

Draft – For discussion only

Correction of “Injection Billing Unit” Definition in Rate Schedule 1

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Purpose of Correction Filing

- ◆ As part of the NYISO's Excellence-in-Execution initiative, the NYISO reviewed its billing and accounting software to verify that its computations are fully in accord with the NYISO's tariffs.
- ◆ In the course of its review, the NYISO identified an error in the definition of "injection billing unit" in Section 2A of Schedule 1 of its OATT (tariff sheet 231A) and Section 2 of Rate Schedule 1 of its Services Tariff (tariff sheet 251A).

Purpose of Correction Filing

- ◆ The NYISO proposes to correct the definition of “injection billing unit” so that the tariff language is consistent with the NYISO’s and MPs’ original intent expressed in the approved, December 5, 2001 MC motion, which defined the term.
- ◆ To apply the existing definition as written would result in an unjust allocation of 20% of the NYISO budget to only a small subset of suppliers making energy injections into the NYCA. Such an unjust allocation was clearly not intended.

Origin of Current Definition

- ◆ At start up, the NYISO's annual budget costs and FERC regulatory fees were covered 100% by load.
- ◆ In a May 31, 2002 filing, the NYISO changed the allocation of these costs so that "injection billing units" were responsible for 15% of the costs and "withdrawal billing units" were responsible for 85% of the costs. (In 2004, this was amended to 20%/80%.)
- ◆ In the December 5, 2001 MC motion approving the 15%/85% allocation, "injection billing units" were clearly defined to include "injections, excluding those from wheelthroughs, and sales to the NYISO market." A related May 2, 2002 MC motion again stated that "injection billing units" include "injections, excluding wheelthroughs, and sales to the NYISO market."

Origin of Current Definition

- ◆ In its May 31, 2002 filing, the NYISO defined injection billing units in the OATT as being “based on Scheduled Energy Injections to Import Energy into the LBMP Market in the New York Control Area.”
- ◆ In the same filing, the NYISO defined injection billing units in the Services Tariff as being based on a Customer’s “Actual Energy Injections to Import Energy into the LBMP market in the New York Control Area.”

Problems with the Current Definition

- ◆ The tariff language included in the May 31, 2002 filing was not written clearly and can be read in a manner that would allocate ISO costs to only a small subset of suppliers. This is clearly contrary to the NYISO's and MC's intent.

Problems with the Current Definition

- ◆ The current tariff language arguably limits the definition of an “injection billing unit” to imports (“to Import Energy”), which would exclude internal injections – injections within the NYCA. All evidence indicates that MPs did not intend that limitation.
- ◆ The tariff language also arguably does not exclude wheelthroughs from “injection billing units,” which was explicitly required by the MC motion.
- ◆ The tariff language also refers to the “LBMP Market,” when there are in fact two LBMP Markets. And, the tariff language in the Services Tariff and the OATT inconsistently base the billing injection units on “Actual Energy Injections” and “Scheduled Energy Injections,” respectively.

Current Settlement Procedures

- ◆ When making settlements, the NYISO currently includes all suppliers that inject energy into or within the NYCA in its definition of “injection billing units.”
- ◆ However, the NYISO does not currently exclude wheelthroughs from “injection billing units” as originally intended.
- ◆ The NYISO believes its staff programmed its settlement software based on the May 31, 2002 FERC filing letter and the subsequent FERC order, which was interpreted to include “all injections,” but failed to mention that wheelthroughs were to be excluded.

Proposed Corrections

- ◆ The NYISO proposes to correct the definition of “injection billing units” in both Schedule 1 of the OATT and Rate Schedule 1 of the Services Tariff so that it is consistent with the 2001 MC motion.
- ◆ The tariff language for both tariffs would read:
“[I]njection billing units shall be based on Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, excluding wheelthroughs.”

Next Steps

- ◆ The NYISO will act promptly and aggressively to correct the tariffs, to request any necessary FERC waivers, and to correct open settlements that are not consistent with the original MC motion.
- ◆ The NYISO will make a correction filing as soon as possible to correct the previous tariff language so that it is consistent with the original MC motion.
- ◆ The NYISO estimates that it will need to true up a total of approximately \$144,000 (to reimburse the injection charges for wheelthroughs for all currently open months) of RS-1 settlements to make settlements reflect MC intent.
- ◆ The NYISO's ability to true up bills that are set for posting for close-out will depend on FERC guidance.