Proposed NYISO Services Tariff

Stage 2 Tariff on an Installed Capacity Market Design

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I. Definitions

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2.46a DMNC Test Period

The periods within a ~~a~~the ~~Summer~~ Capability Year~~Period~~ during which a Resource ~~required to do so pursuant to ISO procedures~~ shall conduct ~~a~~ DMNC tests. ~~if that DMNC test is to be valid for purposes of determining the amount of Installed Capacity used to calculate the Unforced Capacity that this Resource is permitted to supply to the NYCA. Such~~ The period~~s~~ will be established pursuant to the ISO Procedures.

II. Article 5

[. . .]

5.12 Requirements Applicable to Installed Capacity Suppliers

5.12.1 Installed Capacity Supplier Qualification Requirements [5.12.1(ii) - no change needed]

In order to qualify as an Installed Capacity Supplier in the NYCA, Energy Limited Resources, Generators, Installed Capacity Marketers, Interruptible Load Resources, Intermittent Power Resources, and System Resources rated 1 MW or greater, other than External System Resources and Control Area System Resources which have agreed to certain Curtailment conditions as set forth in the last paragraph of Section 5.12.1, below, and other than Special Case Resources, existing municipally-owned generation, Energy Limited Resources, and Intermittent Power Resources, to the extent those entities are subject to the requirements of Section 5.12.11 of this Tariff, shall:

(i) provide information reasonably requested by the ISO including the name and location of Generators, Interruptible Load Resources, and System Resources;

(ii) in accordance with the ISO Procedures, perform DMNC tests and submit the results to the ISO, or provide to the ISO appropriate historical production data;

(iii) abide by the ISO Generator maintenance coordination procedures;

(iv) provide the expected return date from any outages (including partial outages) to the ISO;

(v) provide documentation demonstrating that it will not use the same Unforced Capacity for more than one (1) buyer at the same time;

(vi) except for Installed Capacity Marketers and Interruptible Load Resources, Bid into the Day-Ahead Market, unless the Energy Limited Resource, Generator, or System Resource is unable to do so due to an outage as defined in the ISO Procedures or due to temperature related deratings. Generators may also enter into the MIS an upper operating limit that would define the operating limit under normal system conditions. The circumstances under which the ISO will direct a Generator to exceed its upper operating limit are described in the ISO Procedures;

(vii) if the Resource is an Interruptible Load Resource, it must commit that it will

Bid, at the price at which it is willing to be interrupted, in the Day-Ahead Market, for both Energy and Operating Reserves;

(viii) provide Operating Data in accordance with Section 5.12.5 of this Tariff;

(ix) comply with the ISO Procedures;

(x) when the ISO issues a Supplemental Resource Evaluation request (an SRE), Bid into the in-day market unless the entity has a bid pending in the Hour-Ahead Market when the SRE request is made or is unable to bid in response to the SRE request due to an outage as defined in the ISO Procedures, or due to other operational issues, or due to temperature related deratings; and

(xi) Installed Capacity Suppliers located east of the central-east constraint shall Bid in the Day-Ahead and Real-Time Markets all Capacity available for supplying 10-Minute Non-Spinning Reserve (NSR) (unless the Generator is unable to meet its commitment because of an outage as defined in the ISO Procedures), except for the Generators described in subsections (a), (b), (c) and (d) below.

(a) Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchasers do not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999, who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;

(b) Existing topping turbine Generators and extraction turbine Generators producing Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999, and/or topping or extraction turbine Generators used in replacing or repowering steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 365 MW of such units;

(c) Existing Intermittent Power Resources in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators; and

(d) Units that have demonstrated to the ISO that they are subject to environmental, contractual or other legal or physical requirements that would otherwise preclude them from providing 10-Minute NSR.

The ISO shall inform each potential Installed Capacity Supplier that is required to submit DMNC data of its approved DMNC ratings for the Summer Capability Period and the Winter Capability Period in accordance with the ISO Procedures.

