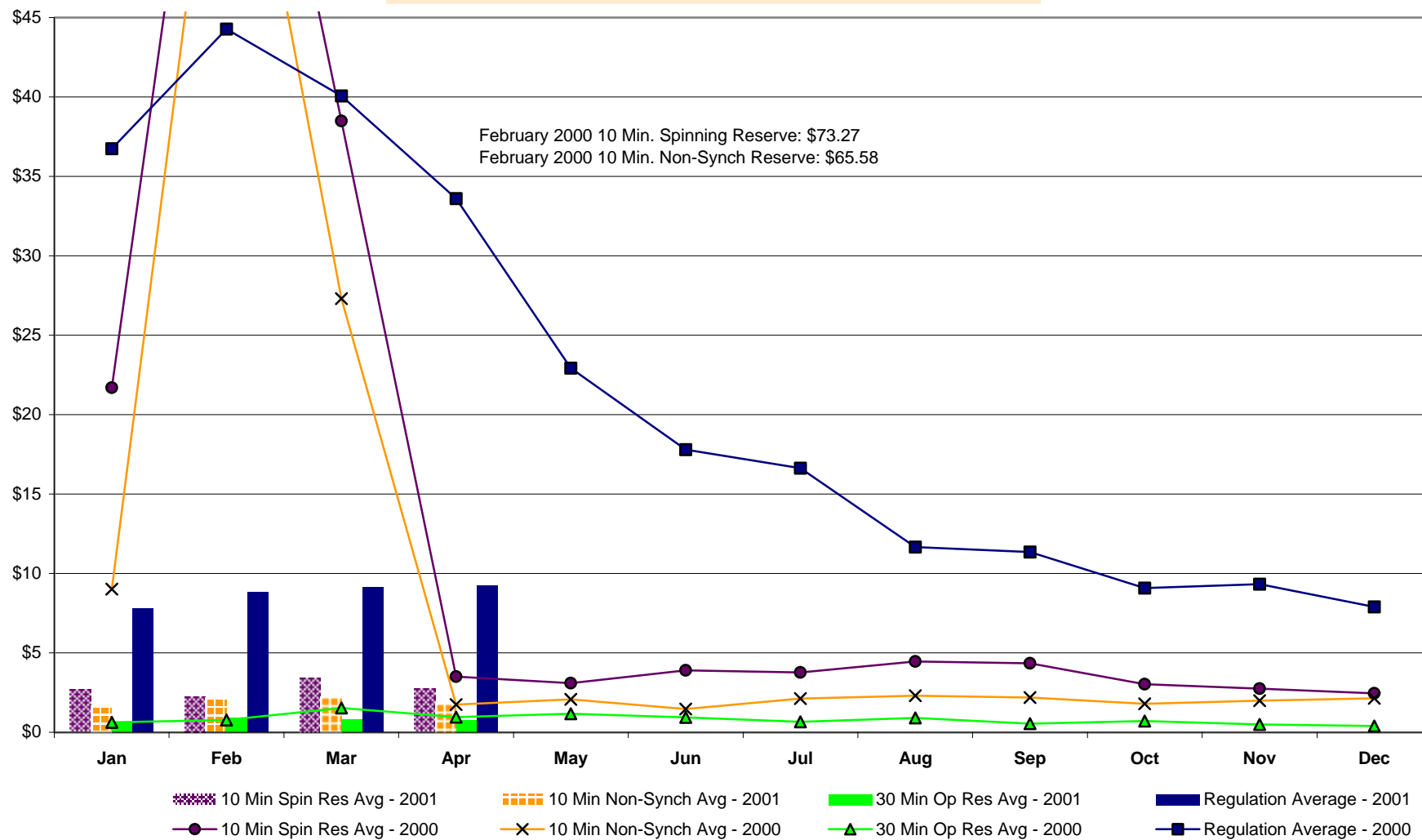
June 26, 2000 Daily Average 414.14



