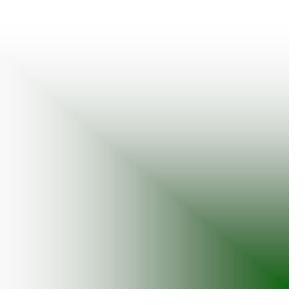


ECONOMIC PLANNING: IMPLEMENTATION ISSUES

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ESPWG Meeting April 18, 2005 Albany, NY

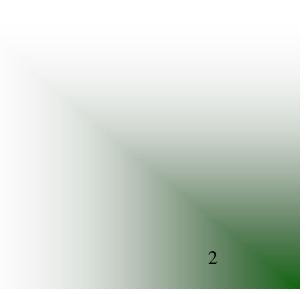
Draft – for discussion purposes only



Approved NYISO "Strawman"

Expanded reporting of historic congestion

- Monthly postings on NYISO website
 - Starting in April 2005
- Track historic congestion by key constraints
- Identification of "unusual events"
 - Need to finalize screening methodology (See PowerGem proposal)
- Perform "what-if" analysis
 - Analyze all hours or sample hours?
 - Start with "Top 5" constraints
 - Identification of next binding constraint
- *Report on other economic parameters*
 - ► ICAP, ancillary services, losses
 - Develop methodology/tools/assumptions



NYISO "Strawman" (cont'd)

Focus on enhanced market-based initiatives

- Analyze performance of all NYISO markets
 - Identify key drivers
 - Identify potential market design problems
- Identify areas for improvement
- Consider impact of intangibles
 - Barriers to entry; fuel diversity; environmental implications
- Convene a Technical Conference
 - Consult outside experts
 - Monitor FERC April 22nd Tech Conference
- Pursue improvements through NYISO committee process

NYISO "Strawman" (Cont'd)

Future estimates of congestion

- Based upon CRPP
 - 10-year planning horizon
 - Base case and scenarios
- Selection of model or models
 DDODE MADS, ather?
 - ▶ PROBE, MAPS, other?
- Perform "what-if" analyses for various scenarios
- Provide a range of information to markets
 - Energy prices
 - Congestion costs
 - ICAP/Ancillary Services/Losses
 - Other?
- Publish results with appropriate assumptions & caveats

Potential Market Initiatives

- Consider TCC options for expansion
- Develop "end-state" TCC auction model
 - Evaluate use of a DC model
- Develop cross-border TCC options
- Evaluate expansion of UDR concept to noncontrollable lines
- Develop alternate methodology to provide capacity value for transmission expansion in addition to TCCs
- Develop a pro-forma three-party Interconnection Agreement for MT facilities

Other Market Enhancements

- Convene a workshop of industry experts to explore other, more fundamental, market enhancements
- Explore proposals for enhancements to market-based prices, such as:
 - *Compensation to MT to reflect increased market competitiveness*
 - Enhancements which explicitly attempt to counteract the "lumpiness" problem associated with transmission expansion
 - Other enhancements that may increase the likelihood that societally beneficial lines will be built by the market?