Requirements to qualify as Installed Capacity Suppliers for External System Resources and Control Area System Resources located in External Control Areas that have agreed not to Curtail the Energy associated with such Installed Capacity or to afford it the same Curtailment priority that it affords its own Control Area Load shall be established in the ISO Procedures.

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5.12.6 Operating Data Default Value and Collection

5.12.6(a) Monthly Calculations

The ISO shall calculate each month for each Resource the amount of Unforced Capacity that each Installed Capacity Supplier is qualified to supply in the NYCA based on a rolling twelve-month calculation, and in accordance with formulae provided in the ISO Procedures.

The amount of Unforced Capacity that each Generator, System Resource, Energy Limited Resource, Interruptible Load Resource, Special Case Resource, and municipally-owned generation is authorized to supply in the NYCA shall be based on the ISO's calculations of individual Equivalent Demand Forced Outage Rates. The amount of Unforced Capacity that each Control Area System Resource is authorized to supply in the NYCA shall be based on the ISO's calculation of each Control Area System Resource's availability. The amount of Unforced Capacity that each Intermittent Power Resource is authorized to supply in the NYCA shall be based on the individual historical Capacity factor adjusted by the ISO to remove the effects of outages.

The ISO shall calculate the Equivalent Demand Forced Outage Rates, Availability rates, and Capacity factors annually and update them monthly using a twelve-month rolling average of Operating Data in accordance with formulae provided in the ISO Procedures. The ISO shall calculate anperform separate a Summer and Winter Capability Periods Unforced Capacity calculations for each Resource based on its most recent summer DMNC test, not more than one year old. to more accurately reflect seasonal variations indetermine their annual DMNC ratings.

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5.12.8 Unforced Capacity Sales

Each Installed Capacity Supplier will be authorized to supply an amount of Unforced Capacity during each Obligation Procurement Period, based on separate seasonal Unforced Capacity calculations performed by the ISO for the Summer and Winter Capability Periods. Unforced Capacity may be sold in six-month strips, or in monthly, or multi-monthly segments.

If an Energy Limited Resource's, Generator's, System Resource's or Control Area System Resource's DMNC rating is determined to have increased during ~~an Obligation Procurement Period occurring~~ during the Summer DMNC Test Period, pursuant to testing procedures described in the ISO Procedures, the amount of Unforced Capacity that it shall be authorized to supply in that or future Obligation Procurement Periods shall also be increased on a prospective basis in accordance with the schedule set forth in the ISO Procedures.

[Eliminate the next two paragraphs OR change the next paragraph as seen below and eliminate the second paragraph. Maintain the last paragraph in this section as is.]

New Generators and Generators that have increased their Capacity since the previous summer test period~~Summer Capability Period~~ due to changes in their generating equipment may qualify to supply Unforced Capacity on a foregoing basis ~~during the Summer Capability Period~~ based upon a DMNC test that is performed during any period but that test must be temperature adjusted to average summer ambient conditions in accordance with ISO Procedures and subject to verfification during the subsequent summer test period and ~~a Summer Capability Period and reported to the ISO~~ in that Summer Capability Period ~~after March 1 and prior to the beginning of the Summer Capability Period DMNC Test Period. The Generator will be required to verify the claimed DMNC rating by performing an additional test during the Summer DMNC Test Period. Any shortfall between the amount of Unforced Capacity supplied by the Generator for the Summer Capability Period and the amount verified during the Summer DMNC Test Period will be~~ {reinsert}(~~subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Generator's previous Summer Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Generator supplied for the Summer Capability Period.~~) ~~[This limits a generators ability to do improvements during the Winter Capability Period and have them count towards the next Summer Capability Period – any suggestions?]~~