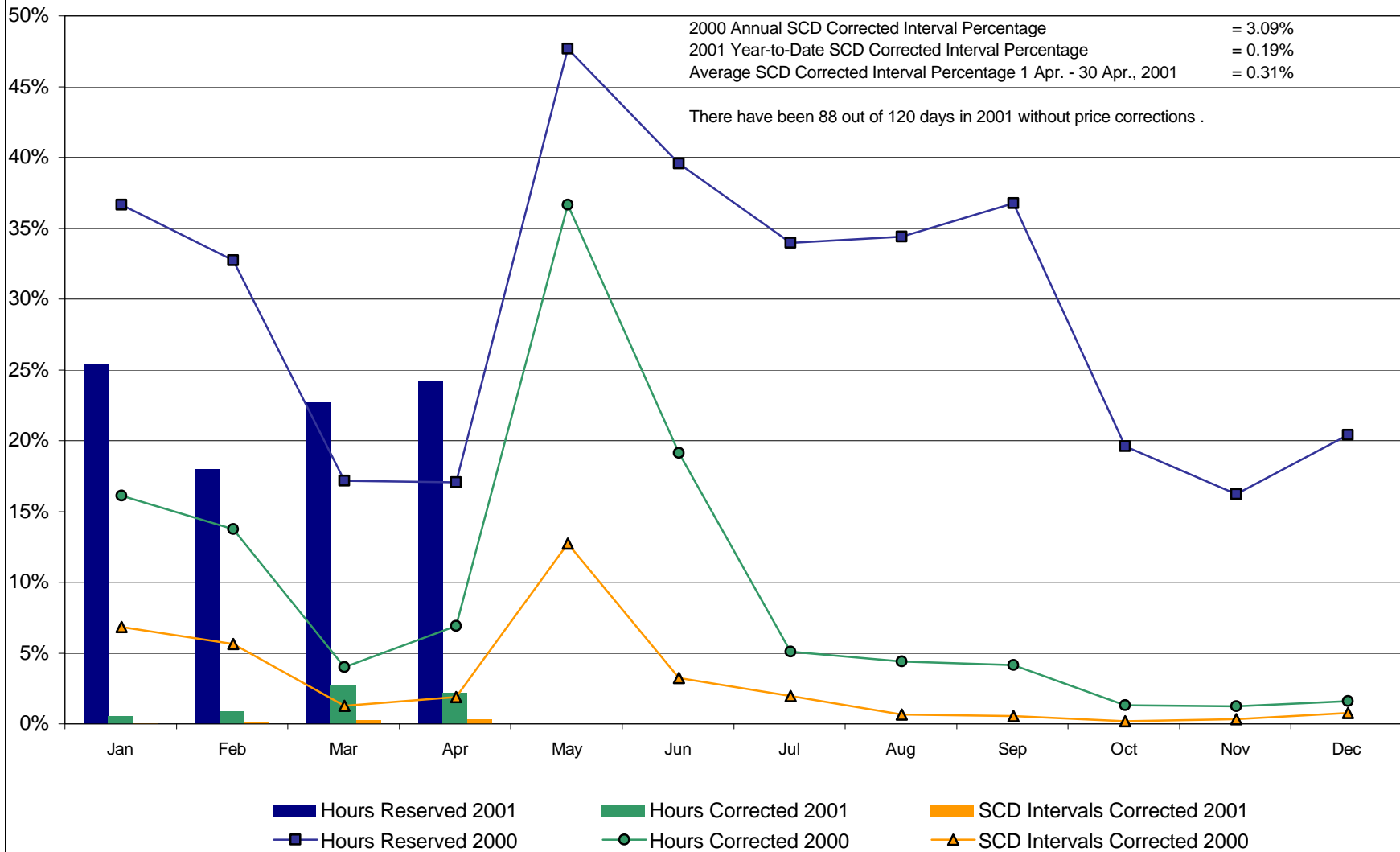
NYC Zone J Monthly Average LBMP Prices 2000 - 2001



