
NYISO President's Report

*Management Committee Meeting
March 2, 2005*

Agenda #3

Report Items

- Introduction of Mark Lynch – New NYISO CEO
- Market Performance Highlights
- New Facility Update
- Inadvertent AMP Operations
- Final TCC Issue Resolution

Price Correction Update

- Day Ahead Market prices accurate and reliable
- Several minor issues affecting real-time market
 - ✓ Load Forecasting misalignment between short-term and long-term models (fixed Feb. 4)
 - ✓ Unit ramping logic mismatch between commitment (RTC) and dispatch (RTD) software (fixed Feb. 22)
- Price Correction Approach / Schedule
 - ✓ RTC prices will replace RTD prices, Feb.1-4 (Done)
 - ✓ RTD intervals will be re-run with fixed ramping logic, Feb. 5-22 (Corrections to be posted in mid-March)

NYCA-Wide AMP Events in January 2005

- The Day-Ahead AMP fired on five days in January:
 - 17 January: two units for seven hours.
 - 20 January: one unit for one hour.
 - 24 January: seven units for 69 hours.
 - 25 January: one unit for one hour.
 - 27 January: two units for two hours.
- The 17, 20, 25, and 27 January mitigations were only on Long Island.
- The 24 January mitigations took place on Long Island, in Capital, Central, Genesee, and West.
 - The cause of the multiple zone mitigations was a rarely-seen contingency becoming active, causing the North Zone to separate from West-of-Total/East.

Circumstances: Prices, Impacts

- For NYCA-wide AMP to trigger, some zonal LBMP(s) had to exceed \$150 for one or more hours.
- For AMP to fire, there had to be both conduct and impact.
- There was no LBMP impact on the days in question (i.e., the change in LBMP was less than \$100).
- In all of the mitigations, one of the two Guarantee Payment tests showed impact.
- In most hours on most days, the LBMP impact was less than \$1.
- On 24 January the largest impacts were in HB9, north of NYC and LI:
 - Millwood reached almost \$16;
 - Hudson Valley reached almost \$15;
 - the impact in Capital was \$13.55; and
 - the impact in North was \$13.33.
- An upper bound for the Guarantee Payment impact is \$3.2 million over the days in question.

Current and Future Actions

- Market Monitoring, the Market Advisor, and Market Operations have determined that the implementation of one of the Guarantee Payment tests had unintended consequences:
 - The construct of the test equation was such that it tended to indicate large percentage impacts when dollar impacts were small.
 - Units that should not have been selected were committed with mitigated offers.
- After discussion, and with an explanation to the market, the problematic Guarantee Payment test was turned off.
 - AMP is still active for both incremental energy and the remaining Guarantee Payment test.

Current and Future Actions, (cont'd)

- While the problem was manifest under statewide AMP, MMP has examined all NYC mitigations back to May '04 to determine if there were similar events.
 - All but thirteen instances of in-City mitigation show the requisite LBMP impact (not \$100, but a smaller number related to the circumstances of a particular load pocket).
 - An upper bound of the in-City impact is \$150 thousand.
- MMP is continuing to assess the complete impact testing process in the AMP.

TCC Pre-Settlement Period Issues

- NYISO has identified the complete list of issues which need to be corrected
 - Issues impact May 2000 through October 2002
- A detailed description of the issues was released last Friday
- The issues affect TOs and not non-TO TCC holders
- NYISO, with the help of LECG, is in the process of quantifying the impacts of the corrections
- A plan for making the necessary corrections is being developed and will be discussed with Market Participants in the near future
- Resumption of Final Bill settlement process - Charles Garber