~~New Generators and Generators that have increased their Capacity since the previous Winter Capability Period due to changes in their generating equipment may qualify to supply Unforced Capacity on a foregoing basis during the Winter Capability Period based upon a DMNC test that is performed and reported to the ISO after September 1 and prior to the beginning of the Winter Capability Period DMNC Test Period. The Generator will be required~~

~~to verify the claimed DMNC rating by performing an additional test during the Winter Capability Period DMNC Test Period. Any shortfall between the amount of Unforced Capacity certified by the Generator for the Winter Capability Period and the amount verified during the Winter Capability Period DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Generator's previous Winter Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Generator supplied for the Winter Capability Period.~~

Any Installed Capacity Supplier, except as noted in Section 5.12.11 of this Tariff, which fails on a daily basis to schedule, Bid, or declare to be unavailable in the Day-Ahead Market an amount of Unforced Capacity, expressed in terms of Installed Capacity Equivalent, that it certified for that day, rounded down to the nearest whole MW, is subject to sanctions pursuant to Section 5.12.12(b) of this Tariff. If an entity other than the owner of an Energy Limited Resource, Generator, Interruptible Load Resource, System Resource, or Control Area System Resource that is providing Unforced Capacity is responsible for fulfilling bidding, scheduling, and notification requirements, the owner and that entity must designate to the ISO which of them will be responsible for complying with the scheduling, bidding and notification requirements. The designated bidding and scheduling entity shall be subject to sanctions pursuant to Section 5.12.12(b) of this Tariff.

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5.12.11 Special Case Resources, Municipally-Owned Generation, Energy Limited Resources and Intermittent Power Resources

5.12.11(a) Special Case Resources

Special Case Resources may qualify as Installed Capacity Suppliers, without having to comply with the daily bidding, scheduling, and notification requirements set forth in Section 5.12.7 of this Tariff, if (i) they are available to operate for a minimum of four (4) consecutive hours each day, at the direction of the ISO, except for those subject to operating limitations established by environmental permits, which will not be required to operate in excess of two (2) hours and which will be derated by the ISO pursuant to ISO Procedures to account for the Load serving equivalence of the hours actually available, following notice of the potential need to operate twenty-four (24) hours in advance, and a notification to operate two (2) hours ahead; and (ii) they were not operated as a Load modifier coincident with the peak upon which the Unforced Capacity requirement of the LSE that serves that customer is based, unless that LSE's Unforced Capacity requirement is adjusted upwards to prevent double-counting. The ISO will have discretion, pursuant to ISO Procedures, to exempt distributed Generators that are incapable of starting in two (2) hours from the requirement to operate on two (2) hours notification.

Distributed Generators and Loads capable of being interrupted upon demand, that are not available on certain hours or days will be derated by the ISO, pursuant to ISO Procedures, to reflect the Load serving equivalence of the hours they are actually available. Distributed Generators and Loads capable of being interrupted upon demand will be required to comply with verification and validation procedures set forth in the ISO Procedures. Such procedures will not require metering other than interval billing meters on customer Load or testing other than DMNC or sustained disconnect, as appropriate, unless agreed to by the customer, except that Special Case Resources ~~not called to supply Energy in a Capability Period may~~will be required to run a test ~~once~~ every Capability Year during the summer DMNC test period~~Period~~ in accordance with ISO Procedures~~. [Does it make sense to limit this to the Summer?]~~

Unforced Capacity supplied in a Bilateral Transaction by a Special Case Resource pursuant to this subsection may only be resold if the purchasing entity or the Installed Capacity Marketer has agreed to comply with the ISO notification requirements for Special Case Resources. LSEs and Installed Capacity Marketers may aggregate Special Case Resources and sell the Unforced Capacity associated with them in an ISO-administered auction if they comply with ISO notification requirements for Special Case Resources.

Transmission Owners that require assistance from distributed Generators larger than 100 kW and Loads capable of being interrupted upon demand for Load relief purposes or as a result of a Local Reliability Rule, shall direct their requests for assistance to the ISO for implementation consistent with the terms of this Section.

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