

**Written Remarks for the  
Eastern Interconnection ISO/RTO Seams Conference  
before the  
Federal Energy Regulatory Commission**

**Panel #4 – Seams Issues Between Northeastern ISO/RTO Markets**

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March 29<sup>th</sup> 2007**

**Statement**

Good Afternoon. My name is Rana Mukerji and I am the Vice President of Market Structures for the New York Independent System Operator (“NYISO”). The NYISO is the independent body responsible for providing open-access transmission service, maintaining reliability, and administering competitive wholesale electricity markets in New York State. I wish to thank the Commission for the opportunity to discuss Northeastern ISO/RTO seams initiatives. I will provide a brief background, highlight the accomplishments to-date and address the ongoing efforts towards resolution of seams issues.

**History of Northeastern ISO/RTO Seams Initiatives**

The need to address interregional coordination, or “Seams” issues, is not just a recent phenomenon in the Northeast. Before the restructuring of wholesale markets, for over 25 years the northeastern power pools (the New York Power Pool, PJM and NEPOOL) provided regional coordination of operations and economic power interchanges. Seams issues were recognized and various mechanisms such as “split the saving” pricing evolved to address them. One of the first benefits of restructuring and formation of the wholesale electricity markets in the three former power pools was greater transparency through

Location Based Marginal Pricing (LBMP). This increased transparency led to greater impetus in resolving seams issues between the ISO/RTOs. The Ontario IESO has joined in these efforts along with NYISO, PJM and NE-ISO.

### **The Nature of Seams Issues**

Seams issues arise as differences in operations protocols, market design and planning exist among neighboring systems. To address these issues, adjacent markets must actively create operating, market and planning coordination mechanisms to bridge these differences. The Northeastern ISO/RTOs have established numerous regional coordination agreements between themselves, as well as adjacent control areas, for this purpose. (See Handout) Operational differences are primarily addressed through coordinated scheduling, congestion management and management of loop flows. Differences in market designs among the areas necessitate special products for Transmission Congestion Contracts, Firm Capacity Rights, and so on, between adjacent markets. Moreover, coordinated system planning produces region-wide benefits by establishing mechanisms that encourage market participation by a broad range of transmission, generation, and demand response resources.

### **Stakeholder Participation**

Since the year 2000, the Northeastern ISO/RTOs, with the cooperation of the IESO, have conducted a formal process which includes regional stakeholder participation for the identification and resolution of seams issues. Updates are posted on a quarterly basis and stakeholders are provided with an opportunity to participate in the update process through regional meetings and/or conference calls. Each quarter, the FERC Seams Report is posted by the ISOs and noticed by the Commission to document the progress of these coordination efforts among the Northeastern ISO/RTOs.

### **Accomplishments to Date**

To date, the Northeastern ISO/RTOs have completed 42 seams initiatives or “projects” which are illustrated on the attached timeline. Our notable accomplishments include:

- the elimination of rate pancaking between NYISO and ISO-NE,
- the expansion of the NYISO/ISO-NE reserve sharing program to the NPCC region,
- interconnection and emergency transfer agreements among all Northeast ISO/RTOs and with their neighboring control areas, and
- the Northeast ISO/RTO Planning Coordination Protocol executed by PJM, NYISO and ISO-NE (with participation by IESO, HQ, NB and support from NPCC).

In addition, major enhancements to the ISO-NE and NYISO markets and scheduling systems have been made with the implementation of the SMD 1.0 and SMD 2.0 projects respectively.

### **Current Projects Underway**

Current projects underway at the NYISO to address differences among our control areas include:

- the establishment of a new proxy bus with PJM to promote more efficient interchange of energy,
- open-access for the scheduling of controllable tie lines with New York such as the new Neptune project with PJM and the 1385 tie line with ISO-NE,
- establishing congestion management with PJM where a straw-man proposal is planned for this fall, and
- coordination of regional resource adequacy and interregional planning initiatives.

My second attachment shows the timeline for the open seams projects underway as listed in the FERC Quarterly Seams Report.

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**Resolution of Future Seams Issues**

NYISO's perspective is that while a significant portion of the seams issues have been addressed since startup, the remaining seams items tend to be tougher issues. Specifically, the next series of solutions for seams issues between ISO markets relate to congestion management, loop-flow management, and inter-regional planning and cross-border market products. I believe that the ISOs/RTOs in the Northeast are now well positioned to focus on this next set of more complex seams issues. The relatively recent widespread acceptance of the establishment, certainty, and robustness of advanced market designs and rules of each ISO (through deployments of ISO-NE's SMD 1.0; NYISO's SMD2, and PJM's expansion) have created the environment and opportunity for the resolution of these future issues. It is my firm belief that barriers to trade in electricity products between ISO/RTO regions have been significantly reduced since the inception of restructured markets. The ISO/RTOs are committed to working towards further efficiencies in coordinated operation, market design and planning as we continue to evolve our markets for the benefit of our customers and other stakeholders.

This concludes my presentation. I look forward to answering any questions that you may have.