

Tariff Clean-up to accommodate
SMD for
Certain Generators Including
PURPA Units, Units Serving NYC
District Steam and Intermittents
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ISSUE

- Certain generators enjoy special balancing rules except for the hours in which they are scheduled to provide reserves or regulation service:
 - Units operating under pre-ISO contracts in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule (including units with PURPA contracts);
 - Units serving NYC's district steam system;
 - Intermittent resources;
- These units also are forgiven under-generation penalties;
- SMD is changing the manner in which reserves are scheduled;
 - SMD will schedule reserves on any unit bidding as ISO-committed flexible or self-committed flexible, if economic;
- Current tariff provision needs to be revised to reflect this change

Resolution

- Tariff currently excludes from special balancing rules those hours a unit is scheduled for reserves;
- Tariff Revision—to exclude those hours a unit bids in a manner that would allow it to be scheduled for reserves;
 - Exemption from under-generation penalties would also not apply for hours a unit bids in a manner that would allow it to be scheduled for reserves;
- Draft tariff revisions separately circulated.

Status of these units under SMD

- Penalty exemption and operating level flexibility will be continued under SMD if the units:
 - Offer into the DAM, or into the real-time market, as ISO-committed or self-committed fixed units;
- Bidding in as "ISO committed fixed" will allow the ISO to schedule the unit economically in the DAM while assuring that it will not be considered flexible in the RT market thereby safeguarding its protected status;
- Bidding flexibly in RT will cause the loss of the special rules only for that hour.

Market Impact

- Should these units cease all bidding as flexible units, in order to preserve the special rules, the loss of dispatchable MWs should not be a significant market concern:
 - These units do not provide much dispatchable generation today:
 - A sampling of 5 months showed @135 MWs (less than 3% of the capacity of these units) was bid to be on dispatch for only a few hours on sampled days;
 - In contrast, 13,000 MWs, in a randomly chosen July, 2003, on-peak hour, was bid to be on dispatch;