

# Strategic Plan 2013-2017

**James T. Gallagher**

*Senior Manager, Strategic & Business Planning  
New York Independent System Operator*

**Management Committee**

*December 18, 2012  
NYISO KCC*

# What does it mean to be "Strategic?"

- ◆ **Consistently making those core directional choices that will best move you towards your desired future**
- ◆ **Implies:**
  - *You know where you are starting from – Mission*
  - *You are clear on where you want to go – Vision*
  - *You know the key issues, threats, and opportunities, both external and internal*
  - *You have the means and will to make the necessary choices to get there*

# Purpose of Strategic Planning

- ◆ **Reaffirm the NYISO's Vision, Mission, Guiding Principles, and Core Values**
- ◆ **Review Strategic Corporate Objectives and associated initiatives, striking the correct balance among reliability, efficiency, affordability, and public policy objectives**
- ◆ **Incorporate input from Board of Directors, NYISO management and employees, Market Participants, and other stakeholders**
- ◆ **Identify any gaps and propose new initiatives or refinements, as necessary**
- ◆ **Serve as a communications tool for the NYISO Board of Directors, Management and Employees**
- ◆ **Drive the Business Plan**

# Inputs for 2013-2017 Strategic Plan



# Strategic Planning Timeline

- ◆ **April: Sector Meetings**
- ◆ **June: Joint Board/MC Meeting**
- ◆ **June-July: Market Participant Strategy Scan, Development of Threats & Opportunities Analysis**
- ◆ **July: Board Meeting – Threats & Opportunities Review**
- ◆ **September: Strategic Planning Session**
- ◆ **October: Final Draft Strategic Plan**
- ◆ **November: Board Approval**
- ◆ **December: Publish Strategic Plan and Business Plan**