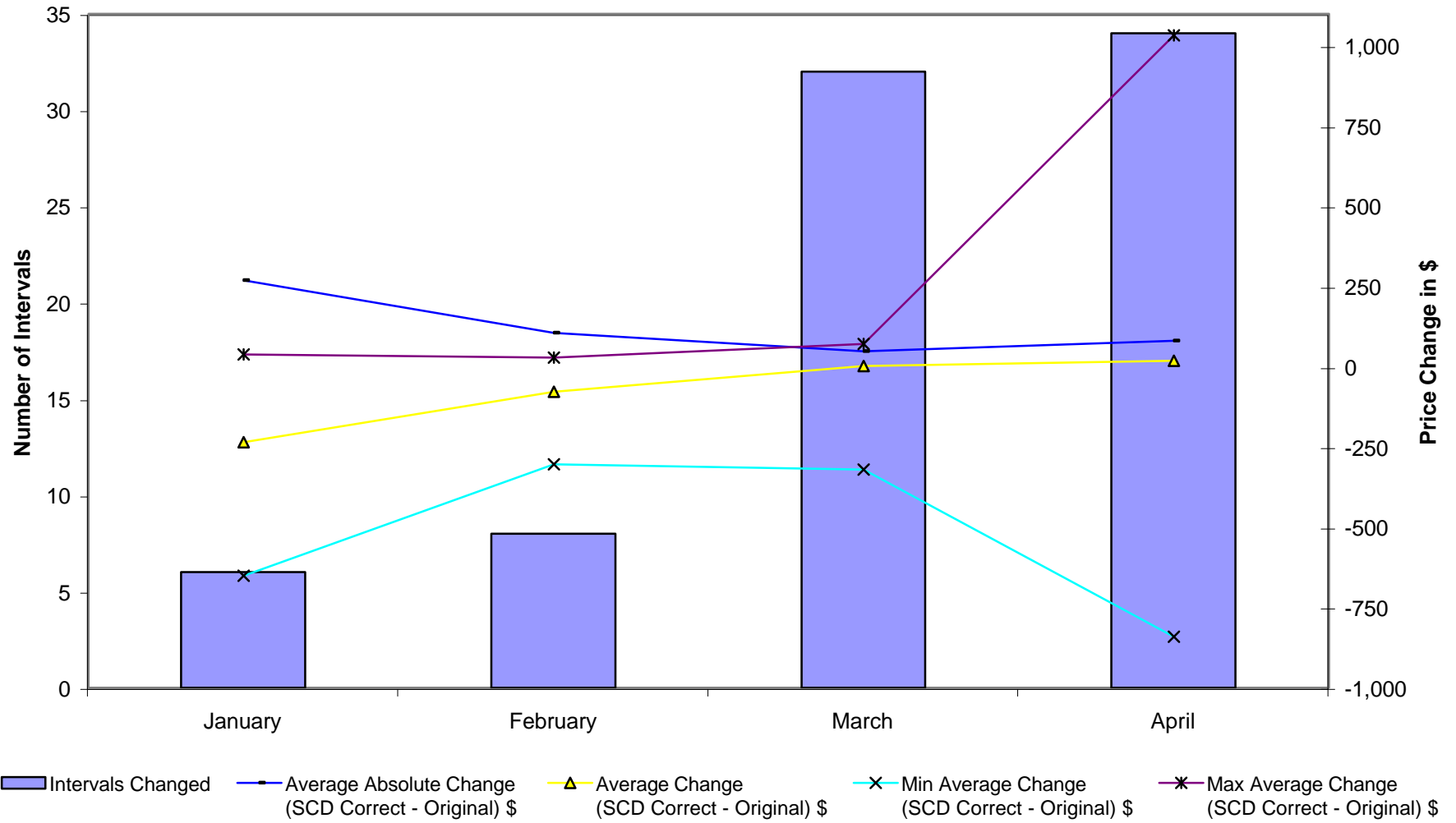
NYISO Monthly Average Ancillary Service Prices Day Ahead Market 2000 - 2001



