

Real Time Guarantee Payment Impact Test

Scheduling & Pricing Working Group
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Draft—For Discussion Purposes Only

Recovery of Costs Incurred by SRE or OOM Generators

- In order to address Market Participant concerns regarding the NYISO's implementation of its going-forward Real-Time guarantee payment impact test (RTGP Test), the NYISO will re-issue its Technical Bulletin (TB) No. 67 with additional language covering implementation of the RTGP Test, or issue a new TB that focuses on RTGP mitigation.
- The new or revised TB will include explicit details of the recovery of extraordinary in-day costs by generators committed via SRE or OOM, to flesh out the NYISO's obligation under §3.1.4 of the MMM to ensure that reference levels reflect all legitimate Generator costs.

Including Costs In RTGP Reference Levels

- Proposed language of the TB:
 - Consistent with Section 3.1.4 of the Market Mitigation Measures, Generators committed by SRE or OOM after the DAM has posted may contact MMP to have their RTGP Test reference levels adjusted to include the following verifiable, extraordinary costs:
 - the cost of procuring fuel at prices that exceed the index prices used to calculate the appropriate reference level;
 - the cost of burning a type of fuel or blend of fuels that is not reflected in the Generator's reference levels
 - gas balancing penalties; and
 - Operational Flow Order penalties.

Including Costs In RTGP Reference Levels, Cont.

- MMP shall adjust the SRE or OOM committed Generator's RTGP Test reference level to include the four types of extraordinary costs described above, so long as:
 - the Generator specifically and accurately identifies the extraordinary costs it will incur or has incurred to operate during the specific hour(s) of the SRE/OOM commitment;
 - the Generator engages in a good-faith effort to procure fuel at the lowest reasonable cost, given the circumstances it is presented with;
 - the Generator provides after the fact documentation to the NYISO of the costs it actually incurred; and
 - the costs are not already reflected in the Generator's reference levels.
- If some or all of the costs claimed by the Generator during the consultation process are/were not, in fact, incurred, the NYISO will re-test using appropriate reference levels to determine if the generator failed the RTGP Test and will mitigate if conduct + impact are found.

Including Costs In RTGP Reference Levels, Cont.

- In accordance with Sections 3.1.4 and 3.3 of the MMM, Generators have the right to request modifications to reference levels to address other verifiable costs. However, the NYISO's pre-commitment to adjust reference levels will be limited to the four types of costs described in slide 3.
- In the TB the NYISO will also explicitly state that it will not change the cost recovery provisions of the TB until it presents its changes for discussion at a working group, responds to questions and takes comments from its Market Participants, in addition to posting the TB for comment.

E-Mail Notification When Mitigation Occurs

- The NYISO agrees to the request that it send out e-mail notices to potentially impacted entities to let them know when it has made a preliminary determination that mitigation may be appropriate based on its RTGP Test.
- In the morning, two days after the relevant operating day (on Monday if the operating day was a Thursday or Friday), the NYISO will send e-mails to the potentially impacted entity informing it of potential RTGP mitigation, asking it to review its DSS data, and inviting the entity to call MMP and consult regarding its reference levels, or to otherwise explain why its Bids were consistent with competitive behavior.
- In order to implement e-mail notification, the NYISO will require all MPs to set up secure e-mail boxes to which the NYISO will send e-mails informing of potential mitigation. The NYISO is requiring the use of generic mailboxes in order to ensure that there is no “gap” in the NYISO’s ability to contact a potential mitigation candidate due to changes in organizational structure or personnel.

Effect of Price Corrections on RTGP Test

- Price corrections must be completed within a relatively short period after a notice is issued.
- Price corrections may affect all aspects of the settlement (change market outcomes).
- Given the short time frame by which price corrections must occur, the NYISO does not believe it is appropriate to treat RTGP-based mitigation differently from the other changes that result when prices are corrected.

Effect of Changes to Metering Data on the RTGP Test

- Meter data is readily available to the generator.
 - Meter data is ordinarily reported by the TO.
 - Meter data is presently corrected at the four month and one year true-ups.
- Inaccurate metering may be raised with MMP in the consultation process.
- Revised metering data will not affect whether or not a Generator's Bids passed/failed the conduct tests, it only affects the determination of RTGP impact.
 - **Revised meter data can result in mitigation or can reverse a previous determination that mitigation was appropriate.** It is only expected to affect generators that are very close to the applicable RTGP threshold and generators that would not be eligible to receive any BPCG payment at all if their conduct-failing bid components were mitigated.
- Consistent with other billing practices, The NYISO believes it is appropriate to permit revised metering data to affect the RTGP impact determination.
 - Creating inconsistencies between energy, ancillary and BPCG payments is not appropriate.
 - Substantial coding and resources would be necessary to isolate RT BPCG payments so that they do not reflect metering changes.

August Software Deployment

- The software that is being deployed in August will not perform the RTGP test on a going-forward basis; it will only identify settlement data that may require correction for past months, per FERC's April 7, 2006 order in Docket No. ER06-185.
 - The NYISO will use the software to identify potential corrections to settlement data from February 2005 to the date the NYISO implements the going-forward RTGP impact test.
 - The NYISO expects that the going-forward RTGP Test will be deployed in October 2006.
- The software will be applied before months are posted for 30-day final bill review.