



draft Technical Bulletin

#107

4/21/2003

Subject: Changes to the NYISO Special Case Resource (SCR) Program

Effective May 1, 2003, an SCR program participant will be selected for NYISO requested load reductions in economic order based upon its submitted Minimum Payment Nomination. In addition, SCR program participants will be selected to address anticipated NYISO load reduction requirements prior to activation of the Emergency Demand Reduction Program (EDRP).

Details:

Effective May 1, 2003 the NYISO Special Case Resource and Emergency Demand Response Programs will be called upon independently in the event of a forecast reserve shortage condition. Special Case Resources will be called prior to the activation of the EDRP when load reduction is required. SCR program participants will also be compensated for verified load reductions, and the Minimum Payment Nomination (strike price) will be eligible to set the LBMP.

These new rules provide the NYISO with the flexibility to address a forecast reserve shortage condition on a zonal or control area wide basis by providing the NYISO with the ability to respond with the appropriate amount of load reduction required to address the condition. In situations where less than 100 percent of the SCR resources are needed, these resources will be selected in economic order based upon their submitted Minimum Payment Nomination.

Independent SCR and EDRP programs

Effective with the implementation of these SCR program rule changes, SCRs and EDRP participants will be called upon independently when load reductions are required to address a forecast reserve shortage condition. The NYISO will call upon SCRs to curtail their ICAP MW load commitment prior to activating the EDRP, although the NYISO may simultaneously activate the EDRP if load reduction requirements exceed the SCR response anticipated.

Resources may participate in either the EDRP or SCR programs, but not both. Exceptions to this rule would be permitted if sufficient metering exists to distinguish between the specific load curtailments attributed to each program.

Minimum Payment Nomination

Special Case Resources will be selected in economic order based upon their submitted Minimum Payment Nomination. The Minimum Payment Nomination represents the effective "strike price" at which a Special Case Resource will execute its load curtailment obligation. The Minimum Payment Nomination for an SCR is not entered into the Day-

Ahead Market, but is eligible to set the Real-time LBMP consistent with NYISO scarcity pricing rules, and subject to performance verification.

Special Case Resource Minimum Payment Nominations and/or changes to the Minimum Payment Nominations must be submitted five (5) business days prior to the day that Installed Capacity suppliers are required to submit their monthly Installed Capacity supplier certification forms. The Responsible Interface Party (RIP) representing the SCR is responsible for submitting the Minimum Payment Nomination for the SCR. The Minimum Payment Nomination submitted will remain in effect until changed by the RIP. An SCR must designate a Minimum Payment Nomination to qualify for participation in the program. The Minimum Payment Nomination may not exceed \$500. Responsible Interface Parties should use the SCR Commitment Workbook located on the NYISO web site at <http://www.nyiso.com/markets/icapinfo.html#sum03> to submit their Minimum Payment Nomination. Special Case Resources that have registered with the NYISO, but have not sold their capacity, will be included in the EDRP for that period of time when their capacity is unsold, and will be called with EDRP participants when an EDRP event is activated.

Payments and performance

Each time a Special Case Resource is called upon to perform it will receive an energy payment consistent with its verified load reduction performance starting with the hour specified by the NYISO as the starting time of the activation. In the event that the NYISO calls for the demand reduction as soon as possible, the starting time will be the hour that the Special Case Resource began its response. Payments to SCRs for energy reduction will be calculated using the EDRP method as defined in Section 6 of the EDRP Manual which is located on the NYISO website at:

http://www.nyiso.com/services/documents/manuals/pdf/planning_manuals/edrp_2_28_03.pdf.

If the NYISO requests that a Special Case Resource perform for more than four hours¹, the Special Case Resource will be paid the zonal Real-time LBMP per MWh for its hours of participation during the event. If the NYISO requests that a Special Case Resource perform for four hours or less, the Special Case Resource will be paid the zonal Real-time LBMP per MWh as if it had been activated for four hours. Payments for Special Case Resource load reductions are subject to verification of performance for the time period requested by the NYISO.

In the event that the payment for a Special Case Resource is less than the Minimum Payment Nomination per MWh for the total number of hours that the Special Case Resource performed, then that Special Case Resource will be eligible for a Bid Production Cost Guarantee to make up the difference.

¹ An SCR is obligated to perform for a maximum of four hours. Performance beyond 4 hours is voluntary.

The RIP for a Special Case Resource is responsible for notifying the NYISO Planning and Operations Departments in the event that a change in the status of the Special Case Resource will cause the Special Case Resource to be unable to fulfill its load reduction obligation consistent with the unforced capacity it has supplied to the NYCA. If the Special Case Resource is unable to fulfill its load reduction obligation for up to four hours of an event², then the performance results will be used in calculating the unforced capacity that the Special Case Resource is eligible to provide. If the Special Case Resource is unable to meet its load reduction obligation for any hour of the event, then the Special Case Resource may be subject to a deficiency charge as well as a reduction in its unforced capacity value.

² Or the duration of the event if the event is called for less than four hours.