

HQ Netting

Status Update

Market Structure Working Group
December 14, 2006

Agenda

- ◆ Issue Review
- ◆ Market-Based Solution
- ◆ Scope of Effort
- ◆ Status

Issue Review

- ◆ HQ-NY interconnection simultaneously limited by 1500-1800 MW transfer limit to NY or 1000 MW transfer limit to HQ and 1200 MW to NYISO delivery limit.
 - *TB 150 discusses process for transfers above 1500 MW to NY.*
 - *1200 import limit enforced manually after the scheduling process.*
- ◆ Single price cannot reflect the cost of both constraints.

Market-Based Solution

- ◆ Establish 2nd HQ proxy bus to individually manage import/export and total transfer limitations to accurately capture impact of constraints into prices
 - *Constrain import/export proxy to 1200 MW to NY*
 - *Collectively constrain both proxies to NYCA/HQ transfer limits*
 - *Constrain each proxy to a proxy-specific ramp limit*
 - *Collectively constrain all NYCA proxies based on NYCA ramp limit*

Scope of Effort

- ◆ Create 2nd HQ proxy bus
- ◆ Establish bid validation rules to confirm transaction bids at each proxy
- ◆ Expand OASIS ATC/TTC postings to separately report available import, and total transfer capacity
- ◆ Determine and enforce ramp limits for each proxy
- ◆ Tariff filing to add second proxy
- ◆ No scheduling software modifications required

Status

- ◆ Issue has been prioritized for implementation
- ◆ Software modifications under review
- ◆ Tariff review initiated
- ◆ Ramp limit allocation to be determined by the ISO
- ◆ Software deployment targeted for May/June 2007
 - *Dependent upon FERC approval*