Percentage of Real-Time Corrections

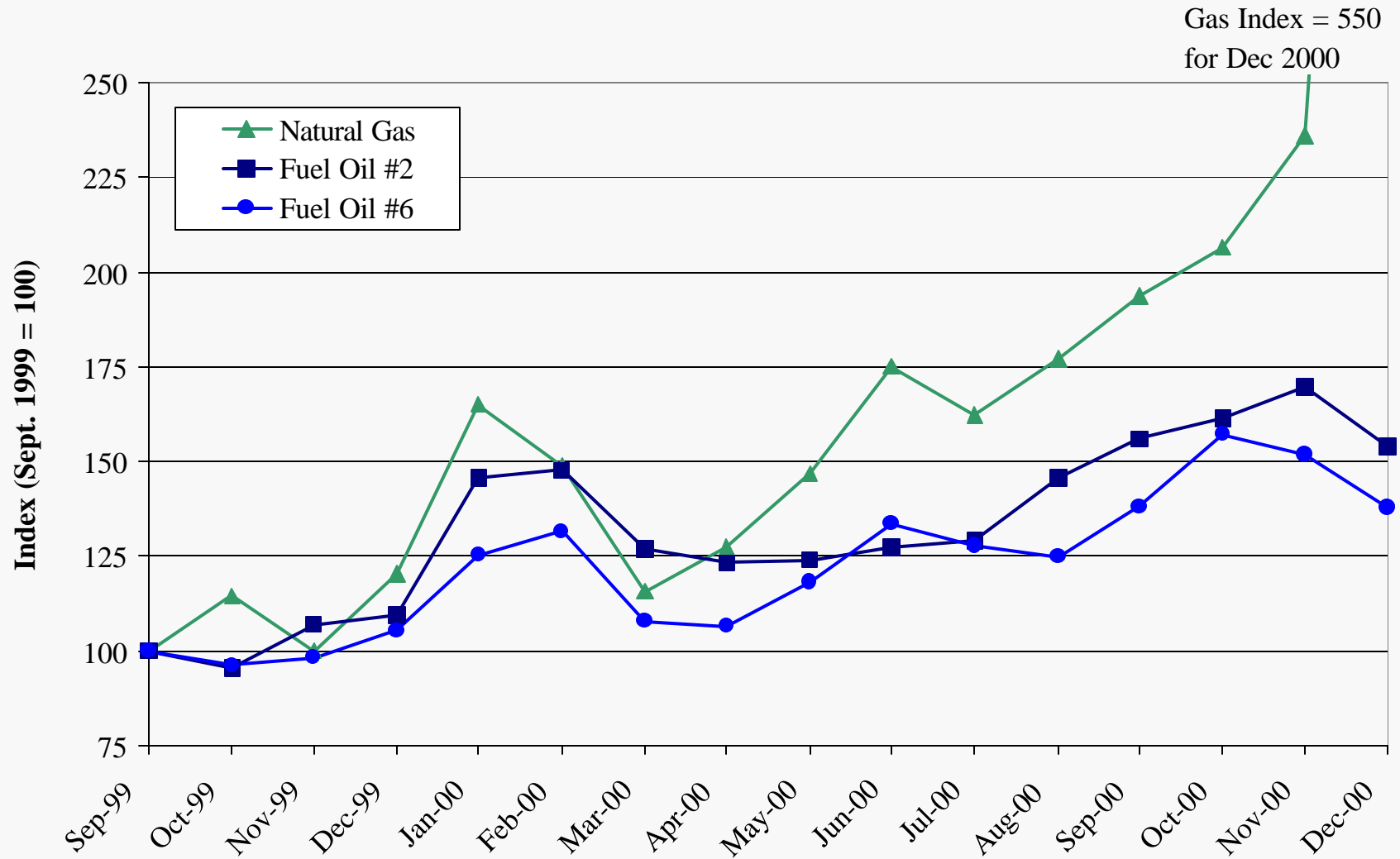


SCD Price Corrections 2001 - Magnitude and Count (Excludes intervals with ECA-B only corrections)



