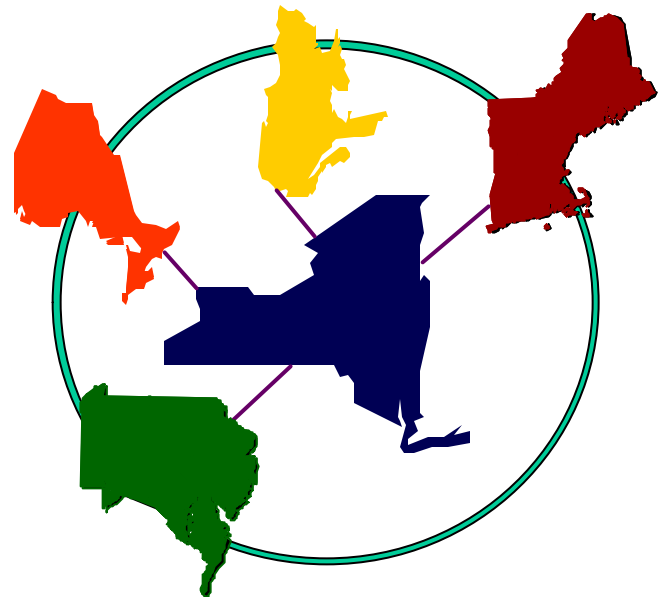


Northeast Seams Report

Update on Northeast Seams Issues

December 3, 2003

Business Issues Committee





Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
1. Evaluation of 7040 transfer limits	<ul style="list-style-type: none">Q4 2003 (orig. June)	<ul style="list-style-type: none">Draft study presented to SOAS in July for comment. Awaiting final input from HQ prior to OC presentation.
2. Maritimes participation in ACE Diversity Interchange	<ul style="list-style-type: none">November (orig. Summer 2003)Complete	<ul style="list-style-type: none">Data link and AGC modifications completed in New Brunswick Power test site. NBP plans to implement on their production system in the very near future.Changes to NYISO software have been completed.



Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
3. Facilitated Checkout (FCO)	<ul style="list-style-type: none">▪ Q4 2003	<ul style="list-style-type: none">▪ NYISO, ISO-NE, PJM, IMO, HQ & MISO- Pilot implementation with ISO-NE successful.▪ ISO-NE able to access NYISO transaction data in real-time (incorporated in pilot checkout application).▪ ISO-NE solution in place to provide real-time access to transaction data (pending security review / approval).▪ IMO now able to access NYISO transaction data in real-time as well.▪ Collaborative meetings continue through NPCC to finalize specification and implementation standards.▪ NPCC members plus MISO targeting implementation of facilitated checkout based on the real-time transaction data exchange protocol across the Northeast by end of 2003.



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 – In June, the NYISO and New York TOs presented a proposal for the elimination of export fees to stakeholders in NY. ▪ A meeting was held on October 15th with ISO-NE and the Transmission Owners from both New York and New England at which all present indicated their support for reaching a reciprocal agreement as soon as possible. A second meeting was held in mid-November. ▪ 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. ▪ Four NY/NE stakeholder meetings have been held to date; the fourth meeting occurred on September 11th. Overall technical definition slated for completion in December 2003. ▪ IMO and PJM are being kept informed of progress.
3. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> ▪ ISO-NE, PJM and NYISO – NERA has completed the basic design tasks. Consultant looking at need for and implications of spot market, variable resource requirement (demand curve), and treatment of demand response. ▪ A meeting was held on November 25th for an updated presentation on NERA's findings. ▪ Joint PRLWG/ICAPWG meeting on Dec. 11 to discuss NERA design. ▪ RAM meeting scheduled for Dec. 12 in Albany.



Other Seams Related Activity

Recent Initiatives (continued)

Issue	Activity Description
4. Multiple Proxy Buses	<ul style="list-style-type: none"> ▪ NYISO and ISO-NE – A draft white paper was distributed and discussed at a joint meeting between NY and ISO-NE Market Participants on May 29th in Albany.
5. 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 approval / denial of incoming E-Tag requests and automated updates for bid / schedule changes resulting from economic evaluations (e.g. Hour Ahead Market), checkouts, etc. to the E-tag system. ▪ Phase II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa. ▪ Business and technical design complete. Phase I development (operations automation) underway.
6. ISO-NE Phase II HVDC Evaluation	<ul style="list-style-type: none"> ▪ ISO-NE, NYISO, PJM and HQ - Joint project to update the PJM/NY/NE methodologies and procedures for operation of the Phase II HVDC interconnection between New England and Quebec.



Issues Pending Further Discussion

Issue	Activity Description
1. Different Ramping Rules	<ul style="list-style-type: none">Stakeholder desire for Operations to look at the short-term ability to make 30-minute schedule changes between NY and PJM. The need for multiple scheduling points on free flowing ties may be circumvented by the development and implementation of cross-border coordinated dispatch mechanisms such as VRD and/or congestion management at the borders. The SMD-2 software architecture will be capable of supporting more frequent schedule changes once the applicable business rules and scheduling protocols are agreed upon with a participating external control area.
2. NERC TLR Curtailments	<ul style="list-style-type: none">The NYISO has observed a rise in the level of NERC Transmission Loading Relief (TLR) activations. This process can result in significant impacts on transaction schedules and the NYISO will be discussing this issue with neighboring control areas to determine cause and investigate options for a better solution.