Real Time Guarantee Payment Impact Test

Market Structures Working Group

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Draft – For Discussion Purposes Only

Tariff Compliance

- In accordance with the plan outlined in its November 8, 2005 Report of Tariff Implementation Errors, the NYISO proposes procedures to implement the Real-Time Guarantee Payment (RTGP) impact tests.
- The RTGP impact test is the third step of the NYISO's plan to bring its SRE/OOM, TSA and BPCG mitigation back into full compliance with Attachment H to the Market Services Tariff.
- In accordance with Ordering Paragraph B of the FERC's April 7, 2006 Order Granting Tariff Waivers, the RTGP test would be applied and, where warranted, corrected bills will be calculated and posted with the Final Bill postings from February 2005 forward.
- The NYISO proposes to apply the same RTGP mitigation methodology going forward that it is using to correct bills from February of 2005.
  - *Units located outside the Constrained Area defined in Section 2.1 of Attachment H (the "Constrained Area") have been manually screened by MMP and are not subject to a prior period review.*
  - *On a going forward basis the RTGP impact test will apply to generators located outside the Constrained Area.*
- The final calculation methodology and prior period financial impacts will be reported to FERC as required in the April 7 Order.

General Description

- RTGP mitigation measures apply conduct and impact threshold evaluations
  - *All units are evaluated for conduct based on the appropriate thresholds.*
  - *Units located in the Constrained Area may be evaluated for conduct based on the Constrained Area Load Pocket Thresholds (LPTs).*
    - There must be active constraints, a TSA, or SRE/OOM dispatch in order for the LPTs to apply.
  - *All conduct failing Bid components will have reference levels substituted for purposes of performing the RTGP impact test.*
  - *If RTGP impact is found, the unit's real time BPCG will be modified to reflect the replacement of conduct-failing Bid components with reference levels.*
  - *Details of the potential mitigation will be reported to the MP in the Alternative Daily Delivery Report and DSS.*

Conduct thresholds

- Generators located in the Constrained Area when there exists active transmission constraints
  - *Start up – 50% increase*
  - *Energy & MinGen – Based on LPTs per Att. H Sec 3.1.2(b)(1)*
- Thunderstorm Alert – applies to the Constrained Area if no other constraint active
  - *Start up – 50% increase*
  - *Energy & Min Gen – Dunwoodie LPT*
- SRE / OOM – applies to Constrained Area during unconstrained periods
  - *Start up – 200% increase*
  - *Energy & Min Gen – Dunwoodie LPT*
- Generators located outside the Constrained Area* and generators in the Constrained Area during periods with no active transmission constraints
  - *Start up – 200% increase*
  - *Energy & MinGen – Lesser of 300% or $100 increase*

**FERC's Sept. 15, 2005 Order in ER04-230 (Para. 18) clarified that the NYISO is not precluded from using its software to apply conduct and impact mitigation outside New York City after appropriate consultation with the relevant Market Participant has occurred.*

Constraint Definition –Applies to Constrained Area

- RTC constraints will be identified for all intervals evaluated in a given hour once the period for submitting new or revised Bids has ended.
  - *Load pockets affected will be flagged as having active constraints for that hour.*
  - *The most restrictive load pocket identified for a given hour by RTC will be used in the RTGP impact test for all generators (*See exception for 10 minute Quick Start generators below).*

- RTD and RTD-CAM constraints will be identified for a given hour by all RTD and RTD-CAM intervals in that hour.
  - *Load pockets affected will be flagged as having RTD constraints active for that hour.*
  - **The most restrictive load pocket identified for a given hour by RTC and RTD and RTD-CAM will be used in the RTGP impact test for generators that are capable of being started by RTD and RTD-CAM (10 minute Quick Start).*

Constraint Definition – Applies to Constrained Area (Continued…)

