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# **NYISO President's Report**

*Management Committee Meeting  
March 2, 2005*

*Agenda #3*

# Report Items

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

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# Proposed Market Performance

## Highlights for February

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(Note: All numbers are preliminary and most are through 2/24)

- **Zonal LBMPs are lower this month relative to January and within seasonal norms**
- **All fuel prices are mixed this month relative to January**
  - *Kerosene is \$10.12/mmBTU, down from \$10.39/mmBTU;*
  - *No. 2 Fuel Oil is \$9.44/mmBTU, up from \$9.38/mmBTU;*
  - *Natural Gas is \$6.94/mmBTU, down from \$12.19/mmBTU;*
  - *No. 6 Fuel Oil is \$6.11/mmBTU, up from \$5.60/mmBTU.*
- **Regulation**
  - *DAM Regulation prices increased this month to \$41.91 from \$30.10 in January.*
  - *RT Regulation prices (new with SMD2) were \$53.69 this month.*

# 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