

Rules Assessment Initiative

Purpose:

Assess the effectiveness of market rules governing the scheduling, dispatch and compensation for energy and ancillary services; make recommendations for rules improvement and the reduction of unnecessary complexity. The recommendations will provide a primary source of requirements for concept design and development of future functionality.

Scope:

The primary focus will be real-time market operation with day-ahead issues addressed as necessary. In carrying out the assessment the MSWG will:

1. Assess the degree to which **current market rules** are producing the results for which they are intended.
 - a. Scheduling mechanisms
 - b. Dispatch mechanisms
 - c. Penalties
 - d. Compensation/ Supplemental payments
2. Consider factors associated with **new market functions or expected/ potential changes:**
 - a. Combined Cycle modeling
 - b. Self supply of reserves
 - c. Expansion of wind capacity
 - d. Improvement in interchange efficiency (ITS)
 - e. Distributed generation
 - f. Demand side participation
 - g. Maintain a list of items for future rules consideration (parking lot for issues worthy of future consideration)

Work plan

- a. Establish a primary issues list (straw-man attached)
- b. Organize the work into manageable pieces or packages
- c. Develop priorities – order of consideration
- d. Identify any threshold issues, the resolution of which will affect the resolution of multiple issues. These should probably be tackled first.
- e. The following will be produced for each package as work on that package begins.
 - Determine the scope
 - Identify the deliverable(s)
 - Set a target schedule

Schedule:

A target schedule for the overall initiative will be established once the work plan has been better defined.

Review and reporting

- a. Participating ISO staff will keep ISO management informed as work progresses and management feedback will be considered as recommendations are developed.
- b. Periodic review of draft work package plans and progress will be reviewed with the BIC to ensure opportunity for feedback and participation by interested parties.
- c. Neighboring Markets - Any recommended rules changes that will impact neighboring markets or cause a change in any current protocols with our neighbors will be reviewed with affected parties to ensure regional workability and buy-in prior to completing recommendations to the NYISO.
- d. Market Advisor – As directed by ISO management, the team will consult with the Market Advisor regarding potential rules changes or for guidance on optional choices.
- e. Other outside consultants - As directed by ISO management, the team will consult with other outside consultants regarding potential rules changes or for guidance on optional choices.

RMT
11/30/05