

## 4.12 Special Case Resources

Special Case Resources are Loads capable of being interrupted upon demand, and distributed generators, rated 100 kW or higher, that are not visible to the ISO's Market Information System. The Unforced Capacity of a Special Case Resource corresponds to its pledged amount of Load reduction as adjusted by historical performance factors and as increased by the Transmission District loss factor. The calculation of this amount shall be made in accordance with Section 3.3 of [Attachment J](#) to this Manual.

### 4.12.1 *Claiming of Unforced Capacity and RIPs*

The Unforced Capacity of a Special Case Resource may be freely sold in Bilateral Transactions. However, such Unforced Capacity may not be claimed by an LSE towards satisfaction of its own LSE Unforced Capacity Obligation or be offered into an auction administered by the NYISO unless there is a Responsible Interface Party (RIP)) with respect to such Special Case Resource. RIPs are Market Participants that agree to be bound by the notification and other requirements applicable to RIPs under this Section 4.12. Responsible Interface Parties shall be responsible for all forms of communication to and from the NYISO for purposes of Minimum Payment Nomination, notification, dispatch, validation, and verification of Special Case Resources and the Unforced Capacity associated with Special Case Resources.

### 4.12.2 *General Requirements*

Every Special Case Resource must submit a Special Case Resource registration in accordance with the SCR Workbook located on the NYISO website at <http://www.nyiso.com/public/products/icap/auctions.jsp>. The most recent version of the SCR Workbook is located on this web page for the applicable Capability Period. In addition, each Special Case Resource must be accepted by the NYISO as an Installed Capacity Supplier before its Unforced Capacity may be claimed by an LSE towards its LSE Unforced Capacity Obligation or be offered in an auction administered by the NYISO. Every Special Case Resource must submit a Special Case Resource registration to the NYISO in accordance with the schedule and requirements of Section 4.2. Special Case Resources must also submit a notification letter identifying the RIP that they authorize to transact on their behalf and must obtain an identification number from the NYISO.

Interval billing meters are required of all Special Case Resources. Such metering must satisfy all requirements of Section 6 of the Emergency Demand Response Program (EDRP) Manual.

A Special Case Resource that supplies Load reductions solely through the use of a distributed generator (whether or not operated in parallel with the NYCA) and that elects to measure such Load reductions by metering the output of such distributed generator in accordance with Section 3.3(b) of [Attachment J](#) hereto shall provide to the NYISO DMNC test data as part of its Special Case Resource registration. A Special Case Resource that supplies Load reductions solely through the use of a distributed generator and that elects to measure such Load reductions by metering the output of such distributed generator in accordance with Section 3.3(b) of [Attachment J](#) must deduct from the output of such generator: (i) any auxiliary Load consumed by the generator and supplied from an external source; and (ii) any Load from a load bank used in conjunction with the generator when responding to NYISO dispatch under Section 4.12.3.

A Special Case Resource may specify generation in excess of its facility load, provided that it has installed metering capability satisfactory to the NYISO in order to quantify the net load change during a curtailment. Such resources must certify to the NYISO that they have obtained all necessary regulatory approvals to sell energy at wholesale and meet applicable utility interconnection and delivery (including metering) requirements. Energy payment rates for such generation in excess of load shall not exceed the applicable real-time LBMP.

Special Case Resources must meet the qualifications and comply with the procedures described below. A RIP claiming Unforced Capacity from Special Case Resources must comply with the requirements and procedures set forth below.

The Unforced Capacity of Special Case Resources may only be offered in auctions administered by the NYISO or be claimed by an LSE towards its LSE Unforced Capacity Obligation in even increments of 100 kW (e.g. 590 kW of Unforced Capacity would be rounded down to 500 kW). However, Special Case Resources may be aggregated to minimize the effect of this requirement, provided that each such aggregation is identified as a single block of Unforced Capacity. Aggregations of this type may only be used to meet the 100 kW block requirement but cannot be used to allow over-performance by one Special Case Resource to compensate for under-performance by another Special Case Resource. The performances of each Special Case Resource shall be reported individually using the Special Case Resource Workbook and shall be tracked in accordance with the procedures contained in this Section 4.12. Performance measurements will be calculated in accordance with Section 3.3 of Attachment J to this Manual.

