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## **NYISO Deploys Standard Market Design (SMD2)**

*State-of-the-art IT system combines Real-Time and  
Day-Ahead markets on a common platform.*

Guilderland, N.Y. – Today the New York Independent System Operator (NYISO) deployed its most ambitious project since the creation of the state’s electric markets – Standard Market Design (SMD2).

SMD2 replaces the current computing platforms with a new, state-of-the-art Real-Time Scheduling (RTS) system. In the past, the NYISO’s Real-Time market dispatch operated under two distinctly different computer platforms, which created inefficiencies between the Day-Ahead market and the Real-Time dispatch of electric power.

The NYISO is a nonprofit corporation established in 1999 to operate the state’s bulk power transmission system and administer the state’s new wholesale electric markets. SMD2 has been under development for two years at a cost of \$32 million. The cost includes vendor support from Texas-based ABB, hardware and software. The efficiencies it creates will help SMD2 pay for itself in two years.

Under SMD2, the NYISO’s market solution engines share a consistent platform, which should improve price convergence in the Real-Time and Day-Ahead markets. In addition, the new software is able to produce more transmission and generation data and look further ahead in time, allowing for more informed, precise and economical dispatching decisions.

“Our long-standing dispatching platforms served their purpose; they allowed us to make the transition from the old world of vertically integrated utilities into the era of competitive energy markets,” said William J. Museler, NYISO President and CEO. “Today’s markets, however, are more complicated than ever and require the most sophisticated hardware and software available. SMD2 gives us that.”

SMD2 features full redundancy and seamless failover – or backup – capability. The new system has the capacity to support the transmission system’s growth within the New York Control Area, and accept future market software enhancements, which were beyond the capacity of the old system. Improved functional efficiencies are expected across the organization with the deployment of SMD2, such as improvements to the two-settlement system for ancillary services (reserves and regulation), the elimination of some interregional scheduling issues, and enhancements to the billing process.

“The electric energy markets of tomorrow must be flexible,” Museler said. “They must be designed to accommodate emerging technologies and support an investment environment that keeps pace with the ever increasing demand for electricity. SMD2 solves today’s issues and those we may face in the future.”

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*The New York Independent System Operator (NYISO) – [www.nyiso.com](http://www.nyiso.com) – is a not-for-profit corporation established in 1999 to facilitate the restructuring of New York State’s electric industry. Based in New York’s Capital Region, in addition to administering the State’s wholesale energy markets, the NYISO operates the State’s high voltage electric transmission system. The NYISO’s market volume was \$7.2 billion in 2004.*