

Import Rights at the Ontario-New York Border

Presentation by
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to the
NYISO ICAP Working Group

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Effect of New England Forward Capacity Market Transitional Period

- The transitional period for ICAP in New England (NE) started December 1, 2006
- Price paid for NE ICAP during this transitional period is substantially higher
- New market in NE has spillover effects in New York
- Besides impact on prices, no import rights from NE to NY have been secured starting Dec 1 2006
- **Will it be the same for summer 2007 ?**

Utilization of NY Import Rights at NE Border

Year	Winter (MW)	Summer (MW)
2004	950	508
2005	617	519
2006-7	0*	0 ?

*: Starting Dec 1, 2006

Impact of New NE ICAP Market in NY

- If NO import rights are requested from New England to New York for the summer 2007. . .
- . . .then only 2,605 MW of ICAP could be imported from externals
- This quantity is 150 MW short of the 2 755 MW limit currently imposed on external ICAP

Import Rights Availability
Scenario for Summer 2007

Summer Max	2,755
Grandfathered	222
Secured PJM	1,183
Secured HQ	1,200
Secured NE	0
Secured Ontario	0
Total Secured	2,605
Remaining	150

HQUS' Request to Open Ontario Border for ICAP Sales

- Currently, the NYISO DOES NOT make Import Rights available at the Ontario interface (except for 55 MW of grandfathered contracts)
- Reason ? Suppliers located in Ontario are not eligible to sell ICAP in New York
- However, suppliers located in other control areas are able to wheel ICAP through Ontario
- PROBLEM: There are no Import Rights made available at the Ontario border

Simple Changes Required in NY ICAP Manual

- In our opinion:
 - No changes needed in the Services Tariff or OATT
 - The only changes needed are in Attachment B of the NYISO's ICAP Manual
 - Set new limit on import rights for the Ontario interconnection
 - Clarify that import rights are available for wheel throughs
 - Exclusion of Ontario generation is indicated in sect. 4.10.1 of the ICAP Manual but section DOES NOT NEED any change

Actions Taken So Far at the Request of HQUS

- NYSRC is incorporating a sensitivity case in the IRM study using a minimum of 300 MW of ICAP coming into NY from the Ontario-NY border
- The IESO has clarified in its market rules that ICAP contracts that are wheeled through Ontario will not be curtailed if Ontario is capacity deficient
- New language in IESO Market Rules effective : **December 6, 2006**

Actions Remaining to Be Done

- Estimation by the NYISO of the number of Import Rights to be made available at the Ontario border for wheel-through transactions
- Incorporate this change in the ICAP Manual
- Changes would be effective at the beginning of the 2007-8 capability year : **May 1, 2007**