

# SMD2 Readiness: Status Report

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Business Issues Committee  
November 17, 2004

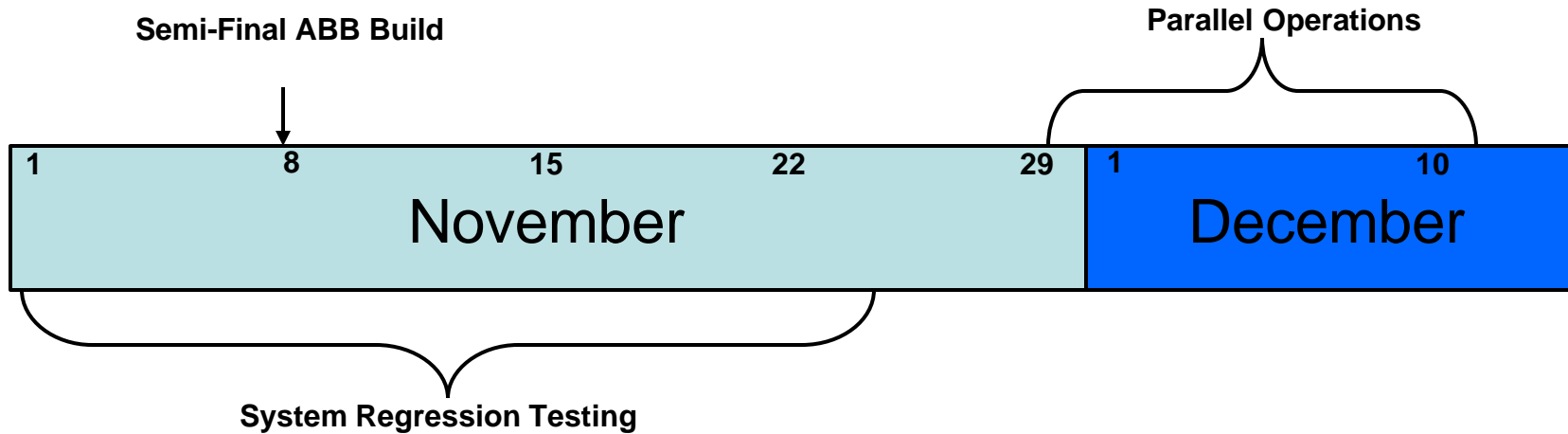
# SMD2 Readiness Status

- Current state of readiness supported a December 1 deployment
- However, Market Participants recently raised concerns over:
  - NYISO's ability to attain an unqualified SAS70 opinion based on SMD2 controls after only one month of operation
  - Market Participants' ability to test internal controls pursuant to SAS70 and Sarbanes-Oxley
  - Market Participants' ability to meet Public Company Auditing Oversight Board (PCAOB) standards for testing

