



BPCG for EXPORTS

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Draft--For Discussion Only



Summary

- Bid Production Cost Guarantees (BPCG) are not recommended by NYISO staff for export transactions
 - There are sound reasons for this recommendation
 - This does not create a discriminatory market



Why no BPCG for exports

- What is the benefit to the NY market?
 - BPCG for imports is a vehicle to provide reserves during shortages within the state.
 - Assuming that BME properly assesses real-time conditions
 - Similar to BPCG for generation
 - No such benefit has been identified for exports



Why no BPCG for exports

- Who should pay for it and why?
 - Internal load gains nothing from exports as they do from imports. It simply raises their energy cost
 - Internal generators since they are beneficiaries?
 - Distorts bidding incentives
 - What about marketers?
 - They're the ones asking for it.
 - Any volunteers?



Why no BPCG for exports

➤ Gaming concerns

- BPCG for imports have been misused in gaming strategies in NY requiring intervention and rules changes
- Adding exports adds further risk and potential complication to the market for no apparent benefit



NY – Still a Non-discriminatory market

- The NYISO does not provide guarantees to internal load – internal and external load treatment is comparable
- FERC directed the NYISO to treat external supply in the same manner as internal supply where possible
- Internal generation gets a bid production cost guarantee and so does external supply – internal and external supply treatment is as comparable as possible (external load is not dispatchable in real-time).