

# **NETTING PROJECT AT THE HQ PROXY BUS**

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# Chronology of the Issue

- February 2002 : First occurrence of netting problem. NYISO will fix the problem
- February 2003 : Second occurrence of netting problem. NYISO indicates that problem cannot be fixed quickly. Needs development
- December 2003: NYISO proposes the 2 proxy bus solution to HQUS. NYISO indicates that it cannot be done now.
- December 2004: Presentation by HQUS at the OC. Alert the NYISO and participants that netting problems will increase dramatically in 2005. Project needs to be put in high priority. NYISO says cannot be done before the Cross Sound Cable proxy bus.
- October 2005: NYISO announced that white paper on the netting issue is ready. White paper not presented
- January 2006: NYISO presentation at S&PWG. Budget estimate of \$250 k. Project will be considered for prioritization

## **Export Schedule from NYCA to HQCA in 2005**

- For the 1st time, HQ Distribution purchased energy from New York all year round in 2005
- Pattern will continue in 2006 and after
- Maximum export flow per month on peak averaged 995 MW (ranged from 625 MW to 1 270 MW)
- Average year round export flow to HQCA was 250 MW on peak
- Total energy exported to HQCA in 2005:  
830 000 MWh

# Impact of the absence of netting

- With absence of netting, every export schedule to HQCA on peak is potentially a lost opportunity for external generators. (HQP is not the only active participant at zone M)
- Every import schedule into NY rejected because of absence of netting potentially raises prices in NY and incur a cost for ext. generators
- Potential missed opportunities in 2005 :
  - 830,000 MWh @ 75 \$ = \$62 millions
- Estimate at 60 %: \$37 millions
- Estimate at 40 %: \$25 millions

# Importance of the project

- Absence of netting restricts access for external suppliers located in HQCA
- Absence of netting potentially increases cost of energy in the NYCA
- Absence of netting incur costs for suppliers when in merit transactions are cut because of the absence of netting
- Netting project needs to be done ASAP