Price Posting Issue

Zonal "Hub" Prices

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Background

♦ Prior to the implementation of SMD2, zonal LBMPs were calculated according to a generator weighted distribution based on static values assigned to each generator.

▪ *Weightings were determined from an off-line study to determine each generator's contribution to serve load in that zone*

♦ With the implementation of SMD2, calculation of zonal LBMPs changed to methodology based on dynamic load weightings according to distribution of load within zone.

♦ During SMD2 market trials, a number of MPs requested that we continue to post the generator weighted ("Hub") prices, in addition to the new load weighted zonal prices.

▪ *"Hub" prices are not used in NYISO settlements*

Issue Overview

- As part of an exercise to review and update Technical Bulletin #28, a test of the formula used to calculate "Hub" prices uncovered an error in the underlying data used to generate the New York City (Zone J) generator weighted prices.

  - *Certain generators were omitted from the calculation used to generate the posted "Hub" prices*
  - *Issue was introduced in May 2005*

- The full dollar cost impact of these differences has not been calculated for all days, but sampling of various days has identified errors for Zone J up to 10-20%.

  - *This issue does not impact prices used in NYISO settlements*

Recommendations / Next Steps

- Update generator weighting tables to permit correct postings on a "Go Forward" basis.
- Identify if these "Hub" prices are still used by Market Participants.
  - *Determine if there is value in re-posting historic "Hub" prices*
- Plan for the retirement of processes for posting "Hub" prices to the OASIS
  - *Not used in NYISO settlements*
  - *Not validated or corrected through PV processes*
  - *Generator weightings are not maintained as the power system model evolves*