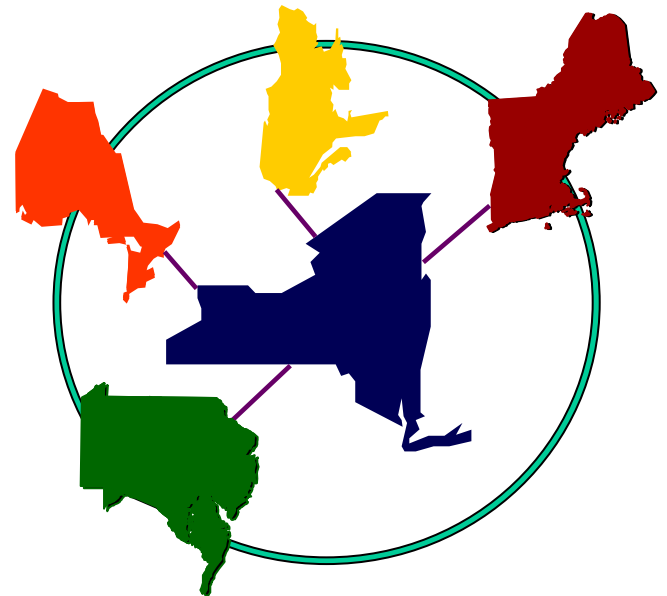


Northeast Seams Report

Update on Northeast Seams Issues

January 7, 2004
Management Committee





Status of Seams Projects

Current Quarter Deliverables

Project	Due Date	Status
1. Facilitated Checkout (FCO)	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE, PJM, IMO, HQ & MISO - IMO now able to access NYISO transaction data in real-time as well; the IMO is working on implementation of the software, with expected completion in Q1 of 2004.
2. Harmonize New York Demand Response Programs With ISO-NE	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE - ISO-NE is developing a proposed schedule for implementation of a Day-Ahead Demand Response Program within the context of a comprehensive market enhancement plan and consistent with FERC's directives on this matter. NYISO plans to meet w/ISO-NE and PJM to review each ISO's programs and will bring back any suggested modifications to MPs prior to summer 2004.
3. Regional Resource Adequacy Model (RAM)	<ul style="list-style-type: none"> 1Q 2004 	<ul style="list-style-type: none"> NYISO, ISO-NE & PJM - A NYISO status report is due to FERC in February 2004. NERA's final report will be available in January and will be discussed at a regional RAM meeting to be scheduled in February.



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. ▪ Several meetings have been held between ISO-NE, NYISO and the NY and NE TOs during the 4th Quarter '03. ▪ A meeting is being scheduled with NE regulators in January to discuss the schedule for the elimination of export fees between the regions.
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 and stakeholder approval slated for completion in 2004 with a mid-2005 target for implementation subject to stakeholder approval and prioritization. ▪ 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 and is considering the need for and implications of a spot market, variable resource requirement (demand curve), and treatment of demand response. ▪ A Joint PRLWG/ICAPWG meeting was held on Dec. 11 to discuss the NERA design followed by a RAM meeting on Dec. 12 in Albany for regional stakeholder review.



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 I development (operations automation) is complete and testing is underway. ▪ Phase II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa.
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.