

CMS Phase 2 – Virtual Transaction Market Changes

Nicole' K. Grottoli
Market Trainer
New York Independent System Operator

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CMS Phase 2 – Virtual Market Changes

Note: This material is not a comprehensive training on virtual trading. It is meant to only capture the changes to the Virtual Transactions related to the Credit Management System – Phase 2 Deployment.

- *This presentation assumes previous knowledge of the Virtual Transaction market and the credit requirements associated with the Virtual Transactions.*
- *For a complete overview of the Virtual Transaction market, refer to the Virtual Trading on-line narration posted on the training page of NYISO website. Link:*

http://www.nyiso.com/public/services/market_training/online_resources/VirtualTrading/player.html
- *Additional references: Market Issues Working Group Meeting Materials – 9/19/08 and 4/22/09.*

Objectives

- ◆ Describe the MIS virtual trading bid screen/user interface changes as they relate to the CMS Phase 2 deployment
- ◆ Identify the changes to the credit requirements for Virtual Supply (VS)
- ◆ Identify the changes to the credit requirements for Virtual Load (VL)
- ◆ Distinguish between the different bid statuses and revised bid messages

MIS User Interface Changes

- ◆ Removal of credit information from bid pages (MWh sum and Mwh limit)
 - Bidding limit based on dollar amount not MWhs

- ◆ Removal of credit information from Organization Details pages

- ◆ Removal of Credit Check download option

New MIS Bid Screen

[Administrator Details](#) - [Change Password](#) - [Consolidated Invoice](#) - [Daily Reconciliation](#) - [Generator Commitment Parameters](#) - [Generator Details](#) - [Generator OOM](#) - [Generator Reference Prices](#) - [LSE Details](#) - [Load Bus Details](#) - [Log Out](#) - [Metering Reconciliation](#) - [Organization Details](#) - [Physical Load Bids](#) - [Review Generator Bids](#) - [Review Generator Forecasted Schedules](#) - [Review Transaction Bids](#) - [Transaction Summary](#) - [User Details](#) - [Virtual Load Bids](#) - [Virtual Supply Bids](#) -

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Virtual Supply Bid

Virtual Supply Name:

Date: [mm/dd/yyyy]

The Virtual Mwh Sum and Virtual Mwh limit fields have been removed

Time	Price Cap #1		Price Cap #2		Price Cap #3		Bid Status	Schedule		
	MW	\$/MW	MW	\$/MW	MW	\$/MW		Price Cap	Inter Fixed MW	Inter Price Cap MW
00:00	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				
01:00	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				
02:00	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				
03:00	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				
04:00	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				

Credit Requirements

- ◆ Credit limit for Virtual Transactions set in dollars rather than MWhs.
- ◆ Elimination of the 2-day multiplier
- ◆ All future bids (including submitted and scheduled) will be assessed for credit sufficiency and will reduce the amount of credit available for Virtual Transactions.
 - *Evaluations will occur upon submittal and with frequency until DAM closes*
 - *Note: Insufficient credit will result in a rejection of all bids included in a transaction batch upload*
- ◆ Any unpaid net losses as a result of Virtual Transactions will also reduce the amount of credit available for Virtual Transactions.
- ◆ Distinction between Virtual Load (VL) and Virtual Supply (VS) credit requirements

Credit Requirements – cont'd

- ◆ Price differentials recalculated for VL and VS each month (previous like-month data will be included in the recalculation).

- ◆ Stratification of credit requirements based on grouping transactions with similar risk characteristics thus creating VL and VS credit requirements that vary based on:
 - *Zone*
 - *Time of day (on-peak / off-peak)*
 - Weekday / Night / Weekends & Holidays
 - *Time of year*
 - Summer (May-Aug)
 - Winter (Dec– Feb)
 - Rest of Year (Mar-Apr & Sept-Nov)

