

ELR / CLR PROPOSED TARIFF CHANGES

Management Committee
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Mollie Lampi

WHY?

- The tariff discussion of ELR and CLR units is internally inconsistent. For instance:
 - The tariff requires CLR units to register and be approved by the NYISO but does not require ELR units to do so;
 - Article 5 DMNC requirement for ELR units does not match the ELR definition.
- In addition, SMD2 rules changes render certain existing rules obsolete. For instance:
 - SMD2's hourly Day-Ahead Margin Protection calculation does not apply to ELR units.

ELR Resources: Proposed Changes

- Amend the definition;
- Conform the DMNC testing requirement with the definition;
- Ensure eligibility for SMD2 margin assurance payments rather than the supplemental payment when Day-Ahead schedules are adjusted by the ISO.

Changes regarding ELR Units

- Revise the current definition of ELR units to:
 - Remove “design considerations” from the list of qualifying characteristics:
 - Energy Limited Resources are defined as resources that, due to design considerations, environmental restrictions on operations, cyclical requirements, such as the need to recharge or refill, or other non-economic reasons, are unable to operate continuously on a daily basis, but are able to operate for at least four consecutive hours each day.
 - Removing the term “design considerations” from the definition will assist in clarifying the differences between ELR and CLR units. ELR units are energy limited because of situations outside their control – pondage elevation requirements, environmental restrictions etc. ELR units’ special characteristics do not derive from design consideration.
 - Add a registration requirement
 - To parallel the registration requirement for CLR units

Changes regarding ELR Units, cont'd.

- Article 5 should be amended to parallel the ELR tariff definition. The DMNC for an ELR unit should demonstrate its ability to operate consecutively for four hours.
- The existing supplemental payment for ELR units should be replaced with the Day-Ahead Margin Assurance Payment available under SMD2 for units moved off their DA schedule at the ISO's request:
 - Under SMD2, units moved off their schedules at the ISO's request are paid a Day Ahead Margin Assurance Payment which protects their Day-Ahead Margin on an hourly rather than a daily basis. This payment should replace the supplemental payment currently authorized ELR units which protects their Day Ahead Margin in a 24 hour basis.

CLR Units: Proposed Change

- Eliminate special balancing rules

Changes Regarding CLR Resources

- Eliminate the special balancing rules available to CLR units that were scheduled above their UOL in the DAM and, upon request, were granted a derate to their UOL:
 - In the legacy system, units used bid-price to avoid commitment above their UOL. This did not prevent a Day-Ahead commitment in this range and the tariff allowed a unit that was committed in this range to request that the ISO reduce its UOL to a level equal to, or greater than, its bid UOL. This reduction in the DA schedule was settled at the Day-Ahead rather than the Real-Time LBMP.

Changes Regarding CLR Resources, cont'd.

- Under SMD2 SCUC will not schedule a unit for Energy, Reserves or Regulation, above the UOL_N bid by the unit operator (although the ISO may manually raise the commitment and dispatch scheduling limits to UOL_E levels in emergencies). This offers certainty that, but for emergencies, a unit will not be committed Day-Ahead above its UOL_N and justifies elimination of the special balancing rule.
 - Should the SCUC operator elect to solve to UOL_E and a unit discovers it cannot reach the schedule above its UOL_N , the unit must de-rate in real time. There is no need for special balancing rules since ISO operations has not exposed the unit to unexpected financial harm. The ICAP impact of this derate is not changed by these rule amendments.

Miscellaneous Changes

- Only units with approved ELR or CLR status will be permitted to designate a UOL_N below the ICAP equivalent of their UCAP sales. MMP will review all ELR/CLR requests and monitor all ELR - CLR bidding.
- The tariff currently provides that a Normal Upper Operating Limit may be submitted as a function that depends on one or more variables. This description should be moved from the definition of CLR to the definition of Normal Upper Operating Limit as it applies to both ELR and CLR units.

MOTION

- The Management Committee approves changes to the tariff, to provide for the following, as is more completely described in the presentation made at the February 2, 2005 Management Committee meeting:
 - Clarify the definition of ELR units and require that they justify their status to the ISO;
 - Substitute the supplemental payment, currently available to ELR units that must revise their DA schedule, with the Day-Ahead Margin Assurance Payment otherwise payable under SMD2;
 - Eliminate special balancing rules for CLR units and require they balance at RT rather than DA prices;
 - Clarify (i) that dual UOLs are available to ELR and CLR units and (ii) the definition of Normal Upper Operating Limit;
- The Management Committee recommends that the Board also approve these changes and authorize a filing with the FERC under Section 205 of the FPA.