

**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) – FACILITATED CHECKOUT (formerly Open Scheduling System)**
- NYISO, ISO-NE, PJM, IMO, HQ & MISO have been participating in the specification of the communication protocol.
 - Pilot implementation with ISO-NE has been successful and demonstrated ISO-NE & NYISO capability to exchange transaction data in real-time.
 - NYISO deployment of New York –New England operator checkout displays is targeted for May 2004.
 - 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.
 - HQ planning to implement FCO by end of June 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 E-TAGGING (formerly Open Scheduling System)**
- NYISO is implementing automated tools to improve communication and updates of NYISO transaction 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 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.
 - Software testing is underway and deployment is targeted for April 2004.
- P10 4th Quarter 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. NPCC committees have approved revised policies to permit the reserve sharing pilot project; revised project schedule looks to implement reserve sharing in Q4-2004.**
- P11 1st Quarter 2004 (Orig. Date 2003) - HARMONIZE NEW YORK DEMAND RESPONSE PROGRAMS WITH ISO-NE – NYISO Demand Response staff have met several times with their counterparts in PJM and New England during 2003 and 2004 and determined that much harmonization has occurred since the original recommendations. For example:**
- All three ISOs have similar emergency programs called under very similar system conditions with similar or identical price floors (\$500 in NYISO and PJM, \$500 or \$350 in ISO-NE)
 - All three ISOs have programs under which Demand Response can obtain ICAP credit by virtue of participation in an emergency/reliability program
 - All three ISOs have, or plan to have, planning processes that will, in general terms, allow Demand Response to compete alongside transmission and generation alternatives to meet economic/congestion needs.
 - All three ISOs have adopted Small Customer Aggregation programs that allow small customers lacking interval meters to participate in their demand response programs.
 - All three ISOs presently allow on-site generation to participate in their emergency DR programs.

- ISO-NE and PJM presently allows on-site generation to participate in their economic DR programs. Under proposed changes pending in NYISO, on-site generation would be allowed to participate in economic DR programs as well.
- All three ISOs have, or are seeking participant/FERC approval of fundamentally similar day-ahead demand response programs. NYISO's proposal to remove the LSE incentive and to settle schedule deviations at the real-time price will place it on a financially consistent level with ISO-NE and PJM.
- All three ISOs are in fundamental agreement that DR has a role to play in providing ancillary services such as reserves and that DR should be appropriately integrated into each ISO's ancillary service markets. While it is unlikely that this will take place in the next year, each ISO intends to work with its market participants toward this common end.

- P12 3rd 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. 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 to analyze the proposed central resource adequacy market design, and presented their final report at the February 26 regional RAM meeting. A NYISO status report was filed with FERC on February 27, 2004. During 2004, the ISOs and RTOs, both jointly and individually, will continue the stakeholder review process to determine whether a consensus approach to a regional resource adequacy market can be developed, given the broad range of concerns regarding such a market that have been raised by stakeholder groups.
- 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 with further stakeholder meetings to finalize the technical definition and to work towards a joint stakeholder acceptance of the proposal. A joint NY-New England stakeholder meeting is planned, with a technical concept of operation document defined and vetted in early summer. VRD will proceed as described in the schedule from the New England RTO compliance filing to be submitted by ISO-NE in June 2004. Both ISOs are targeting the formal stakeholder approval process in early autumn; if stakeholder approval is obtained, detailed project implementation and deployment would be scheduled in accordance with both ISO's project prioritization and resource allocation processes.
- P19 Q4 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 December 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. The

parties came to settlement on March 5, 2004, with the exception of three parties. The settlement which was accepted by the Commission on March 19th provides for the existing through and out rates for the combined region to stay in effect until December 1, 2004. The parties have begun negotiations for the replacement long term solution that will go in effect on Dec 1st. In the PJM/MISO area, three stakeholder meetings have been scheduled: July 12th in Carmel, IN, August 12th in Baltimore, MD, and September 13th in Carmel, IN. 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 between ISO-NE, NYISO, New York regulators and New England regulators is being scheduled for April 2004 to discuss elimination of export fees between the regions. The RTO-NE Order, issued on March 24, calls for the elimination of export fees between New York and New England by the end of 2004.

- P21 Projected 2004 – NY GENERATOR ATTRIBUTES TRACKING (GAT) 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. Further progress on developing a GAT in New York awaits a policy decision on the proposed Renewable Portfolio Standard by the New York State Public Service Commission. Such a decision is expected by mid-2004. (April 2003)
- P22 Projected 2004 – NY-NE COORDINATION FOR THE CROSS SOUND CABLE (CSC) PROJECT** – NYISO expects to finalize the end state requirements for CSC scheduling and coordination by Q2-2004. The implementation of the end state CSC coordination is dependent upon completion of the NY SMD2.0 implementation. Prior to the implementation of the end-state solution, NYISO's Market Participants have approved an interim solution involving the use of an independent third-party Scheduling Administrator (SA) to facilitate the scheduling of secondary service over the CSC.
- 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. The ISOs have developed a draft coordinated planning protocol document and are seeking stakeholder comment with a goal of finalizing the protocol document by mid-2004. This document provides the basis for standardizing data and information exchanges, developing a coordinated plan, and initiating a joint stakeholder process.
- P24 CROSS-BORDER CONTROLLABLE LINE SCHEDULING** – NY is finalizing general requirements for controllable line scheduling between NY and other neighboring ISOs, recognizing that specific tariff changes may be required for different facilities under consideration.

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 (NY internal controllable lines)** – Concept of operations for general methodology to schedule controllable lines within NY borders 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).
- I5 NY REAL-TIME SCHEDULING (RTS) FUTURE ENHANCEMENTS** – The functionality that will be deployed with the initial release of RTS/SMD 2.0 is described under project P12. A number of additional seams related features and enhancements are listed below and are being discussed by the NYISO and its Market Participants. Enhancements that are given the go-ahead will be added to the open projects list in future seams reports.
- 15-minute external schedule changes
 - Close of real-time market closer to real-time
 - Elimination of administrative SCR/EDRP pricing rules
 - Increased demand side participation
 - 15-minute economic dispatch of internal resources
 - Enhanced combined cycle unit modeling
- I6 RESERVES PARTICIPATION IN ADJACENT REGIONAL MARKETS** – This item encompasses two issues:
- 1) 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.
 - 2) There is Market Participant interest in selling operating reserves from NY sources to ISO-NE.

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)