CURRENT

2009 Virtual Bidding Price Differentials

Zone Letter	Zone Name	Two Month Intervals					
		Jan. 1 - Feb. 28, 2009	Mar. 1 - Apr. 30, 2009	May 1 - Jun. 30, 2009	Jul. 1 - Aug. 31, 2009	Sep.1 - Oct. 31, 2009	Nov. 1 - Dec. 31, 2009
A	WEST	\$ 102	\$ 71	\$ 148	\$ 100	\$ 79	TBD
B	GENESE	\$ 103	\$ 74	\$ 141	\$ 107	\$ 80	TBD
C	CENTRL	\$ 112	\$ 74	\$ 144	\$ 104	\$ 82	TBD
D	NORTH	\$ 113	\$ 78	\$ 153	\$ 108	\$ 82	TBD
E	MHK VL	\$ 108	\$ 76	\$ 145	\$ 108	\$ 84	TBD
F	CAPITL	\$ 114	\$ 95	\$ 162	\$ 117	\$ 86	TBD
G	HUD VL	\$ 94	\$ 73	\$ 123	\$ 83	\$ 96	TBD
H	MILLWD	\$ 96	\$ 73	\$ 125	\$ 91	\$ 99	TBD
I	DUNWOD	\$ 95	\$ 73	\$ 135	\$ 92	\$ 97	TBD
J	N.Y.C	\$ 99	\$ 81	\$ 134	\$ 90	\$ 98	TBD
K	LONGIL	\$ 121	\$ 87	\$ 129	\$ 90	\$ 107	TBD

Sample - VS Price Differentials April 2005 - March 2008

EFFECTIVE with CMS Phase 2 Deployment - (SAMPLE DATA)

	Summer	Winter	Rest-of-Year
Zones A-F			
On-Peak			
HB7-10	20.99	77.59	46.59
HB11-14	82.78	45.05	54.79
HB15-18	89.14	94.89	87.45
HB19-22	33.56	55.66	57.22
Off-Peak			
Holiday	32.70	60.05	44.86
Night	30.49	41.45	38.46
Zones G-I			
On-Peak			
HB7-10	22.94	81.96	54.66
HB11-14	203.50	57.91	63.99
HB15-18	428.13	98.35	97.83
HB19-22	46.14	62.41	65.51
Off-Peak			
Holiday	42.58	67.76	64.02
Night	33.62	43.20	42.74
Zone J			
On-Peak			
HB7-10	43.80	105.77	72.11
HB11-14	209.81	77.86	79.93
HB15-18	388.84	98.94	100.43
HB19-22	51.82	73.62	75.59
Off-Peak			
Holiday	58.88	70.77	73.20
Night	44.90	47.74	46.76

Credit Requirements – cont'd

- ◆ Credit requirements for VS and VL for the same day, hour and zone will be offset as follows:
 - *Upon submittal of bids - credit requirements for offsetting bid positions will equal the greater of the VS credit req. or the VL credit req.*
 - Example: VS requirement of \$209 and VL requirement of \$429 are submitted, the credit requirement is based on VL req. of \$429.
 - *Upon acceptance of bids – credit requirements will be based on the net position (Mwhs) of VL and VS bids*
 - Example: VS of 10 MWh and VL of 15 MWh are accepted, the credit requirement is based on VL of 5 MWh.
 - More detailed examples to follow

Credit Requirements Example #1

- ◆ A Market Participant (MP) has \$10,000 in credit support posted with NYISO
- ◆ MP intends to bid as a virtual supplier (VS).
- ◆ MP bids (VS) 100 MWh in Zone G (Hudson Valley), for HB 07, 08 and 09 for the May 6th (Wednesday) dispatch day. (The current VS price differential for the summer, for Zone G, for HB 7-10 is \$22.94)
 - *Assume the following:*
 - 1) the MP makes no other bids for this hour and zone,
 - 2) the MP has no other bids that have not yet settled and
 - 3) the MP has no unpaid net losses on Virtual Transactions
- ◆ Calculation:
 - $100 \text{ MWh} \times 3 \text{ hrs} \times \$22.94 = \$6,882$
 - *This bid submittal requires \$6,882 in credit support.*
- ◆ MP has sufficient credit posted to support bids and bids will pass the credit evaluation.

