

new • york • independent • system • operator

nyiso Installed Capacity Manual

4.08.03
Clean Version 4.0

new • york • independent • system • operator

This document was prepared by:

New York Independent System Operator
3890 Carman Rd
Schenectady, NY 12303
(518) 356 6060
www.nyiso.com

Disclaimer

The information contained within this Manual, along with the other NYISO Manuals, is intended to be used for informational purposes and is subject to change. The NYISO is not responsible for the user's reliance on these publications, or for any erroneous or misleading material.

**Clean, Revised Section 1--Draft Version 4 of the NYISO Installed Capacity Manual -
- Demand Curve, SCR Energy Strike Price and Miscellaneous April 2003**

Version History

Version 1:
Installed Capacity manual

Version 2 - Stage 1

Version 3 - Stage 1A

Version 4

More detail and history to be added

1.0 Introduction

The New York Independent System Operator's Installed Capacity manual (the "Manual") contains the procedures that will be followed by the New York Independent System Operator (the "ISO") and its Customers with regard to the Installed Capacity markets and auctions administered by the ISO pursuant to the ISO Services Tariff. The Installed Capacity Market provisions are discussed generally at Sections 5.9 through 5.16 of the ISO Services Tariff that was filed at FERC on February 1, 2000, and amended thereafter by subsequent filings with the FERC. FERC accepted the February 1, 2000 filing on March 29, 2000 in Order ER00-1483-000. Sections 5.9 through 5.16 were continued through the 2001 Summer Capability Period, pursuant to the ISO's February 9, 2001 filing approved by FERC on March 28, 2001.

Starting with the 2001-2002 Winter Capability Period, the ISO will implement a revised Installed Capacity market design in the NYCA. The framework of the revised market design is similar to the "transitional market design" in place in New York State since the 2000 Summer Capability Period. In two respects, however, it differs from the transitional market design significantly. First, the length of the Obligation Procurement Period under the revised market design will be reduced from six (6) months to one (1) month. LSEs will have to procure sufficient Capacity on a monthly basis. Similarly, Installed Capacity Suppliers will be rated on a monthly basis and allowed to qualify new Capacity at any time. Installed Capacity Suppliers and LSEs remain free to buy and sell Unforced Capacity for periods longer than a month, and the ISO will continue to administer Capability Period (strip) Auctions.

Second, the ISO will use an Unforced Capacity methodology starting November 2001 to determine the amount of Capacity that each Resource is qualified to supply to the NYCA, and to determine the Capacity requirements of LSEs. The Unforced Capacity methodology estimates the probability that a Resource is available to serve Load, taking into account forced outages. Section 2.194a of the ISO Services Tariff defines Unforced Capacity as follows:

The measure by which Installed Capacity Suppliers will be rated, in accordance with formulae set forth in the ISO Procedures, to quantify the extent of their contribution to satisfy the NYCA Minimum Installed Capacity Requirement, and which will be used to measure the portion of that NYCA Minimum Installed Capacity Requirement for which each LSE is responsible.

While the ISO uses an Unforced Capacity methodology, this Manual and the ISO Services Tariff refer to the term "Installed Capacity" to describe the market as opposed to the product. For example, the ISO administers "Installed Capacity auctions" where "Installed Capacity Suppliers" offer "Unforced Capacity" that LSEs will purchase to meet their "NYCA Minimum Installed Capacity Requirements."

**Clean, Revised Section 1--Draft Version 4 of the NYISO Installed Capacity Manual -
- Demand Curve, SCR Energy Strike Price and Miscellaneous April 2003**

Every Capability Year, the ISO will translate the NYCA Minimum Installed Capacity Requirement into a NYCA Minimum Unforced Capacity Requirement (see sections 2.5 and 3.2 of this Manual). From the NYCA Minimum Unforced Capacity Requirement, the ISO will then calculate and establish each LSE's "Unforced Capacity requirement." On the supply side, the ISO will compile 12-month rolling averages of Operating Data that it will use to determine the amount of Unforced Capacity that each Installed Capacity Supplier is qualified to supply to the NYCA (see section 4.5 of this Manual). Thus, Market Participants will transact Unforced Capacity in Installed Capacity auctions and Bilateral Transactions starting with the 2001-2002 Winter Capability Period.

Capitalized terms used in this Manual shall have the same meaning as prescribed in the ISO Services Tariff, unless otherwise defined, excepted, or noted in this Manual.