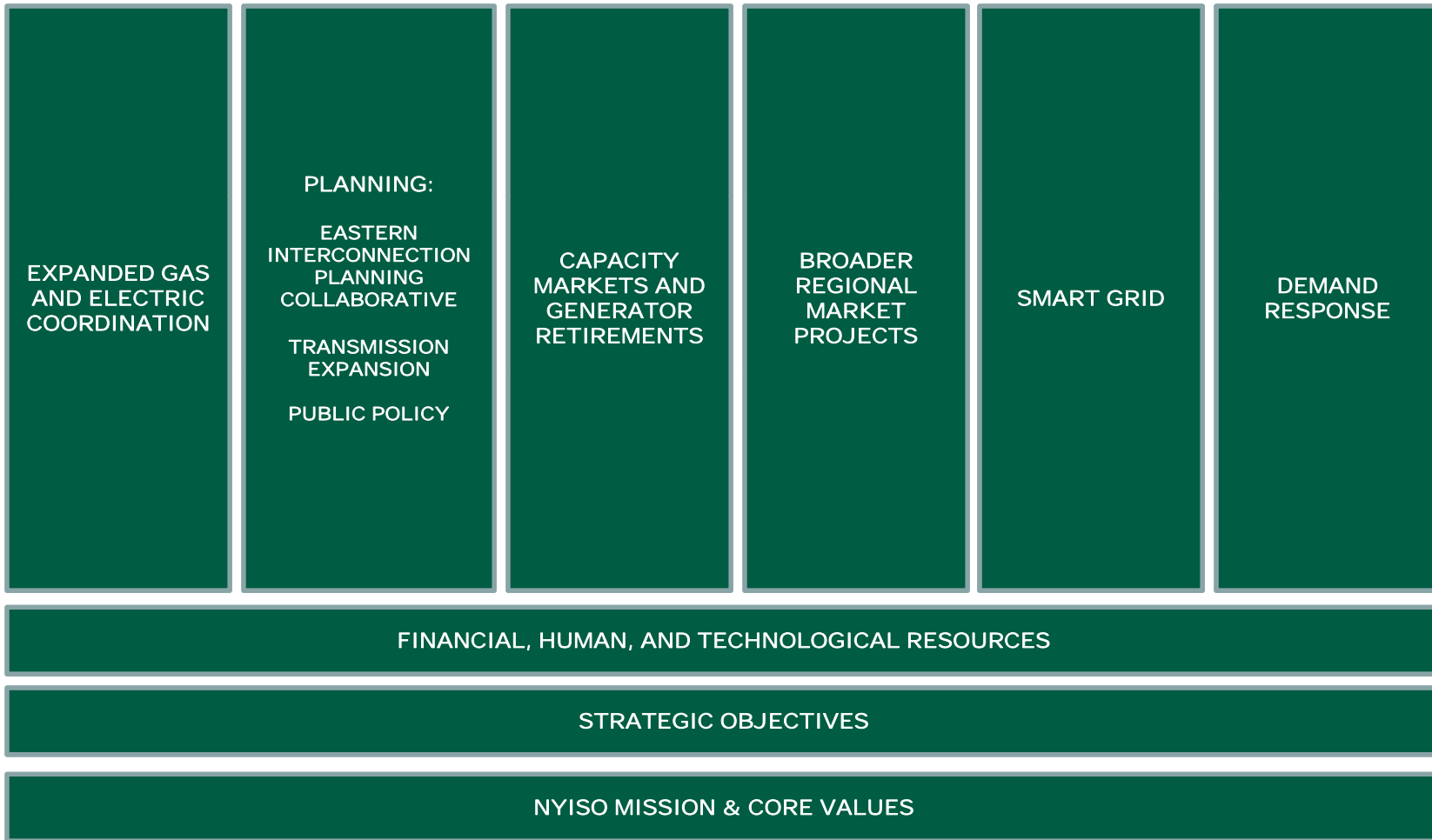
# MP and Peer Organization Market Scan

## ◆ Stakeholder Strategic Initiatives

- ***Common themes among peer organizations (RTOs/ISOs)***
  - Concerns over changing fuel mix on markets, reliability, and planning
    - Natural gas, retirements, capacity markets
  - Incorporating public policy into planning
  - Integrating renewables and accommodating more dynamic load
- ***Representative themes among market participants***
  - Suppliers grappling with shrinking demand, prices, and revenue
  - TOs focused on reducing ratepayer costs, expanding scope of solutions to include efficiency, DR, etc.
  - NYC focused on reducing energy usage and costs, expanding renewables, converting to natural gas
  - HQ adding 7500 MW of hydro, hoping to market to NY and New England



STRATEGIC VISION: BROADER REGIONAL INITIATIVES



# NYISO Strategic Vision

## Broader Regional Initiatives

- ◆ **The NYISO will be a leader in developing a broader regional strategy for accomplishing our mission, based on cooperative efforts among RTOs, to optimize system efficiency and preserve reliability. This will be achieved through the shared use of grid resources that improve our ability to respond to dynamic market and operating conditions across market borders.**
  
- ◆ **Achieving this broader regional strategy will require a commitment among RTOs to:**
  - *Optimize the economic flow of electricity across borders;*
  - *Coordinate planning processes that facilitate transmission investments in support of reliability, economic efficiency, and public policy activities;*
  - *Deploy smart grid technologies that maintain system balance through the use of robust data, communications, and automated systems; and*
  - *Develop a shared understanding of regional gas delivery constraints for power generation as well as a commitment to address them collaboratively.*
  
- ◆ **An effective broader regional strategy will enhance reliability and expand the benefits of competitive markets in local markets, while preserving the local market governance structures.**



# NYISO Mission

The mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:

- ◆ *Maintaining and enhancing regional reliability*
- ◆ *Operating open, fair and competitive wholesale electricity markets*
- ◆ *Planning the power system for the future*
- ◆ *Providing factual information to policy makers, stakeholders and investors in the power system*

# Strategic Objectives

- ◆ **A Leader in Reliability**
- ◆ **A Leader in Market Design & Performance**
- ◆ **Excellence in Execution**
- ◆ **Sustain and Enhance Robust Planning Processes**
- ◆ **Leader in Technology Innovation**
- ◆ **Authoritative Source of Information on Key Issues**

# Key Initiatives to Meet Strategic Objectives

## A Leader in Reliability

- *Enhance NYISO operations and planning in an environment of expanded dependency on natural gas-fired generation, renewable generation, and retirements of less efficient generation {Gas/Electric Coordination}*
  
