

*Restoration of Tariff Provisions re
ICAP Bidding Deficiency Penalties*

ICAP Working Group

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The Problem

- ❖ Services Tariff §5.12.12(b), “Sanctions for Failing to Comply with Scheduling Bidding and Notification Requirements” for ICAP Suppliers, says that bidding deficiency charges are to be “calculated pursuant to the Table in §5.14.1”
- ❖ That table specified zonal deficiency charges based on the levelized cost of a GT, and was appropriately deleted in the tariff revisions implementing the original ICAP Demand Curves.
 - ✓ But, the need to make a conforming change to the cross reference in §5.12.12(b) was overlooked.
- ❖ NYISO filing would add language to §5.12.12(b) remedying the defective cross reference and specifying the intended deficiency charge of 1.5 times the Market Clearing Price (MCP)

Prior Tariff Filings

- ❖ Mar. 21, 2003: Original ICAP Demand Curves filing made conforming changes that deleted a table in §5.14.1 that had been the basis for ICAP “deficiency charges” at 3 times the levelized cost of a GT.
 - ✓ “Deficiency charges” were moved to §5.14.2, and set at 1.5 times the levelized cost of a GT.
 - ✓ §5.14.2 deals with deficiencies in the sale of capacity, but does not explicitly include the parallel charge for deficiencies in bidding ICAP into the DAM.
- ❖ Sep. 2, 2003: Compliance filing to remedy FERC concerns with Supplemental Supply Fee; also changed the deficiency charge language in §5.14.2
 - ✓ Filing states: “the supplemental supply fees and deficiency charges are hereinafter based on [1.5 times] the ICAP Spot Market Auction Market-Clearing Price.”
 - ✓ But, a conforming change was not made to §5.12.12(b).

Tariff Revision

- ❖ A failure to schedule or bid ICAP into the DAM as required by the Services Tariff is another form of not delivering the amount of capacity that an ICAP Supplier committed to deliver, and as was previously the case, should be subject to the same deficiency charges.
- ❖ Tariff revision would fix the defective cross reference in §5.12.12(b) by deleting the reference to the missing table, and adding at the end of the section: “The deficiency charge shall be one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each month in which the Installed Capacity Supplier is determined not to have complied with the foregoing requirements.”