

NYISO Strategic Plan

Management Committee Meeting

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Purpose of the Strategic Plan

- ◆ Establish a clear strategic direction for the organization
- ◆ Create a foundational strategy that strikes the right balance between long-term objectives, operational priorities, and financial discipline
- ◆ Reflect the perspectives of the NYISO's Board of Directors and the NYISO's senior management. Includes input from our market participants and other stakeholders
- ◆ Serve as a communication tool for the NYISO's Board of Directors and employees

Guiding Principles in Developing a Strategic Direction

- ◆ Continually strive to make Market and Reliability requirements compliment each other
- ◆ Provide a market environment which attracts investment in physical infrastructure
- ◆ Institutionalize Excellence in Execution within the NYISO
- ◆ Maintain independence of our organization in terms of our objectivity on issues which affect our market
- ◆ Strictly adhere to existing laws, regulation and tariff requirements
- ◆ Foster regulatory certainty and market transparency
- ◆ Foster planning certainty



Strategic Objectives

Strategic Objectives	Definition
<ul style="list-style-type: none"> ◆ A Leader in Reliability 	<ul style="list-style-type: none"> ◆ Promoting Resource Adequacy ◆ Reliable operation of the grid and wholesale electricity market
<ul style="list-style-type: none"> ◆ A Leader in Market Design and Performance 	<ul style="list-style-type: none"> ◆ Design and evolution of electricity wholesale markets directed at efficiency of operations, design and value creation for stakeholders ◆ Foster a market environment which is conducive to new investments in the wholesale electricity markets
<ul style="list-style-type: none"> ◆ Authoritative source of information on key issues 	<ul style="list-style-type: none"> ◆ Expand capabilities to be the independent unbiased source of information on the operation of the bulk power system and wholesale market in New York ◆ Take proactive leadership on providing unbiased information on policy issues which potentially impact our operations or markets
<ul style="list-style-type: none"> ◆ Excellence in Execution 	<ul style="list-style-type: none"> ◆ A culture that promotes and strives for flawless performance in all that we do and engenders customer confidence in our markets and operations
<ul style="list-style-type: none"> ◆ Sustain and Enhance Robust Planning Processes 	<ul style="list-style-type: none"> ◆ Strengthen planning capabilities to effectively conduct CRPP and regional planning, and support emerging National Interest Electric Transmission Corridor (NIETC) planning functions

Key Strategic Initiatives

A Leader in Reliability

- Establish clear roles on development and enforcement of reliability standards with ERO and NYSRC
- Use RNA and CRP processes to clearly establish reliability and resource adequacy needs in New York and facilitate implementation of solutions to these needs
- Be active in emerging NIETC discussions
- Champion interregional planning initiatives
- Initiate studies on adjacent market conditions that could affect reliability in New York (e.g., reliability impact of a) gas transportation system failure, b) availability of reserves from ISO-NE and PJM, c) of RPM/Forward Capacity Markets, d) environmental initiatives, etc.)
- Promote security of critical infrastructure (both IT and physical assets)

Key Strategic Initiatives

**A Leader in Market Design
And Performance**



- Evolve the capacity market by exploring the development and implementation of a long term ICAP product while considering the impact of PJM and ISO-NE capacity markets
- Evolve the TCC Market by facilitating the development of a long term TCC product
- Promote price certainty by reducing the need for manual price corrections (implement transmission demand curve)
- Increase the NYISO's compatibility with neighboring regional markets by coordinating planning activities and addressing barriers to trade
- Accommodate market entry of new technologies (including intermittent and Demand Side resources)
- Promote increased liquidity in the New York wholesale electricity market

Key Strategic Initiatives

**Authoritative Source of
Information on key issues**

- Expand capability in both NYISO System Planning and Strategic Planning groups to do system and market impact studies
- Perform studies and inform stakeholders of the market impacts of environmental regulation, fuel diversity and other external factors affecting our electrical system and markets
- Perform analysis and disseminate on the transmission system needs arising from Renewable Portfolio Standards (RPS) and National Interest Electric Transmission Corridor (NIETC) initiatives.
- Offer NYISO analytic capabilities to State or Federal agencies conducting studies of the electric system.
- Communicate benefits of competitive markets to regulatory, policy makers and decision-making entities
- Educate policy makers on the need for Article X type siting law for new generation facilities in New York

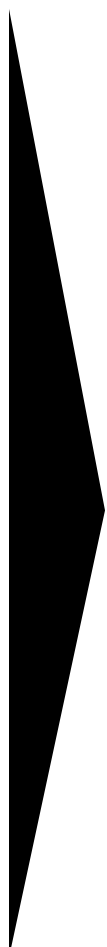
Key Strategic Initiatives

Excellence in Execution

- Complete on-going Excellence in Execution initiatives in the following areas:
 - a) Process & Control
 - b) Billing & Settlement
 - c) Pricing
 - d) Infrastructure upgrade
- Lean Six Sigma training and related projects for all appropriate NYISO employees
- Establish metrics to demonstrate and quantify results from initiatives
- Institutionalize quality, process and control and compliance in all aspects of our enterprise
- Provide a culture and organizational structure which attracts a highly skilled and diverse employee base

Key Strategic Initiatives

Robust Planning Processes

- 
- Strengthen planning organization to fulfill current RNA and CRPP responsibilities
 - Provide Leadership in Regional Planning initiatives in the Northeast
 - Be active in NIETC-related activities in New York
 - Integrate planning analysis into other processes designed to review New York's electricity requirements and if necessary act as facilitator to help coordinate planning efforts

Next Steps

- ◆ **Receive inputs from Market Participants by October 6th**
- ◆ **Present and receive Board of Director approval of Strategic Plan in October Board Meeting.**