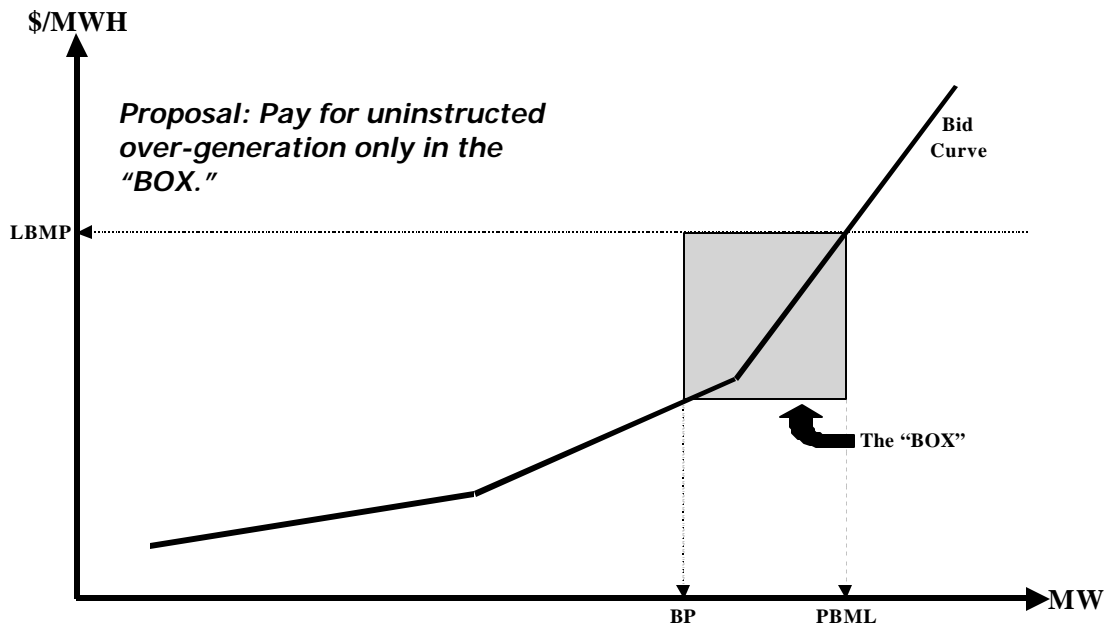


Payment to Generators for Uninstructed Over Generation

Issue Discussion:

Under existing NYISO rules only dispatchable units will receive in-hour schedule changes except during reserve pickup periods. Units that could otherwise move in-hour are then subject to both regulation performance penalties and any under/over generation is not compensated. Under NYISO operations the SCD program will set schedules which are based on both economics and to meet reliability criteria. An ongoing operations issue is during load pickup periods and the inability of the dispatch units from meeting the required ramp. This results in an increase in reserve pickup dispatches. This problem could be resolved if more units were bidding to be on dispatch. The NYISO, through the Focus Group has issued a questionnaire to document the reasons for units not supplying dispatch service. Results of the responses will be forwarded to the membership as soon as possible. The payment for uninstructed over generation has two targets. Units that are on dispatch are not paid and thus appear to continually under generate and in most cases wait for the accumulating base point to give a clear indication that the signal is not a 5 minute anomaly. For off dispatch units any assistance that they could provide is not allowed. The downside of allowing uninstructed generation in any direction is that the operation of the unit could aggravate a reliability constraint and their operation could cause sub-optimal BME solutions if their true operating desires are not indicated.



Staff Discussion:

1. All units would be required to be scheduled by BME. Any units operating without a BME schedule will be assumed to be in start up mode and will not be eligible for any other compensation.
2. Units would be paid for actual output if the output were consistent with the prevailing LBMP and their bid curve within ramp constraints.
3. Incidental generation above the price as described in 2 would be compensated.
4. Reduce accumulating base points to two intervals (needs further discussion).
5. No supplemental payments will be made to units that choose to run to a fixed schedule.

6. Institute an incentive payment for units to be on dispatch. The basis of the rules would be:
 - Tied to regulation costs
 - Pool of Money should be less than regulation since this is a lesser quality of service.
7. Units providing reserve services would not be paid for energy in that portion of their output that is being held back for reserves. Lost opportunity payments will be made and the unit would lose the opportunity payment for any MWs violated in the reserve region.

Success Measurement:

- Reduce reserve pickups for large PCE's.
- Reduced price volatility.
- Reduce overall costs,
- Reduce regulation requirements.
- Increase number of units on dispatch.

Tariff Discussion:

Tariff changes would be required, specific rules regarding the definition of incidental over generation that qualifies for payment could be handled in manuals. The staff also identified that the NYMOC training would have to be supplemented so those participants would have a clear understanding of when they qualify for payments.