Credit Requirements Example #2

- ◆ A Market Participant (MP) has \$10,000 in credit support posted with NYISO.
- ◆ Current Virtual Transactions credit requirements total \$5,000. This means that there is \$5,000 in available credit support.
- ◆ MP bids VS 100 MWh in Zone G for HB 07, 08 and 09 for the May 6th dispatch day.
- ◆ The current VS price differential for the summer, for Zone G, for HB 7-10 is \$22.94.
- ◆ This bid submittal requires \$6,882 worth of credit support.
 - $100 \text{ MWh} \times 3 \text{ hrs} \times \22.94
 - *[Bid will not pass credit evaluation](#) because the total credit requirement is now \$11,882 ($\$5,000 + \$6,882$) and exceeds the posted credit support of \$10,000.*

Credit Requirements Example #3

- ◆ A Market Participant (MP) has \$10,000 in credit support posted with NYISO.
- ◆ Current Virtual Transaction credit requirements total \$3,000. This means that there is \$7,000 in available credit support.
- ◆ MP bids VS 100 MWh in Zone G for HB 07, 08 and 09 for the May 6th dispatch day.
- ◆ The current VS price differential for the summer, for Zone G, for HB 7-10 is \$22.94.
- ◆ This bid submittal requires \$6,882 worth of credit support.
 - $100 \text{ MWh} \times 3 \text{ hrs} \times \22.94
 - *[Bid will pass credit evaluation](#) because the total Virtual Transaction credit requirement is now \$9,882 ($\$3,000 + \$6,882$) and is within the posted credit support of \$10,000.*

Credit Requirements Example #4

- ◆ A Market Participant (MP) has \$10,000 in credit support posted with NYISO
- ◆ MP bids VS 100 MWh in Zone G for HB 07, 08 and 09 for the May 6th dispatch day AND
- ◆ MP bids VL 90 MWh in Zone G for HB 07, HB 08 and HB09 for the same day (The current VL price differential for the summer, for Zone G (Hudson Valley), for HB 7-10 is \$40.12)
- ◆ Assume the following:
 - *the MP makes no other bids for this hour and zone,*
 - *the MP has no other bids that have not yet settled and*
 - *the MP has no unpaid net losses on Virtual Transactions*
- ◆ Calculation:
 - *VS Credit Requirement: 100 Mwh X 3 hrs X \$22.94 = \$6,882*
 - *VL Credit Requirement: 90 Mwh X 3 hrs X \$40.12 = \$10,832.40*
- ◆ VL and VS bids offset one another because they are for the same hours, day and zone so the bid submittal requires \$10,832.40 worth of credit support (the greater of the VS or VL credit requirement)... **bid will not pass credit evaluation.**

Bid Submittal Status / Message

Bid Status	Bid Message	Action
Validation Passed	Valid. Passed subject to credit evaluation	Bid passed validation pending credit approval
Validation Passed	Credit evaluation processing	Credit Check is in progress
Validation Failed	Valid. failed due to Insufficient Credit	Failed Credit Check; bid is released
Validation Passed	None	Credit Check is complete
Evaluation	None	SCUC evaluation in progress
Bid Accepted	n/a	Accepted by SCUC; credit is held
Bid Rejected	n/a	Rejected by SCUC; credit is released

Frequently Asked Questions

- 1. Do I have to bid every day or hour?**
No, in fact you have the option of not bidding at all on any given day/hour.
- 2. Can a bidder enter VS and VL bids in the same day?**
Yes, keeping in mind that you cannot exceed your credit limit. Also, you must have the appropriate bidding privileges set up.
- 3. What happens if I exceed my credit limit when I enter my bids?**
The bids will receive a “validation failed” status and be rejected. Market Participants can provide additional collateral or allocate additional unsecured credit to support their bids. If provided and receipt is acknowledged prior to the DAM market close, the Market Participant must resubmit their bids to be considered for that day’s market close.
- 4. If I want to trade/bid additional MWhs beyond what my current credit limit is, what do I need to do?**
A request to increase your credit limit to support additional trading must be made through the Credit Department. Market Participants must have sufficient credit support available to increase participation in the Virtual Transactions market. Note: The NYISO Credit Department does not monitor MWhs; it only monitors credit requirements in dollar amounts.
- 5. What happens if my bids receive a “bid rejected” status?**
If a “bid rejected” status is received, SCUC did not schedule the bids for the day. As such, credit support for those bids will be released.



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