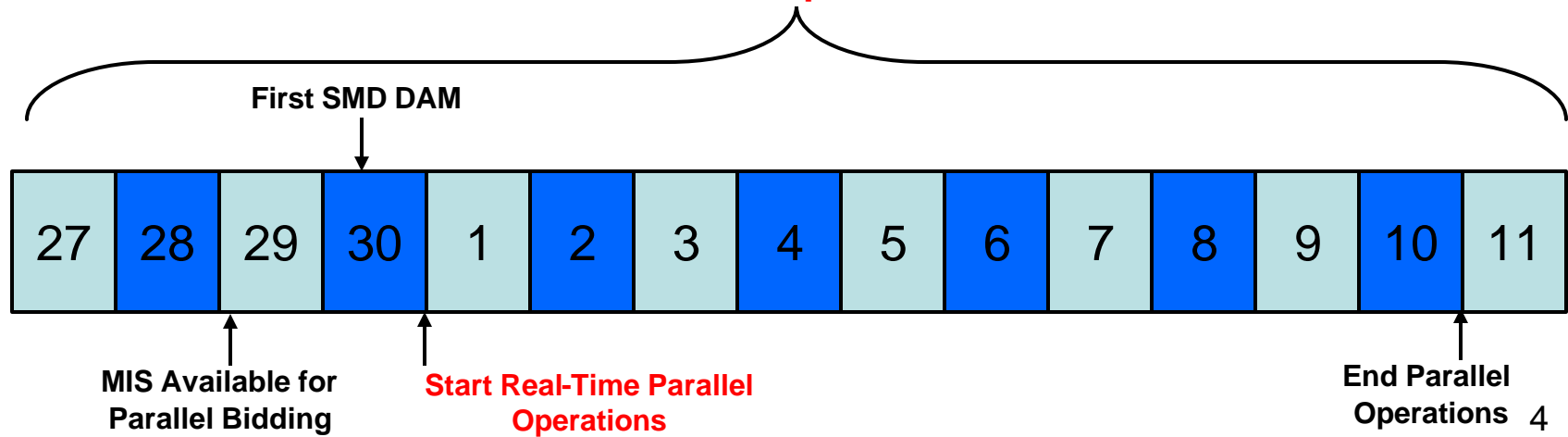
# Revised Deployment Date

- MPs' concerns were discussed during the November 10 Management Committee meeting and MPs were asked to provide further comments on the proposed delay by November 11
  - Numerous comments were received but no MP opposed the delay
  - Advice was also sought from outside counsel and auditors
- NYISO determined that MPs had raised valid and compelling concerns and a decision was made to defer SMD2 deployment until February 1, 2005
- The delay was announced to MPs on November 12
- NYISO staff will continue to work against the December 1 readiness schedule
  - All readiness activities to be completed by November 30
- The interim period will be used to further validate SMD2 processes
  - A parallel operational test will be performed for the period between November 29 and December 10
  - No additional functionality will be included
- Impacts on the 2005 Project Plan are being evaluated

