

Tariff Change Related to Billing Issues Project

Paul Edmundson

*Customer Settlements Lead Analyst
New York Independent System Operator*

Management Committee

October 31, 2012

KCC

Curtailment of Ext. Transactions In-Hour

- ◆ **The second paragraph of MST Section 5.12.10 (Curtailment of External Transactions In-Hour) describes a settlement rule that compensates Transmission Customers when their bilateral transactions sourcing at an ICAP Supplier's node are curtailed to resolve a reserves shortage.**
- ◆ **Section 5.12.10 directs compensation be paid to the Transmission Customer calculated as the product of the curtailed MWs and the higher of of the RT LBMP at the NY Proxy Generator Bus (for exports) or the RT price at the proxy bus used by the external control area to which the export was flowing.**
- ◆ **This is the only transaction in the NYISO for which a Transmission Customer is paid for lost revenue when a export transaction is curtailed. The compensation would be recovered in uplift from Loads.**

Proposal

- ◆ **The NYISO proposes to eliminate the second paragraph of 5.12.10 because:**
 - *The NYISO knows of no justification for the payment. This payment does not incentivize behavior beneficial to the NYISO Market (unlike a DAMAP, for instance).*
 - *Export curtailments are carried out in NERC priority although exports from other region-ICAP Suppliers are exempt from some curtailments. Curtailed transactions should be settled consistently*
 - *All Export transactions from NY-ICAP supply carry a consistent risk of curtailment due to system conditions*
 - *The ICAP generator sourcing a curtailed bilateral export is paid the RT LBMP for the MW of any export bilaterals that do not flow (provided the Generator's dispatch output supports the settlement). Thus the payment to the Transmission Customer would double the MW compensation resulting from the curtailment. There is no justification for paying twice.*

MST Section 5.12.10 Tariff Change

- ◆ **5.12.10 Curtailment of External Transactions In-Hour**

All Unforced Capacity that is not out of service, or scheduled to serve the Internal NYCA Load in the Day-Ahead Market may be scheduled to supply Energy for use in External Transactions provided, however, that such External Transactions shall be subject to Curtailment within the hour, consistent with ISO Procedures. Such Curtailment shall not exceed the Installed Capacity Equivalent committed to the NYCA.

~~*If an Installed Capacity Supplier's Exports are Curtailed in-hour to resolve a New York reserves shortage, the Transmission Customer scheduling such Exports shall be paid, for the remainder of the hour, the higher of the Real-Time LBMP at the New York proxy bus associated with the Exports, or the real-time price at the relevant proxy bus used by the External Control Area for Transactions with New York.*~~

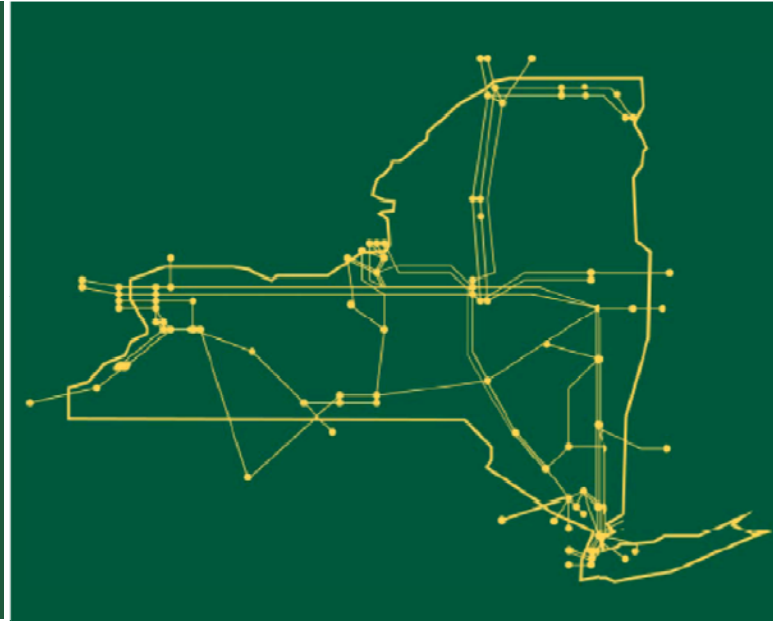
Previous Discussion

- ◆ **This tariff modification was presented to the Management Committee on September 28, 2012.**
- ◆ **At that time, a question was raised as to whether this particular tariff amendment should be revised rather than deleted. The Management Committee approved the other five amendments in the same presentation and asked the BIC to discuss this amendment again.**
- ◆ **This proposed amendment was discussed at the October 17, 2012 BIC. The concerned Market Participant indicated that his issues had been resolved and that this paragraph can be deleted.**

Next Steps

- ◆ July MIWG Presentation
- ◆ October BIC Approval
- ◆ October MC Approval
- ◆ November BOD Approval

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



www.nyiso.com