RIP performance will be based on the performance of its overall portfolio of Special Case Resources. A RIP will not be charged with a deficiency penalty if the total performance of its individual Special Case Resources meets or exceeds the total capacity it is committed to supply from all of its individual Special Case Resources. If the RIP's

portfolio of Special Case Resources does not meet its full commitment, the RIP will be subject to deficiency penalties as applicable to any Installed Capacity Resource.

The NYISO will also allow participation by aggregations of small customers using alternative metering and performance measurement subject to the procedures and limitations set forth in Section 3.8 of the *NYISO Emergency Demand Response Program Manual*, except that the total of all such aggregations for Special Case Resources shall not exceed 100 MW.

#### **4.12.3 Minimum Payment Nomination Requirements**

For each month in which a Special Case Resource supplies Unforced Capacity to the NYCA, the RIP, or its assignee, must submit a Minimum Payment Nomination to the NYISO that will reflect the minimum guarantee price the Special Case Resource will be paid if called upon to reduce Load equal to the Installed Capacity Equivalent of the amount of Unforced Capacity it has supplied. There is no minimum Minimum Payment Nomination and a Special Case Resource's Minimum Payment Nomination cannot exceed \$500/MWh. This Minimum Payment Nomination, or Energy curtailment payment designation, associated with a Special Case Resource's Unforced Capacity will not be entered in the Day-Ahead Market, but instead will serve as a strike price that the NYISO can use to prioritize which Special Case Resources to call. Unlike a Generator or other Resource's Bid to supply Energy associated with Unforced Capacity, a Special Case Resource's Minimum Payment Nomination cannot be revised prior to Settlement in the Day-Ahead Market. A Special Case Resource's Minimum Payment Nomination is set for the entire month.

Special Case Resource Minimum Payment Nominations to perform at a minimum payment for Load reduction must be submitted at the same time all Installed Capacity Suppliers are required to submit their monthly Installed Capacity Supplier certification forms. See Section 4.7 of this Manual. Special Case Resource Minimum Payment Nominations must be submitted to the NYISO using the SCR Workbook located on the NYISO website at <http://www.nyiso.com/public/products/icap/auctions.jsp>. Responsible Interface Parties must submit Minimum Payment Nominations for all qualified Special Case Resources, regardless of whether, at the time of the submission, a qualified Special Case Resource has committed to supply Unforced Capacity in the NYCA market during the upcoming month. Once submitted, a Special Case Resource's Minimum Payment Nomination will remain in effect for the life of the Special Case Resource unless superseded by a successive Minimum Payment Nomination.

Special Case Resource Minimum Payment Nominations will be entered in a separate database and used only when the NYISO Operations department determines the need to call on these Resources in accordance with the NYISO Emergency Operations Manual. In the event the NYISO Operations department makes such a determination, the

Minimum Payment Nominations placed for each Special Case Resource will allow the NYISO to call for Load reduction based on Special Case Resource zone location and price. As a result, the NYISO will be able to call less than the total pool of Special Case Resources in the NYCA and in each NYCA zone.

As an example, the NYISO may determine that it needs a Demand Reduction response of 25 MW in Zone J. A total of 50 MW of Special Case Resources located in Zone J is supplying Unforced Capacity. For this example, assume that each MW of Special Case Resource Capacity entered a different Minimum Payment Nomination, from \$0/MWh to \$500/MWh. In order to fulfill its need for 25 additional MW of reserves, the NYISO will call the 25 MWs of Special Case Resources in economic order based on their submitted Minimum Payment Nominations starting with the lowest values. See Section 4.12.8 for situations where multiple Special Case Resources have placed the same top Minimum Payment Nomination called upon by the NYISO and the total MW offered at that price exceed the ISO's needs.

