

**Northeast ISOs
Seams Resolution Report
History of Seam Issues Resolution**

**With the April 2003 report, open projects have been renumbered.
Previous project numbers are noted at the end of each item.**

2004 – Open Projects

- P8b Projected 2004 (orig. Projected 2003) – NY OPEN SCHEDULING SYSTEM (OSS) Phase II – Facilitated Checkout**
- NYISO, ISO-NE, PJM, IMO, HQ & MISO have been participating in the specification of the communication protocol.
 - Pilot implementation with ISO-NE successful.
 - ISO-NE & NYISO able to exchange transaction data in real-time (incorporated in pilot checkout application).
 - ISO-NE & NYISO solution in place to provide real-time access to transaction data (pending security review / approval).
 - 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.
 - Collaborative meetings have continued through NPCC and development of the specification and implementation standards document is in the final stages of review.
- P8c Projected 2004 – NY OPEN SCHEDULING SYSTEM (OSS) Phase II – e-Tagging**
- 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 II will provide enhanced tools for Market Participants to create NYISO bids from E-Tag profiles or vice-versa.
 - Business and technical design complete. Phase I development (operations automation) complete and testing is underway.
- P10 September 2004 (orig. Projected 2003) – EXPANSION OF REGIONAL RESERVE SHARING – NPCC will coordinate the implementation of a 100 MW reserve sharing pilot among NPCC members and PJM to improve regional reserve market efficiency. Current implementation schedule deferred to 2004 as a result of the August 14 blackout; a revised schedule will be developed following completion of the blackout investigation. (39a)**
- P11 1st Quarter 2004 (Orig. Date 2003) - HARMONIZE NEW YORK DEMAND RESPONSE PROGRAMS WITH ISO-NE – New England currently requires qualified demand response assets to interrupt during capacity deficiencies and also compensates demand response providers for supplying real-time demand reduction when prices reach preset levels; ISO-NE does not administer a Day-Ahead Demand Response Program while New York does. 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. (34)**
- P12 2nd Quarter 2004 (Orig. Date 2003) – NY REAL-TIME SCHEDULING (RTS) IMPLEMENTATION AND NY SMD 2.0 – Real-Time Scheduling (RTS) is a major portion of the overall NY SMD 2.0 and involves developing new real-time commitment (RTC) and dispatch (RTD) software in place of the current hour-ahead commitment and real-time dispatch modules. NY SMD 2.0 incorporates a number of "Best Practice" improvements from New York; includes all key features of FERC SMD. The RTS time frame extends from 5 minutes in the future to 2½ hours in the future. Commitment and decommitment decisions are made every**

15 minutes by the real-time commitment (RTC) process. Decisions to adjust the output of internal energy suppliers (dispatch) are made every 5 minutes by the real-time dispatch (RTD) process, as is the calculation of energy and ancillary services prices. RTS / NY SMD 2.0 development by NY enhances existing long-term pre-scheduling options (by providing automated check outs). In-day Pre-scheduling will address real-time ICAP recall requirements for capacity emergencies by providing comparable treatment to ICAP suppliers with firm tie line reservations. (32)

- P14 Projected 2004 – NY-HQ-ISONE HVDC Interconnections** - Evaluate methods to improve regional coordination to enhance and maximize utilization of NY-HQ-ISONE HVDC interconnections.
- P15 Projected 2004 (Orig. Date 2003 but changed as a result of SMD NOPR) - REGIONAL RESOURCE ADEQUACY MODEL (RAM) GROUP (formerly JCAG Working Group)**– Set up to develop longer range UCAP markets in NY, PJM and ISO-NE than currently exist. The Resource Adequacy Model (RAM) working group developed initial recommendations in mid 2002. The work plan was reassessed in light of the SMD NOPR and the ISOs/RTOs filed joint comments addressing resource adequacy on January 10, 2003. The comments described a central market-based resource adequacy framework, which is consistent with the goals of the SMD NOPR. NERA was selected for development of the central resource market design. Conceptual design work is nearing completion. The goal of the joint ISOs/RTOs is to work through the remaining issues with stakeholders in 2003 through the RAM process and to seek approval from individual ISO stakeholder governance processes and the FERC in 2004. A NYISO status report is due to FERC in February 2004. (33)
- P18 Projected 2005 (orig. Projected 2004) – VIRTUAL REGIONAL DISPATCH** – NYISO and ISO-NE have documented a technical definition of a virtual regional dispatch process and will proceed into 2004 with further stakeholder meetings to finalize the technical definition and to work towards a joint stakeholder acceptance of the proposal. Implementation will be subject to stakeholder approval and prioritization. If agreement on a workable design is achieved, an early addition to VRD, subsequent to initial deployment, is likely to be a form of real-time cross border financial hedges. Periodic meetings and information exchanges are ongoing with PJM and the IMO as work progresses in an effort to share experience and knowledge gained through this effort for future use as appropriate.
- P19 Q2 2004 (orig. Projected 2004) – PARTIAL UNIT ICAP SALES** – NE SMD 1.0 does not support the sale of UCAP to external control areas from portions of units. The Commission has directed that this functionality be added. ISO-NE is considering several options for resolving this issue including potential solutions that could be implemented with a resource adequacy mechanism by June 1, 2004.
- P20 Projected 2004 – ELIMINATION OF RATE PANCAKING** – The elimination of rate pancaking has been called for by the FERC to promote inter-regional trade and increase competition. The Northeast ISOs/RTOs support this objective. PJM Transmission Owners are in discussion with MISO Transmission Owners. ISO-NE has included a proposal to eliminate pancaked rates between New York and New England on a reciprocal basis as part of its RTO filing in October 2003. The NYISO, New York TOs and the New York PSC have agreed to a mechanism to eliminate rate pancaking and a mechanism to keep TOs whole. The proposal has been presented to stakeholders of the NYISO. Several meetings have been held among ISO-NE, NYISO and the NY and NE TOs during the 4th Quarter '03. A meeting is being scheduled with New England regulators in January to discuss the schedule for the elimination of export fees between the regions.
- P21 Projected 2004 – NY GENERATOR ATTRIBUTES TRACKING SYSTEM** – Green power suppliers need consistent rules and trading platforms to permit consistent tracking and trading of green power attributes across the ISOs. NY is working with market participants to determine the suitability of adapting the New England Generator Information System (GIS) to New York markets. The IMO is currently looking at a tracking system for implementation. PJM has a group specifying a system supporting its state initiatives. The NYISO has been actively participating in the NY Dept. of Public Service hearings on a Renewable Portfolio Standard, where attributes trading is identified as a necessary and desirable condition. (April 2003)