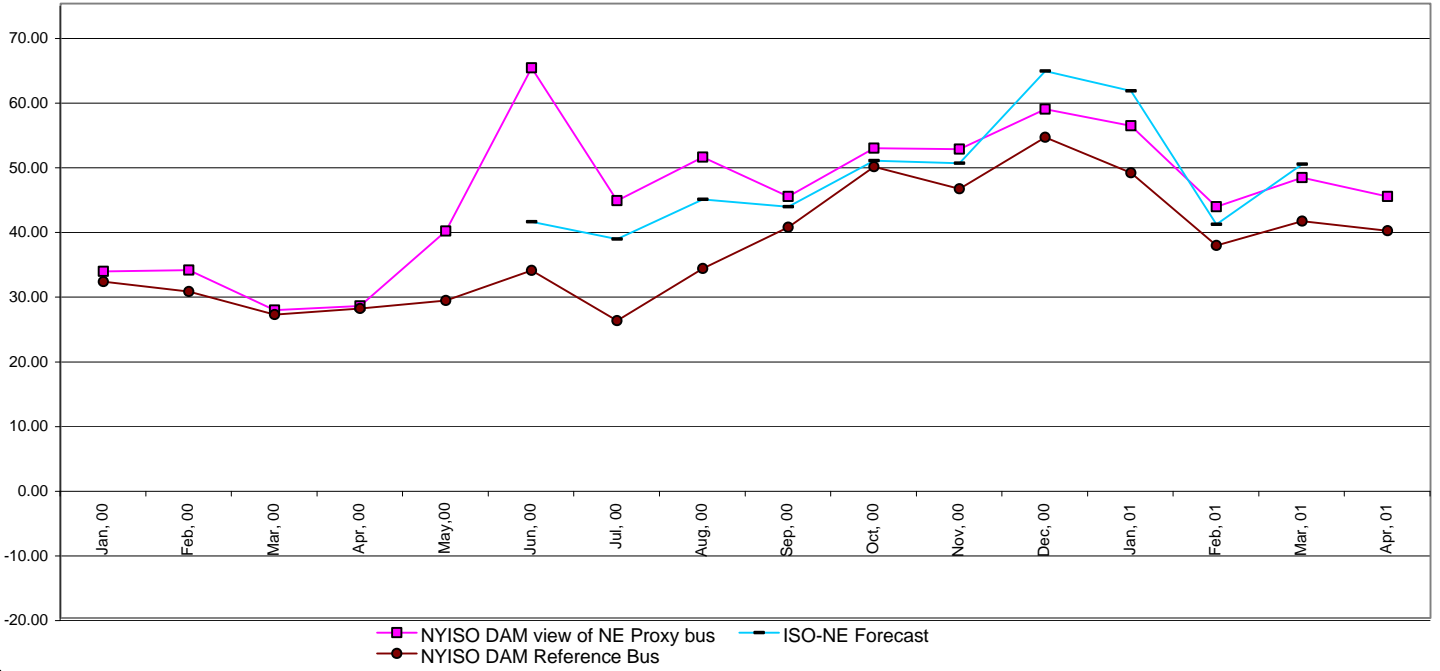


Fuel Price Increases During 2000

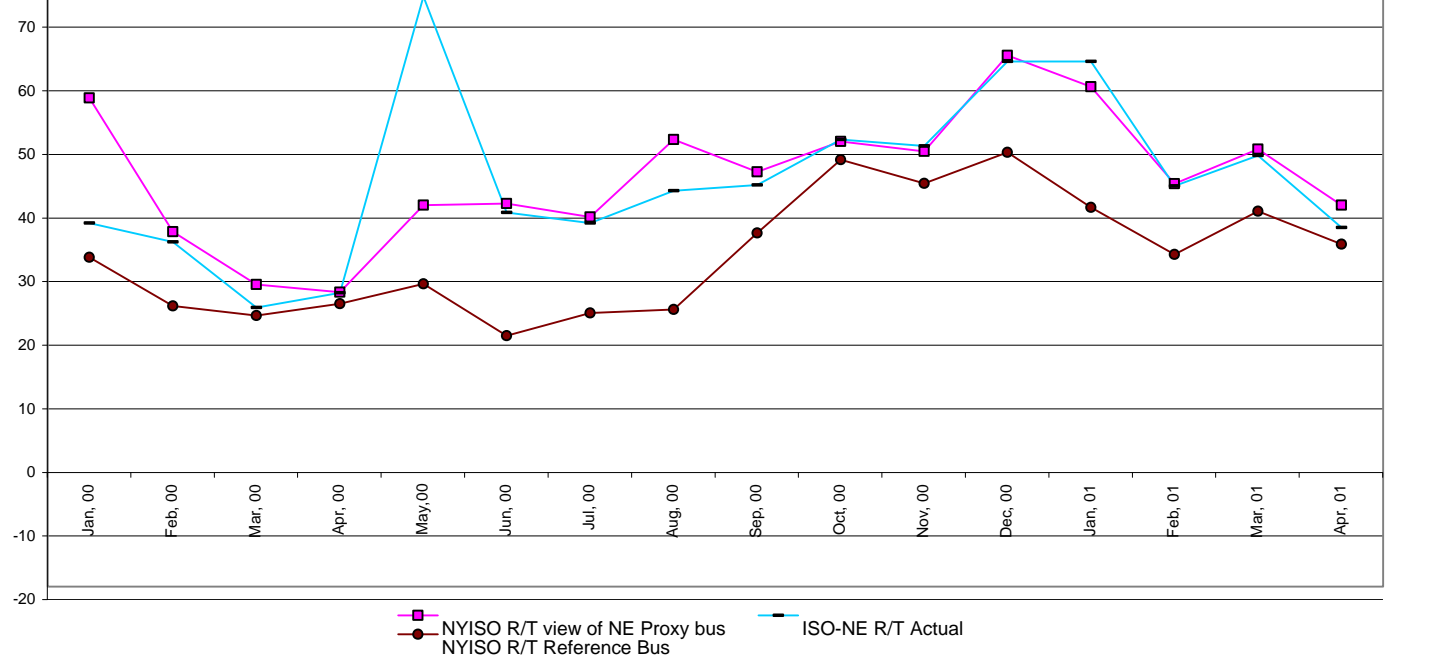


External Comparision ISO-NE

Day Ahead Market External Zone Comparision - ISO-NE only