#### **4.12.4 Performance**

A Special Case Resource must make Energy available, for a minimum four (4) hour block (except where environmental constraints that have been previously considered and approved by the NYISO require a shorter block), in amounts that correspond to the Installed Capacity Equivalent of the amount of Unforced Capacity it supplies to the NYCA, by reducing Load or by transferring Load to a distributed generator. The obligation to reduce Load or to transfer Load to a distributed generator shall commence at the top of the hour after the NYISO has provided the following notices:

- (a) on the day before the Special Case Resource's performance may be required, the NYISO shall provide twenty-one (21) hour notice to the RIP, so long as notification is provided by 3:00 PM ET. If notice is provided to the RIP after 3:00 PM ET on the day before the Special Case Resource's performance may be required, then the NYISO shall instead provide twenty-four (24) hours notice;
- (b) following the advance notice described in (a) above, on the operating day the NYISO shall provide at least two (2) hours notice to the RIP that the Special Case Resource's performance will be required. The Special Case Resource shall reduce its Load or to transfer Load to a distributed generator (as appropriate) commencing at the top of the hour immediately after the two-hour notice period has expired. In the alternative, the NYISO may specify the hour at which the Special Case Resource shall commence performance of its obligation by reducing its Load or to transferring Load to a distributed generator (as appropriate), so long as the start hour specified by the NYISO is at least two hours in the future.

If the Special Case Resource is unable to provide full output within two (2) hours due to operational constraints, the RIP may petition the NYISO for permission to provide maximum output from the Special Case Resource within a longer period. The ISO's permission will not be unreasonably withheld. In granting permission, the NYISO will calculate the appropriate de-rating factor for use in determining the amount of Unforced Capacity that such Special Case Resource can provide in the future.

The NYISO will use the average of the one-hour peak Loads during the noon to 8 PM time period during the four (4) middle months in ~~each the Prior Equivalent~~ Capability Period to create a Special Case Resource Average Peak Monthly Demand ("APMD") baseline. The NYISO will use the Summer 2006 Capability Period ~~APMD performance to calculate the~~ baseline and this APMD methodology will be applied to all curtailable Load Special Case Resources beginning with the Summer 2007 Capability Period.

If a new resource has no interval billing meter data from the ~~Prior Equivalent~~~~prior like~~ Capability Period, its Installed Capacity ~~baseline~~ value may be provisionally based on billing demand data. Such declarations will be subject to actual in-period verification using actual interval billing meter data for the applicable Capability Period and the resource's performance during an event or audits that rely on estimated data shall be subject to all the same deficiency payments and forward deratings as apply to all other Special Case Resources.

In the case where a Special Case Resource is using a distributed generator for demand reduction, the Installed Capacity value of that Special Case Resource is based on the net contribution to reducing the NYCA peak Load in the prior Capability Year. Beginning with the Summer 2007 Capability Period,<sup>1</sup> the normal production level of the distributed generator does not qualify as Special Case Resource capacity except as provided below. For example, a back-up generator that was not operating during the prior year NYCA peak would qualify for full output value less associated parasitic consumption, auxiliary and load bank Load, if any. A generator that was operating during the prior NYCA peak would only get Capacity credit for the net increase over its contribution to the prior year's NYCA peak Load.

An exception is made when the LSE, Transmission District and NYCA peak Load upon which Installed Capacity requirements were based are grossed up to account for the Special Case Resource's operation. Under these circumstances the Special Case Resource would be treated as a back-up generator that was not operating during the prior year NYCA peak. Special Case Resources that use a distributed generator for demand reduction during the NYCA peak Load period and that desire to qualify this demand reduction as Installed Capacity must authorize the RIP to request such treatment of the

---

<sup>1</sup> NYISO note: To the extent the addition of this deferral to the beginning of the Summer 2007 Capability Period conflicts with the requirements of §5.12.11(a) of the Services Tariff, the NYISO and the Market Participants are obligated to comply with the tariff.