- *Gas/Electric Initiatives {Gas/Electric Coordination}*
  - *Visualization (Phase I & II)*
  - *Maintenance Coordination*
  - *Control Room Procedures (underway)*
  - *Gas/Electric Study (Phase I & II)*
  
- *Implement new primary and alternate control centers with new PMU technology {Technology/Smart Grid}*
  
- *Gap analysis of the need for a regional coordination entity for gas pipeline system {Gas/Electric Coordination}*

# Key Initiatives to Meet Strategic Objectives

## A Leader in Market Design & Performance

- *Implement Broader Regional Markets initiatives (see Appendix) {BRM}*
- *Develop market performance metrics {BRM}*
- *Enhance capacity markets {Capacity Markets & Gen. Retirements}*
- *Increase the effectiveness of Demand Response resources {Demand Response}*
- *Develop and implement gas study findings as appropriate {Gas/Electric Coordination}*
- *Implement enhancements to scarcity pricing {Capacity Markets & Gen. Retirements}*
- *Evaluate the effectiveness of market exit and re-entry rules. Analyze mitigation and deliverability requirements {Capacity Markets & Gen. Retirements}*
- *Evaluate improvements in demand-side resource performance audits and compliance mechanisms (including penalties) {Demand Response}*
- *Develop market design for electric energy storage to address generator intermittency and gas pipeline contingencies {Gas/Electric Coordination}*

# Key Initiatives to Meet Strategic Objectives

Excellence in Execution

- *Continue to implement “best practices” in NYISO business operations {All Initiatives}*
- *Continue projects to reinforce/enhance cyber security protocols and best practices {Technology/Smart Grid}*
- *Implement Enterprise Project Management {Technology/Smart Grid}*
- *Implement Stakeholder Services Suite {Technology/Smart Grid}*

# Key Initiatives to Meet Strategic Objectives

## Robust Planning Processes

- ***Incorporate analysis of gas pipeline capabilities into economic, reliability, and public policy planning processes {Gas/Electric Coordination}***
- ***Sustain an ongoing EIPC structure {Transmission Expansion & Public Policy}***
- ***Implement FERC Order 1000's call for a public policy planning process while protecting competitive markets {Transmission Expansion & Public Policy}***
- ***Provide technical support for the State's Energy Highway Initiative and new initiatives in System Planning {Transmission Expansion & Public Policy}***

# Key Initiatives to Meet Strategic Objectives

## A Leader in Technology Innovation

- *Support development of Smart Grid and other new technologies (e.g. ramping and storage, black start, regulation, quick start capacity, and others) {Technology/Smart Grid}*
- *Enhance operational & communication capabilities of PMU system {Smart Grid}*
- *Develop and implement data management strategies {All Initiatives}*
- *Support the evolution of Dynamic Pricing and identify potential technology and market solutions {Technology/Smart Grid}*
- *Enhance verification and compliance systems for Demand Response resources {Demand Response}*
- *Perform business case analysis for New York State energy sector network {Technology/Smart Grid}*
- *Implement market technology performance improvements (including MIPS) {BRM/Technology}*

# Key Initiatives to Meet Strategic Objectives

Authoritative Source of Information

- *Conduct stakeholder outreach activities in leadership forums, conferences, and professional and standard setting groups {Technology/Smart Grid}*
- *Provide NYISO independent analysis to Market Participants, state or federal agencies, and standard setting entities {Transmission Expansion & Public Policy}*
- *Continue transparency and consideration of consumer impacts in NYISO initiatives {All Initiatives}*
- *Assume a leadership role in working with neighboring RTO/ISOs to establish a broader regional market {BRM}*
- *The initiatives below were previously listed in support of other Strategic Objectives, but they will also support the NYISO's objective of being an Authoritative Source of Information*
  - *Support State's Energy Highway Initiative and new initiatives in System Planning {Transmission Expansion & Public Policy}*
  - *Implement FERC Order 1000's public policy planning process while protecting competitive markets {Transmission Expansion & Public Policy}*
  - *Sustain an ongoing EIPC structure {Transmission Expansion & Public Policy}*



The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



[www.nyiso.com](http://www.nyiso.com)