Real Time External Zone Comparision - ISO-NE only

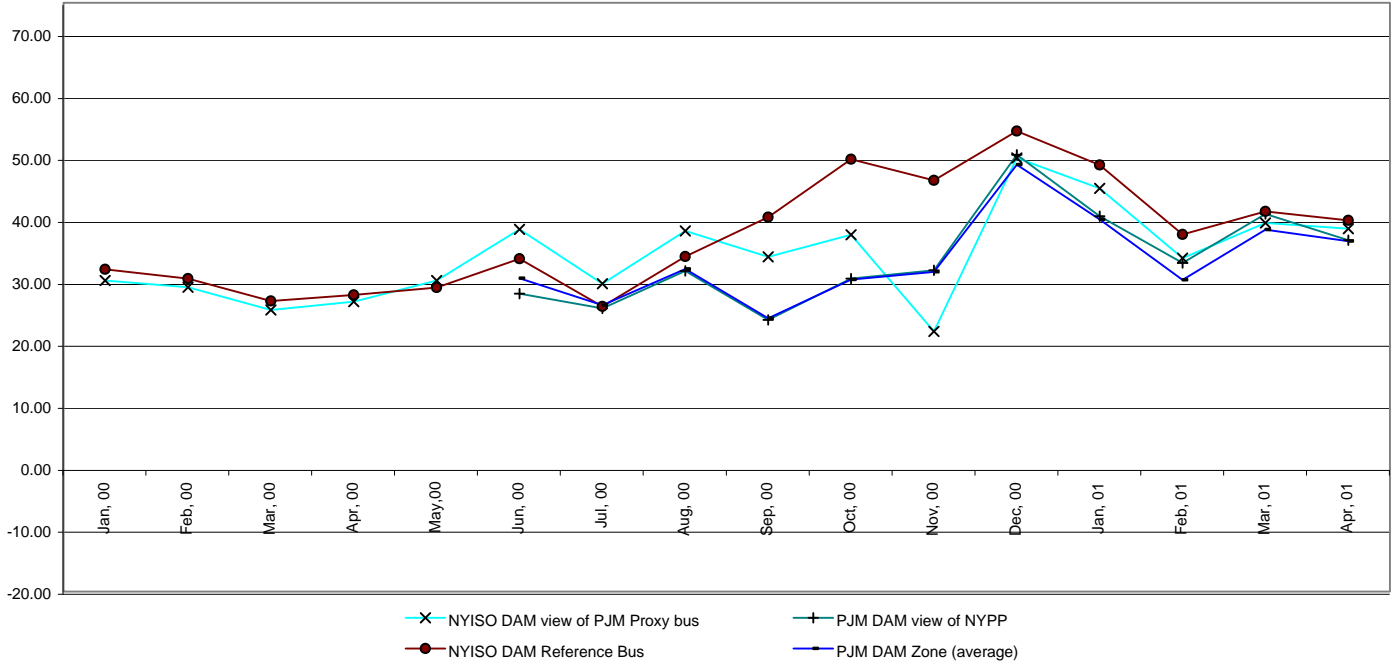


Note:

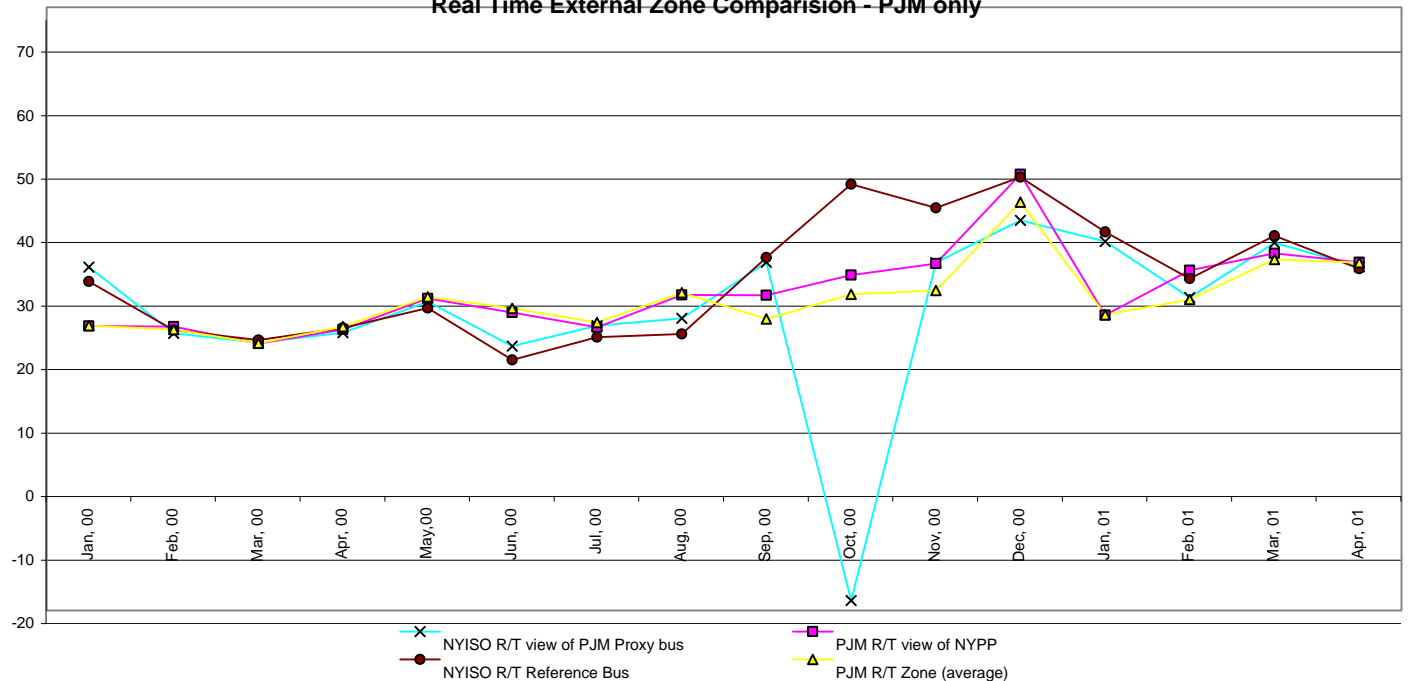
- PJM DAM began 6/1/00
- After 4/1/01 PJM will consolidate NYPP-E and NYPP-W interfaces
- ISO-NE Forecast posting began 6/1/2000
- ISO-NE Forecast is an advisory posting @ 18:00 day before
- ISO-NE Forecast April 2001 not yet available