## NYISO INSTALLED CAPACITY MANUAL

### DRAFT Revisions to Special Case Resource provisions for DISCUSSION ONLY at PRL (1/31/07) and Installed Capacity WG (2/12/07)

NYISO. The RIP must, in turn, notify the NYISO of the Special Case Resource's authorization to treat the Special Case Resource generator's production as Installed Capacity by December 31st for the next Capability Year. The NYISO will then assume responsibility for notifying the Transmission Owner in whose Transmission District the Special Case Resource generator exists and ensure that the generator demand reduction is properly accounted for in the relevant Transmission District Load forecast. The SCR Workbook used to register and report performance in accordance with these procedures, along with detailed instructions on its use, is located on the NYISO website at <http://www.nyiso.com/public/products/icap/auctions.jsp>.

Small customer aggregations as described in Section 4.12.2 of this Manual will use the baseline methodology ~~methodology~~ CBL as defined in Section 3.8 of the NYISO Emergency Demand Response Program Manual to establish their Installed Capacity baseline.

A Special Case Resource may be required by the NYISO to demonstrate its pledged Load reduction capability once in every Capability Period for a period not to exceed one clock hour if it has not otherwise already been called by the NYISO to reduce Load in such period. There will be no Energy payments for these one hour audits. Audits will be conducted only during DMNC Test Periods. The NYISO will not ordinarily require a Special Case Resource to demonstrate its pledged Load reduction capability via an audit until such time as it appears unlikely that a Special Case Resource event will be called in the relevant Capability Period.

For purposes of determining deficiencies, Special Case Resources must demonstrate their pledged load reduction for a minimum of one hour each Capability Period. This demonstration must be during an actual called Special Case Resource event. If there are no such Special Case Resource events, one-hour audit results will be used. If a Special Case Resource does not meet its pledged Load reduction during any event, or if there is no event and the audit result is applied, the Special Case Resource will be subject to derating for two future ~~the next like~~ Capability Periods and the RIP will be subject to deficiency penalties if the overall performance of all Special Case Resources in the RIP portfolio is less than that committed and certified in accordance with the applicable calculations in Section 3.3 of Attachment J to this Manual. This methodology will be implemented commencing with the Summer 2006 Capability Period.

UCAP values will be calculated for each Special Case Resource in accordance with Section 3.3 of Attachment J to this Manual. Performance will be based on all reported hours during all called Special Case Resource events in a Capability Period and will apply to the next like Capability Period. If results are reported for any audits during a Capability Period, they will also count toward determining the UCAP value for each Special Case Resource. For example, if there are no Special Case Resource events, then

audit results will apply. If an audit is conducted in August and there are subsequent Special Case Resource events, all event hours will apply plus the audit hour.

In the event that a Special Case Resource located at a retail customer was in operation (in the case of a distributed generator) or providing Load reduction (in the case of interruptible Load), at the time of the system or Transmission District peak upon which the Minimum Unforced Capacity Requirement of the LSE serving that customer is based, the LSE's Minimum Unforced Capacity Requirement shall be increased by the amount of Load that was served or interrupted by the Special Case Resource.

#### **4.12.5 NYISO Notification Procedures**

The NYISO will provide twenty-one (21) hour-ahead notification if notification is provided by 3:00 PM ET, or twenty-four (24) hour notice otherwise, and two (2) hour notice, as required by this Manual (and described in Section 4.12.4, above), to the RIP. The former notification will be provided after 11 am, day-ahead, when the Day-Ahead Market closes. The NYISO commits not to use the day-ahead notification of potential need to operate indiscriminately but rather only when the Day-Ahead Market indicates potential serious shortages of supply for the next day in accordance with the Emergency Operations Manual. The day-ahead notice may occur on a weekend day or a holiday, as needed.