- P22 Projected 2004 – NY-NE COORDINATION FOR THE CROSS SOUND CABLE (CSC) PROJECT** – The cable is currently operational and ISO-NE and NY have completed the work to allow for primary access. ISO-NE has completed changes to facilitate secondary transmission reservations. The NYISO and its market participants are looking at a number of alternative methods for facilitating secondary service, and are considering the implementation of secondary service capability in 2004.
- P23 Projected 2004-2006 –COORDINATION OF INTERREGIONAL PLANNING** — In January 2003 a Liaison Task Force was formed including all NPCC members as well as PJM to develop ways to improve the coordination of planning for the Northeast region. The initial scope of work includes better coordination of information sharing by harmonizing the timing, development and exchange of data bases and modeling assumptions used in planning analysis, the establishment of standardized confidentiality agreements and building upon joint planning activities already under way. The intermediate term goal (2003-2004) is to develop and issue an initial coordinated system plan in 2004 which will cover the New York and New England region. A longer-term goal is the implementation of a region-wide planning process which would include a region-wide coordinated plan. This region-wide planning process would be supplemental to each ISO or RTO's individual and more detailed transmission planning process.

Issues Under Discussion

Issues that have been brought to the attention of the ISOs but have either not yet resulted in a specific initiative or the initiative has not been approved as a project by the stakeholder process (Date the issue was added to the list is shown at end of each item). Issues may be consolidated, deleted, or moved to the project list as they are more fully considered among the ISOs and stakeholders.

- I1 **CONTROLLABLE LINE SCHEDULING** – Concept of operations for general methodology to schedule controllable lines has been drafted by NY. Stakeholder input will be gathered through the existing NY working group process that is open to all regional participants. (Oct. 2002).

- I2 **MULTIPLE PROXY BUSES FOR FREE-FLOWING INTERFACES** – There is a desire to provide east and west scheduling points for transactions on the NY-PJM interface. A draft white paper has been distributed for market participant review, and was discussed at the joint NY/NE meeting on 5/29/2003. This issue is being referred to the individual ISO Market Committees to discuss and refine the business issue definition. (Jan. 2003)

- I3 **DIFFERENT RAMPING RULES** – Operations should look at the short-term ability to make 30-minute schedule changes between NY and PJM. The need for multiple scheduling points on free flowing ties may be circumvented by the development and implementation of cross-border coordinated dispatch mechanisms such as VRD and/or congestion management at the borders. The NY SMD 2.0 software architecture will be capable of supporting more frequent schedule changes once the applicable business rules and scheduling protocols are agreed upon with a participating external control area. (Jan. 2003).

- I4 **REDUCED LEAD TIME FOR IN-DAY TRANSACTION SCHEDULING** – NYISO market participants have expressed a desire to reduce the lead time for submission of real time transactions below the 75-minute limit currently in effect. (July 2003).

Pending Projects

- P7 **Pending (Orig. Date Dec 2002) – COORDINATION OF CONTROLLABLE TIE LINES (PHASE-ANGLE REGULATORS) BETWEEN NY AND PJM** – The FERC Settlement Hearings on the PSEG-ConEd wheeling contracts (FERC Docket EL02-23) have failed to reach an agreement. FERC issued an Order on the Phase I issues 12/9/2002. Appeals of Phase I Order were denied in FERC's 12/23/03 order. The ALJ issued an Initial Decision in the Phase II litigation on June 11th. Briefs have been finalized. Upon issuance of a final order by FERC, NYISO & PJM will develop a protocol to coordinate the scheduling of the PARS which will be incorporated into the ISOs' operational procedures. (29)

- P9 **Pending (Orig. Projected June 2003) – LAKE ERIE SYSTEM REDISPATCH PROJECT IMPLEMENTATION** - This NPCC procedure allows the redispatch of suppliers across regions to alleviate the potential curtailments of transactions due to TLR requests whenever a control area is in an energy short situation. The project requires implementation of operating procedures and billing and settlement process to account for the regional redispatch. (Project targeted to coincide with implementation of AEP and Dayton into PJM market). (35)

- P16 **Pending (Orig. Projected 2003) – NY TCC OPTIONS FOR EXTERNAL INTERFACES** – TCC options on external interfaces will allow parties to hedge congestion on long-term transactions. TCC options differ from TCC obligations in that the TCC holder would not pay the NY congestion charge if the value of a TCC option were negative in any hour. (37)

- P17 **Pending (Orig. Projected 2003) - ESTABLISH REQUIREMENTS FOR EXTERNAL 30-MIN. RESERVES PARTICIPATION IN NY** - 1st draft white paper complete Feb. 2002. Currently being addressed by the NPCC TFCO CO-1 WG. Considered a low priority project. (39)