External Comparision PJM

Day Ahead Market External Zone Comparison - PJM only



Real Time External Zone Comparison - PJM only



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RESERVE SHARING STATUS & SCHEDULE

NY/NE

- | | |
|------------------------|--|
| May 8–9, 2001 | Present NE/NY Procedures provisions to TFCO for information and concurrence on NPCC A-6 Reserve Criteria compliance |
| May 14–15, 2001 | NPCC CO-1 Working Group Review |
| May 18, 2001 | NE and NY finalize procedure |
| May 21–30, 2001 | NY and NE present to respective stakeholders |
| May 30-31, 2001 | TFCO conference call (if necessary) for final concurrence |
| June 1, 2001 | Effective date for procedure |

SUMMER PREPARATIONS SCHEDULE

ISSUE

DEPLOYMENT DATE

Automated Mitigation Process (AMP)

May 17, 2001

Price Capped Load Bidding

May 15, 2001

\$1,000 Bid Cap

May 1, 2001

TEPs

May 16, 2001

ECA A&B

July 31, 2001

Generator Supplier Issues

June 27, 2001

NE SHORT SCHEDULE RULE FOR HYDRO & QUICK START UNITS

- ❖ **The rule is pre-existing, though to date seldom, if ever, used.**
- ❖ **The rule allows for quick start units (10 minute start) which includes hydro generators and CTs, to self-schedule and sell to adjacent markets, if they so desire.**
- ❖ **Units that self-schedule do not directly affect the NE clearing price.**
- ❖ **This addressed part of the problem with the NE Short Notice transactions, but not all.**
- ❖ **It does not appear that a more comprehensive rule on Short Notice Transactions will pass the ISO-NE Committees before summer.**
- ❖ **New York is considering a FERC filing on this issue.**
- ❖ **The problem will not exist in the Standard Market Model, unless it is re-introduced.**

ICAP DEFICIENCY AUCTION

Conduct of ICAP Deficiency Auction

- NYISO submits bids on behalf of deficient LSEs at deficiency rate set by Tariff
 - For each month deficient during capability period
 - Deficiency may occur for NYC, LI and rest of State
- Suppliers with surplus capacity may submit offers
 - No Tariff requirement that suppliers offer or sell ICAP
- NYC market clears first
 - Separate clearing price established
- LI and rest of State clears last
 - Separate clearing price established for LI, if binding constraint occurs (i.e., demand not satisfied)

Results of April 26 ICAP Deficiency Auction

- NYC
 - May: Insufficient offers to satisfy deficiency -- demand sets price
 - + Clearing price equal to deficiency rate \$12.50/kW/month (Tariff)
 - June through October: demand met -- supply sets price
 - + June clearing price equal to \$12.00/kW/month
 - + July - October clearing price equal to mitigated cap \$8.75/kW/month
- LI
 - May - October : Insufficient offers to satisfy deficiency -- demand sets price
 - + Clearing price equal to deficiency rate \$10.83/kW/month (Tariff)
- Rest of State
 - May - October: Insufficient offers to satisfy deficiency -- demand sets price
 - + Clearing price equal to deficiency rate \$9.583/kW/month (Tariff)

Auction Results - Why?

- NYC
 - Insufficient supply in May
 - June onward new capacity available - NYPA CTs, others
- LI
 - Insufficient supply
 - Capacity offered - special case resources
- Rest of State
 - Total New York capacity insufficient to meet ICAP requirements
 - External supplies not offered at past levels
 - PJM tight on supply this summer

NYISO Actions as Result of Auction

- Market Monitoring Unit investigation
- Discussions with external suppliers
- Findings
 - Few generators with small surplus not offered due to operational constraints
 - One generator under negotiations to supply ICAP to PJM
 - External supply less than in previous years
 - All internal suppliers offered capacity in Strip, Monthly and Deficiency auctions
- NYISO seeking additional ICAP from previously unqualified suppliers
 - Special Case Resources
 - External suppliers
- Investigation by MMU and Antitrust Counsel