The NYISO shall provide notice no less than two (2) hours ahead of required operation or interruption, in the manner described in Section 4.12.4, above. Requested hours of operation within the two hour notification window ~~and/or beyond the maximum 4 hours obligation~~ will be considered voluntary for purposes of performance measurement. Notifications will normally be specified from, and to, specific clock hours, on-the hour. Performance calculations and energy payments will only be calculated for energy reductions for whole clock hours; i.e. from 13:00 to 14:00, 14:00 to 15:00, etc.

Responsible Interface Parties shall contact their Special Case Resources through whatever communication protocols are agreed to between the Special Case Resources and the RIPS. Communication from the RIP to the Special Case Resource is the responsibility of the RIP. Such communication is subject to review by the NYISO. Any misrepresentation of the NYISO program in such notifications is subject to sanction by the NYISO, up to and including disqualification as a RIP.

Responsible Interface Parties claiming Special Case Resource Unforced Capacity shall provide the NYISO with their phone and Internet contact information that allows for notification by the NYISO at any time. Responsible Interface Parties shall confirm receipt of both instances of notification (day-ahead and two (2) hour) within 1 hour by Internet or telephone reply to the NYISO. Such reply must confirm the relay of proper notification by the RIPS to their Special Case Resource clients, where applicable.

#### **4.12.6 Capacity Adjustment Procedures**

Seasonal performance factors will be calculated in accordance with Attachment J of this Manual. Existing Special Case Resources that have a performance record from the [Prior Equivalent](#)~~prior like~~ Capability Period will have initial Unforced Capacity values determined based on this calculation. New Special Case Resources will be assigned Unforced Capacity values based on the ratio of the sum of all Unforced Capacity values to the sum of all Installed Capacity values of all Special Case Resources in the associated RIP's portfolio of resources in accordance with calculations set forth in Section 3.3 of Attachment J. Necessary metrics will be collected beginning with the Summer 2006 Capability Period. This methodology will apply beginning with the Summer 2007 Capability Period.

A Special Case Resource that fails to respond to RIP notification by reaching pledged Load reduction capability or maximum pledged generator output within two (2) hours following notice from the NYISO to the RIP, or that fails to provide output for the period required by the NYISO ~~or four (4) hours, whichever is less~~, will be considered forced out (for unperformed hours) for purposes of calculating the Unforced Capacity value of the Special Case Resource for future Obligation Procurement Periods. See [Attachment J](#) of this Manual for further explanation of a Special Case Resource's Unforced Capacity value.

A Special Case Resource that has successfully petitioned the NYISO for permission to reach pledged Load reduction or maximum output in more than two (2) hours will be considered forced out in the amount of Unforced Capacity not backed by Energy for the period starting two (2) hours following the notice from the NYISO to the RIP until the Special Case Resource attains pledged Load reduction or maximum output.

A Special Case Resource (SCR) that cannot operate for the full four (4) hours when called for by the ISO, due to environmental permit limits or otherwise, shall be considered forced out for the hours it is unable to operate or is operated at reduced output.

#### **4.12.7 RIP Requirements**

In addition to other requirements under this Section 4.12, a RIP claiming Unforced Capacity from a Special Case Resource for sale into a NYISO-administered auction or for its own requirements (in the case of a RIP, which is an LSE) shall fulfill the following obligations:

- Submit to the NYISO a letter from each Special Case Resource authorizing the RIP to act on behalf of the Special Case Resource during each Capability Period. The letter must specify that the RIP has authority to sell the Special Case Resource's Unforced Capacity, act as the organization of record for all

financial transactions, and should be signed by an authorized representative of the Special Case Resource.