- TSA active during any interval in an hour
  - *Dunwoodie load pocket will be flagged as having a constraint active for that hour*
- SRE/OOM in place for a given generator during any interval in an hour
  - *For a given generator for a given hour, the conduct tests at the Dunwoodie load pocket thresholds will be used for the RTGP impact test when there are no active load pocket constraints*
- Minimum Run Time – may span more than one hour for generators started by RTC/RTD/RTD-CAM. If so:
  - *Constraints active in hour 1 will apply to hour 2 unless a constraint is active in hour 2 that requires the application of a more limiting LPT*

Calculation Process

- BAS calculates a BPCG based on a set of Bids used in real time by RTD
  - *Uses either as-submitted Bids or Bids mitigated for LBMP impact*
  - *Bid components that have already been LBMP mitigated cannot be further affected*
  - *All Bid components that fail conduct are candidates for reference level substitution*
- For Constrained Area units components are chosen based on the constrained load pocket with the most limiting LPT
  - *Units can be in multiple load pockets*
  - *If there is no active constraint identified for the load pocket then the LPT for that pocket won't be applied but units will be tested against unconstrained thresholds (except that the Dunwoodie threshold may apply to SRE/OOM, TSA).*

Example

- Gen. X is located in both LP1 and LP4.
  - *There are no active constraints identified in LP4*
    - The NYISO will not test Gen. X's Bids for conduct based on the LP4 LPT
    - Gen. X's Bids will be tested for conduct based on the LP1 LPT assuming there are active constraints identified in LP1.
  - *There are no active constraints identified in the Constrained Area*
    - Gen. X's Bids are still subject to conduct testing at the unconstrained thresholds set forth in Section 3.1.2(a) of Att. H.

Impact test

- Reference levels are substituted for conduct-failing Bid components in each hour of the day.
- The BPCG that the generator would receive over 24 hours if its conduct-failing Bid components were replaced is compared to the BPCG that the generator would receive over 24 hours based on its original bids (modified to reflect LBMP mitigation).
- Thresholds
  - *Units in the Constrained Area – 50% increase*
  - *All other units – 200% increase*

Reporting Results

- If a Generator fails the RTGP impact test
  - *RT BPCG will be reduced to reflect potential mitigation*
    - Minimum payment $0.
  - *Alternative Daily Delivery (ADD) Reporting*
    - At the hourly level - value of hourly mitigated BPCG
    - At the daily level – daily total mitigated BPCG
    - Any non-zero value is an indicator that the unit has been RTGP mitigated
  - *DSS data available to the affected Generator*
    - Reference bids used in the RTGP calculation reported at the 5 minute level
    - Reference start up used in the RTGP calculation reported at the hourly level
    - Daily delta between the unmitigated and mitigated BPCG will be provided

Reporting Results - Consultation

- MMP will consult with generators prior to imposing mitigation per Att. H Sec. 3.3.
- The NYISO proposes to satisfy the consultation requirement by specifically identifying potential RTGP mitigation in the DSS advisory bills.
  - *This practice ensures that information on the potential mitigation is available to the generator at the earliest opportunity.*
- If not contacted directly by MMP, generators should contact MMP if they believe the reference level used in the evaluation was not appropriate or to explain why the Bid was consistent with competitive behavior.
  - *MMP can modify reference bids used in the RTGP process.*
  - *Reference bids can be modified any time prior to final bill close-out.*

Reporting Results – Consultation, Cont.

- The posting of an advisory bill that identifies potential mitigation is not mitigation. Mitigation occurs when the NYISO issues a payment that excludes mitigated BPCG revenues.
  - *If a potentially mitigable event occurs near the end of the calendar month and the affected generator and the NYISO are not able to complete the consultation process prior to the issuance of the monthly invoice, then the NYISO will correct mitigation that it determines to be overstated or inappropriate at the next available true-up.*
- The NYISO proposes to apply the same consultation process to generators located within and outside the Constrained Area.
- Due to changes in prices or meter data it is possible to be mitigated in one billing run and not in the next run, or vice-versa, since these data changes will affect the BPCG calculations.