

Real-Time Prices

July 24-25, 2001

Agenda #5

Management Committee Meeting

August 2, 2001

July 24th / 25th HAM/RT Prices

- **Why were HAM prices so high?**
 - *\$1,000 & greater prices*
- **Why was there such a difference between HAM and RT prices on the 24th?**
- **Why was there less difference between HAM and RT prices on the 25th?**

High HAM Prices

➤ **The HAM market was supply short:**

- *BME must meet forecast load, 1800 MW of reserves and the NYCA regulation requirements;*
- *BME will schedule expensive internal and external resources so that internal NYCA units are dispatched down to provide reserves (\$1,000 prices);*
- *When there is insufficient capacity to meet the 30 minute reserve requirement, high costs associated with violating the constraint affects the HAM price (>\$1,000 prices).*

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HAM/RT Price Differential

➤ **BME and SCD Scheduling Objectives**

- *BME's scheduling objective is to secure sufficient capacity to meet the next hour's forecast peak load and HAM specific reserve requirements.*
- *SCD's scheduling objective is to meet the energy requirements for next five minute's forecast load and to maintain RT specific reserve requirements.*

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HAM/RT Price Differential - 24th

➤ **Additional energy was available to SCD to be dispatched to meet load in real time:**

- *capacity scheduled by BME for 30 minute spinning reserves and Western NY 10 minute spinning reserves are not explicitly reserved by SCD;*
- *SCD does not explicitly maintain 1800 MW of operating reserves;*
- *Units running in SCD but not available to BME.*

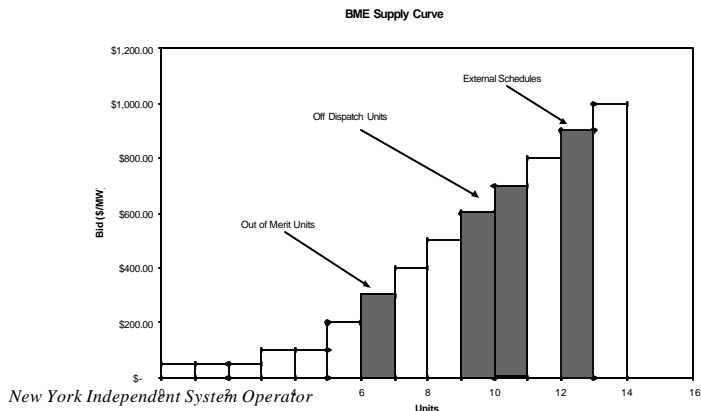
HAM/RT Price Differential - 24th

➤ **Changes in external transaction schedules after the HAM and before RT:**

- *PJM and New England also had high loads and transactions were cut after BME for ramping and emergency requirements;*
- *Import transaction curtailments tended to offset the additional RT energy available due to reserve issues.*

HAM/RT Price Differential - 24th

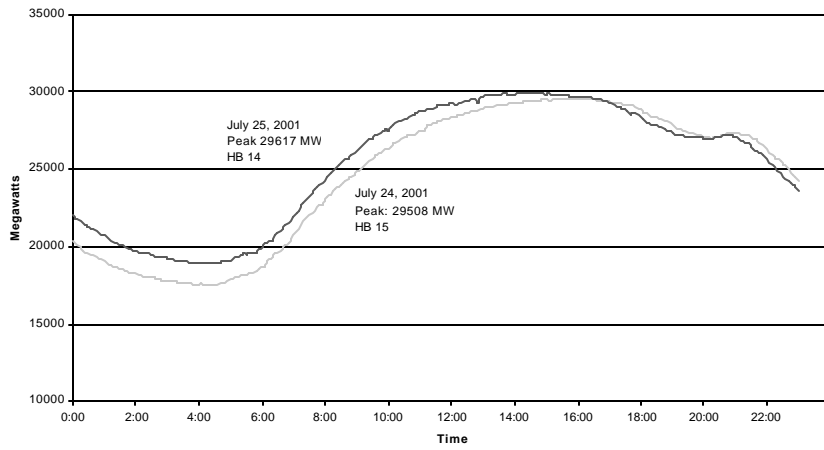
- **If SCD has additional energy than BME, the RT price may fall dramatically below the HAM price**



HAM/RT Price Differential - 25th

- **The market was tighter on the 25th:**
 - *Similar HAM conditions existed but the RT dispatchable capacity available to SCD was much lower than on the 24th;*
 - *RT Operating reserves were much lower on the 25th reflecting the tighter market;*
 - *RT energy dispatch curve was not as steep as on the 24th, thereby reducing the HAM/RT price differential.*

NYISO Real Time Load July 24 & 25 2001



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— 24-Jul-01 — 25-Jul-01