- Notify the NYISO in advance, as provided in Section 4.3.3, whenever the Special Case Resource is unavailable to provide its pledged Load reduction.
- Report operating data to the NYISO as required in Section 4.4.7 using the SCR Workbook located on the NYISO website at <http://www.nyiso.com/public/products/icap/auctions.jsp>
- Make certifications to the NYISO each month as provided in Section 4.7.
- Document reductions in Load with interval billing meter readings on customer Load (or with interval readings on the distributed generator(s) in the case of a Special Case Resource whose performance is calculated under Section 3.3 of [Attachment J](#)) for the ~~four (4) hour~~ period following the two (2) hour NYISO notice under Section 4.12.4. See Section 6 of the Emergency Demand Response Program Manual for metering requirements. In the event that Energy made available from Special Case Resource Unforced Capacity is a small percentage of the total metered Load at the location of the Special Case Resource, such that it may not be clearly reflected by meter reads alone, the NYISO will also accept operations logs to augment metered output to ensure accurate verification.
- The RIP (including a Transmission Owner that is a RIP) shall retain all interval meter readings upon which it bases its certification of compliance, for a period of three (3) years.

#### **4.12.8 Special Case Resource Demand Response Payments**

Except in the case of an audit test, which may require performance for up to one hour in each Capability Period, each time a Special Case Resource is called upon to perform, it will receive an Energy payment for the amount of Load reduction resulting from its performance, measured in terms of the Energy supplied during each clock hour of its performance using the Energy calculation methodology specified in the EDRP Manual. If the NYISO requests performance by Special Case Resources for more than four (4) hours, each Special Case Resource shall be paid for the duration of the event in accordance with this Section 4.12.8, starting with the hour specified by the NYISO as the starting time of the activation, or, in the event that the NYISO specified that the Demand Reduction begin as soon as possible, starting with the next whole clock-hour at which the Special Case Resource began its response. Each Special Case Resource shall be paid the zonal Real-Time LBMP per MWh of Energy reduced for the duration of the event. Payment for Special Case Resource Load reductions are conditioned upon verification of performance for the time period requested by the NYISO.

If the NYISO requests performance by Special Case Resources for four (4) hours or less, each Special Case Resource shall be paid as if it had been activated for four (4) hours. Each Special Case Resource that reduces demand shall receive a payment consistent with the scarcity pricing rules, in accordance with this Section 4.12.8, for the duration of the NYISO request or for two (2) hours, whichever is greater, starting with the hour specified by the NYISO as the starting time of the event, or, if the NYISO specified that the Demand Reduction begin as soon as possible, starting with the hour that the Special Case Resource began to perform. Each Special Case Resource shall be paid the zonal Real-Time LBMP per MWh of Load reduced for the four-hour minimum payment period. Payment for Special Case Resource Load reductions is conditioned upon verification of performance for the time period requested by the NYISO.

Special Case Resource Minimum Payment Nominations would be eligible to participate in the LBMP price setting under the scarcity pricing rules, which permit Bids, or in this case Minimum Payment Nominations, to set prices if at least one (1) MW of Special Case Resource Capacity is needed to satisfy the total reserve requirement, following performance and verification. In the event that a Special Case Resource's Minimum Payment Nomination total for the number of hours of requested performance exceeds the LBMP revenue that Special Case Resource receives, that Special Case Resource will be eligible for a Bid Production Cost Guarantee to make up the difference.

When more than one Special Case Resource has submitted the highest Minimum Payment Nomination selected by the NYISO to perform during an event, the NYISO will specify the number of MWs of the amount of Special Case Resources that must perform during that event such that all such resources are selected in the same zone provided that single source resources shall be taken without being called upon for partial performance.

To continue the example listed in Section 4.12.3, each Special Case Resource that was called to perform in Zone J would be paid the greater of its Minimum Payment Nomination or the applicable LBMP per MW per hour of requested performance following verification of performance of Demand Reduction. When at least one (1) MW of Special Case Resource Capacity is needed to satisfy the total reserve requirement, the Minimum Payment Nominations submitted by these Resources may be considered when determining the LBMP.

#### **4.12.9 NYISO Verification**

The NYISO retains the right to audit any records kept by the RIP, the Transmission Owner, or the Special Case Resource that are used to support the RIP's certification of compliance with the procedures set forth in this Section 4.12. dures.