

## Market Issues Working Group Meeting 4/7/08

Redesign of SCUC to incorporate of Local Reliability Rules into an earlier pass - Shaun Johnson

- Current SCUC evaluates LRR constraints in the 3rd pass to consider local transmission constraints.
- NYISO proposal will move this into the first pass; earlier staff reported they can move to pass 1 1/2. Moving to the 1st pass is a further improvement.
- Overall run time should not change drastically. LRR rules included into pass 1 will be LRR 1 & 2 of Attachment B.4 and min oil burn rule 3 Attachment B.4.
- In pass 1, economic units displaced by LRR selected units can be decommitted to optimize the scheduled generation to meet DAM load.
- Staff ran test cases, showing reduced uplift and production costs.
- LBMP may increase or decrease, but the final schedule will be a greater optimization than the current schedule.
- This can also accommodate pre-DAM scheduling of generators to address the week-end SRE issue.
- Can be deployed by forth quarter with prompt FERC approval.

Scheduling and Pricing Review Update - Shaun Johnson

- Continued discussion of assessment of penalties to generators for deviations from NYISO schedules.
- Staff concludes that penalties are small and current structure is adequate.

Demand Side Ancillary Services - John Hickey

- Discussed Manual modifications for demand side resource participation in the reserve and regulation markets, manual language to be posted 4/14.
- Generally must meet the same performance and measurement standards as physical generation
- TO will be informed of any audit test but otherwise, TO will not be an active participant in the communications with the DSR provider. NYISO will verify this with their operations folks.

Overview of Uplift OATT charges - Nicole Bouchez

- Reviewed uplift charges for 2007 - 2008, specifically for a spike day in January 2008.
- Three factors contribute the most to the month to month variability of charges, BPCG payments to generators, local reliability payments and total residuals.
- These charges are sensitive to unexpected events that occur when there is a change in real-time from the generator scheduled in the DAM
- The dollar amounts vary with fuel cost and what point of the supply curve the system is sitting at the time of an event.

Reference Processing Issues with Impact analysis of Mitigation - Nicole Bouchez

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- NYISO discovered its reference price system; SASREF had errors caused by a corrupt input file.
- The corrupted file would drop the first of the 90-day bid price but not pick-up the more recent days bid price, thus reducing the pool of available bid prices.
- Analyzing this, the MMU discovered no price or cost impact for generators.
- The corrupt file has been replaced and MMU will make the necessary FERC filings.

### SRE Process Enhancements - John Hickey

- Staff reports the current tariffs is ambiguous on whether units called for an SRE and then self scheduled as fixed, should also receive real-time BPCG.
- Also, whether BPCG should be paid for units applying for start-up and shutdown testing periods and for which periods of start-up costs to use.