

Review of Proposed Tariff Revisions to the Market Mitigation Measures

Market Monitoring Task Force

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Market Monitoring Task Force (MMTF)

- ◆ MMTF under BIC
- ◆ Scope of Task Force
 - Review and come to an agreement on the proposed Tariff revisions identified in the NYISO's Dec 10, 2007 filing in Docket No. ER08-321-000.
 - Due to time constraints, the scheduled MMTF meetings will ONLY address these proposed Tariff revisions.
 - After agreement has been reached regarding the crucial Tariff revisions identified in the NYISO's filing, the NYISO will discuss the need to continue, and direction of this Task Force with its Market Participants.

Timeline

◆ Proposed Governance Timeline

- Must obtain Board approval in March for proposed Tariff revisions to become effective by July 1, 2008 following a 60 day FERC review period.
 - BIC – February 20, 2008
 - MC – February 29, 2008
 - Board – March, 2008

◆ MMTF Meeting Schedule

- January 14, 2008
- January 25, 2008
- February 5 or 8, 2008
- February 13, 2008 (If Necessary)

Background

- ◆ On December 10, 2007 the NYISO filed a Report of Tariff Implementation Issues and Request for Limited Tariff Waivers ("Report") in FERC Docket No. ER08-321-000.
 - A preview outlining the issues addressed in the NYISO's filing was presented at the MIWG on October 1, 2007.
 - The waiver requests in the Report anticipate Tariff changes can be implemented by July 1, 2008.

Background (cont.)

- ◆ Comments were due on the Report by 12/31/2007.
 - Interveners
 - New York Transmission Owners
 - Support NYISO proposal to temporarily switch all NYCA generators to cost-based start up reference levels
 - Astoria Generating Company
 - NYS Public Service Commission
 - NRG Companies
 - Constellation New Energy
 - No person/entity has executed the confidentiality agreement that was included as Attachment II to the NYISO's filing.

Identified Issues

- ◆ Reference price concerns (Services Tariff, Att. H Section 3.1.4):
 - Calculation of bid-based reference levels for “similar hours or load levels”;
 - Use of supplemental resource evaluation or out of merit offers in determining reference levels;
 - Determination of LBMP-based incremental energy and minimum generation reference levels; and
 - Calculation of bid based start-up reference levels.
- ◆ DAM AMP (Services Tariff, Att. H Section 4.2.2(e)(3)):
 - AMP Implementation of minimum generation bid mitigation in the Day-Ahead Market
- ◆ Load Pocket Threshold Calculation (Services Tariff, Att. H Section 3.1.2(b)):
 - Method the NYISO uses to tally constrained hours used in the Real Time Load Pocket Threshold calculation

Calculation of bid-based reference levels for “similar hours or load levels”

- ◆ Section 3.1.4(a)(1) of the MMM requires the NYISO to calculate incremental energy and minimum generation bid-based reference levels using accepted bids submitted over the previous 90 days “for similar hours or load levels.” The NYISO presently determines Bid-based reference levels for all hours of the day using Bids submitted during on-peak hours (HB6-21).
- ◆ The NYISO and its Market Advisor recommend that Bid-based incremental energy and minimum generation reference levels be calculated using accepted bids in peak hours because peak period reference levels are the appropriate reference levels to use to screen for market power concerns in all hours.
- ◆ Proposed Tariff Changes –
 - **Revise sections 3.1.4(a) of the MMM to allow the use of competitive, peak period bids to determine reference levels for all hours of the day.**

Determination of LBMP-based incremental energy and minimum generation reference levels

- ◆ Section 3.1.4(a)(2) of the MMM requires the NYISO to calculate incremental energy and minimum generation LBMP reference levels using “the mean of the LBMP at the Generator’s location during the lowest priced 25 percent of the hours that the Generator was dispatched over the previous 90 days for similar hours or Load levels, adjusted for changes in fuel prices.”
- ◆ The NYISO and its Market Advisor recommend calculating LBMP-based reference levels:
 - daily; and
 - based on the lowest 25 percent of all hours that a generator was dispatched over the previous 90 days.

Proposed Tariff Changes –

- **Remove words “similar hours or load levels” from Section 3.1.4(a)(2) of the MMM.**

Method used to tally Constrained Hours in the real time Load Pocket Threshold calculation

- ◆ Section 3.1.2(b)(1) of the MMM defines Constrained Hours as “the total number of hours over the prior 12 months in which the real time Shadow Price has been greater than zero in any interval on any Interface or facility leading into the Constrained Area in which the Generator is located”
- ◆ The tally of constrained hours used in the calculation of RT Load Pocket Thresholds currently sums the intervals (minutes) and then rounds to hours.
- ◆ The Tariff can alternatively be read to require the NYISO to calculate “Constrained Hours” by rounding the intervals to hours, then summing.
- ◆ The NYISO and its Market Advisor concur that the intent was to perform the calculation using the method that the NYISO has implemented.
- ◆ Proposed Tariff Changes –
 - **Revise Section 3.1.2(b)(1) of the MMM to clarify that the appropriate method of calculating Constrained Hours is first to sum the constrained minutes and then round to hours.**

Review Proposed Tariff Changes

- ◆ Review proposed changes to Tariff sheets
 - Draft, Proposed, Redlined Tariff Sheets Provided

Next Steps

- ◆ Next Steps
 - Set agenda for January 28, 2008 Meeting.

 - Identify follow-up Items.