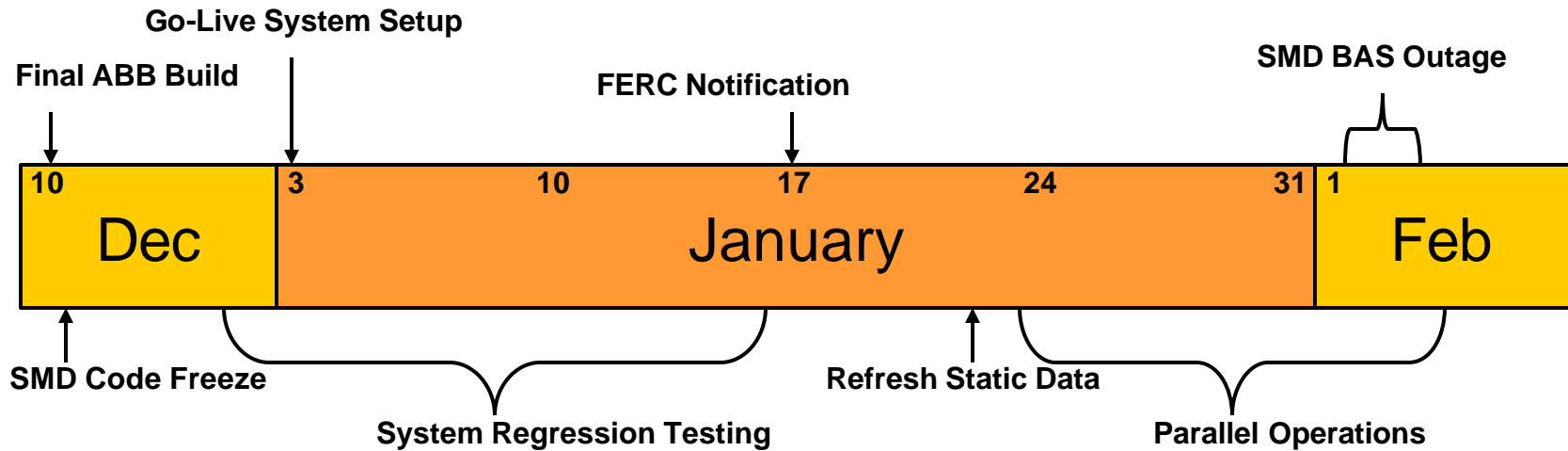
# Parallel Operations Timeline



**SMD2 Bids Non-Binding for Entire Duration of Parallel Operations**

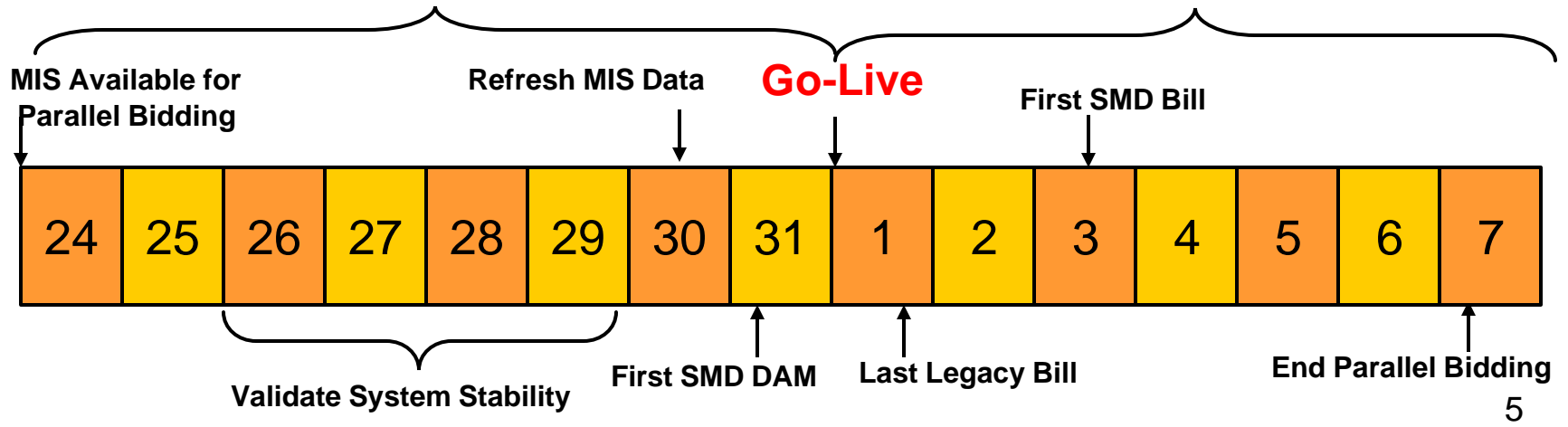


# Cut-over Timeline



**SMD2 Bids Non-Binding up to DA & RT Markets for 2/1**

**Legacy Bids Non-Binding Unless Fall-back Occurs**



# Meeting Timeline to February 1 “Go-Live”

Nov 19 <sup>th</sup>	MSWG Meeting	SMD2 Deployment Schedule Discussion and other MSWG SMD2 Topics
Nov 29 <sup>th</sup> – Dec 10 <sup>th</sup>	Parallel Operations Trial	MIS Available Nov 29 <sup>th</sup> . DAM bids due 05:00 on Nov 30 <sup>th</sup> for Dec 1 <sup>st</sup> Day-Ahead Market
Jan 5 <sup>th</sup>	MC Meeting	SMD2 Readiness Review
Week of Jan 10 <sup>th</sup>	SMD2 Tech Conference	MP Technical Staff Conference on go-live logistics
Jan 13 <sup>th</sup>	SMD2 Teleconference	MP Consultation on FERC go-live notice
Jan 14 <sup>th</sup>	FERC Notification of intent to go-live	
Jan 19 <sup>th</sup> /20 <sup>th</sup>	BIC/OC Meeting	SMD2 Readiness Review
Jan 24 <sup>th</sup> – Feb 4 <sup>th</sup>	Parallel Operations Pre/Post Go-Live	MIS Available Jan. 24 <sup>th</sup> . DAM bids due 05:00 on Jan 25 <sup>th</sup> for Jan 26 <sup>th</sup> Day-Ahead Market
Jan 27 <sup>th</sup>	SMD2 Teleconference	MP Final Consultation on go-live
Jan 28 <sup>th</sup>	NYISO Forty-eight hour posting of effective date (go-live date)	
Jan 31 <sup>st</sup>	Multiple TO/SOAS Teleconferences	Review final readiness status; identify potential operational impacts
Feb 1 <sup>st</sup>	SMD2 Go-Live (Day-Ahead bids submitted for Feb 1 <sup>st</sup> on Jan 31 <sup>st</sup> )	
Feb 2 <sup>nd</sup>	MC Meeting	SMD2 Day After Go-Live Update
Feb 7 <sup>th</sup>	Parallel Operations	Last day of parallel operations

Additional meetings will be scheduled as necessary