

Draft – for discussion only

Market Rules Assessment
MSWG 6/2/06

The attached outline is presented as an aid in developing an order in which to address the variety of issues that have been and will be identified as within the scope of this assessment. The information presented represents NYISO Staff view of scheduling and priority considerations. It is intended that the issues described may be expanded and the order adjusted as a product of today's discussion.

The issue outline contains two different cuts at the same set of issues. The first is organized by market function. The second organizes them by the effects of certain priority considerations. Finally we have taken a shot at a work order based upon our view of the priority considerations.

Bob Thompson

Rules Issues by Effected Market Function

MSWG 6/2/06

1. External Transaction Scheduling
 - a. RT interchange efficiency
 - i. NYISO unilateral improvements
 1. RT market close lead time
 2. Impact of priced RT transactions
 - ii. Multi-market solutions (ITS/VRD)
 - b. Specific interface ramp and proxy bus issues
2. Generation
 - a. Rules for CC units and Wind are already under discussion
 - b. RT market close lead time
 - c. Over midnight scheduling issues
 - d. BPCG Issues
 - i. Daily, hourly or 5 min. settlement period
 - ii. Ramp constrained down unit treatment
 - iii. Price correction effect
 - e. Dragging
 - i. Price setting approach
 - ii. Penalties (cost allocation to responsible units)
 - f. Penalties/Incentives (general) - including testing issue
 - g. Dispatch performance/ramp capacity/load following needs

Draft – for discussion only

- h. Demand side market participation (Distributed Generation)
 - i. Ramp rate constrained unit treatment
 - j. RT fuel cost representation
 - k. 15 Min Scheduling eligibility rules
3. Ancillary Services
- a. Demand side market participation
 - b. Reserve issues
 - i. Reserve self supply (financial hedge)
 - ii. Locational settlements
 - iii. Transmission optimization
4. Settlement
- a. Netting of bilaterals

Rules Issues by Priority Considerations

MSWG 6/2/06

1. Regulatory Mandate

- a. Combined cycle mgmt – current project and should not be held up by this process.
- b. Reserve issues
 - i. Reserve self supply (financial hedge)
 - ii. Locational settlements
 - iii. Transmission optimization
- c. Demand side reserve supply
- d. Netting of bilaterals

2. Market Driven Mandates

- a. RT interchange efficiency
 - i. NYISO unilateral improvements
 - 1. RT market close lead time
 - 2. Impact of priced RT transactions
 - ii. Multi-market solutions (ITS/VRD)
- b. Specific interface ramp and proxy bus issues
- c. Wind rules

3. Low cost early options

- a. Penalty exemption for testing
- b. 15 min. scheduling eligibility

4. Remaining issues by market impact

Draft – for discussion only

- a. BPCG Issues
 - i. Daily, hourly or 5 min. settlement period
 - ii. Ramp constrained down unit treatment
 - iii. Price correction effect
- b. Generation Performance
 - i. Dragging
 - 1. Price setting approach
 - 2. Penalties (cost allocation to responsible units)
 - ii. Penalties/Incentives (general)
 - iii. Dispatch performance/ramp capacity/load following needs
- c. RT fuel cost representation
- d. Over midnight scheduling issues
- e. RT market close lead time

Other Considerations

Low Cost Issues – Are issues the resolution of which does not carry a substantial monetary or human resource cost. They are not affected by known threshold issues.

These issues can produce rapid results from this exercise and should be considered first.

1. Penalty exemption for testing
2. 15 min. scheduling eligibility

Threshold Issues – Issues whose resolution can significantly affect the approach to other rules issues. These issues should be addressed early. These issues will also effect some of the regulatory and market mandated issues such as CC mgmt and key aspects of RT transaction mgmt.

1. Real-time priced transaction scheduling creates the RT market closing time limitations.
2. BPCG structure affects the need for or recommended changes for generator performance issues, price correction effect and other penalties and incentives issues.

Work Order Recommendation

1. Take the low hanging fruit – (Can be quick)
2. Address the threshold issues
 - a. RT priced transaction scheduling/market closing time
 - b. BPCG structures
3. Address the selected Regulatory and BOD mandates
 - a. CC mgmt
 - b. Reserve issues including demand side supply
 - c. Wind rules
4. Generator performance issues
 - a. Dragging
 - i. Price setting approach
 - ii. Penalties (cost allocation to responsible units)
 - b. Penalties/Incentives (general)
 - c. Dispatch performance/ramp capacity/load following needs
5. In any order
 - a. RT fuel cost representation
 - b. Over midnight scheduling issues
 - c. RT market close lead time

Draft – for discussion only

6. Remaining regulatory and market mandates

a. ITS

b. Netting of Bilaterals