

Why Facilitate PRL Access to the DAM?

- **NYISO is in a unique position to create access that promotes retail competition**
- **Transfers are among NYS Market Participants at Market Clearing Prices bring liquidity and efficiency**
- **Prevention is the best medicine**
- **A Little PLR goes a long way**

Topics of Discussion

- Effect of Priceline Bids on LBMP in DAM
- Summarize Bid Positions and Outcomes
- Bidding and Minimum Run Times
- Priceline Provisions
- Priceline Sell Examples
- Implementation Plan

Exhibit 1. DAM Electricity Supply Relationships

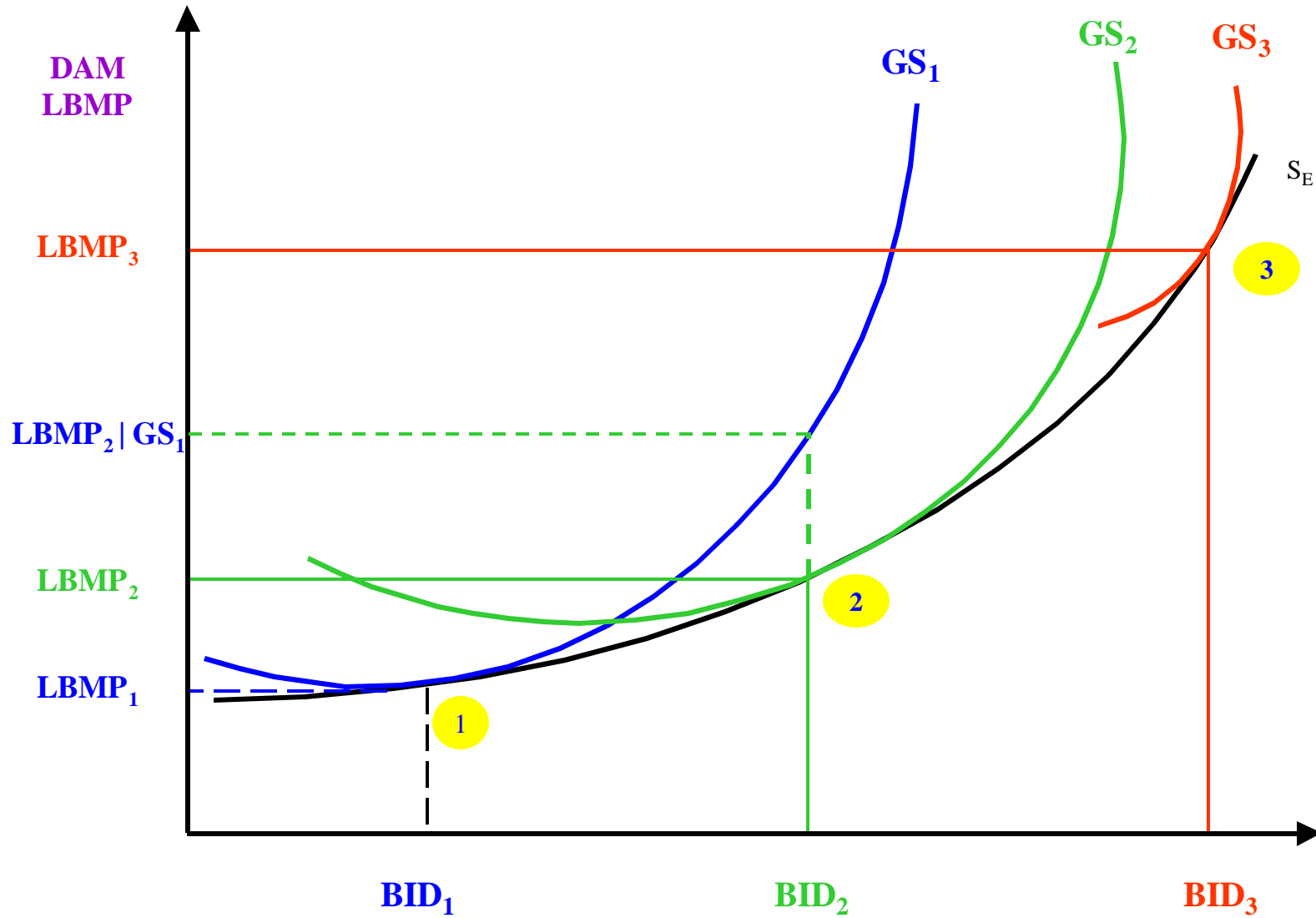


Exhibit 2. Priceline--SELL; Situation 2 All Load Reduction (LR1+LR2) Called

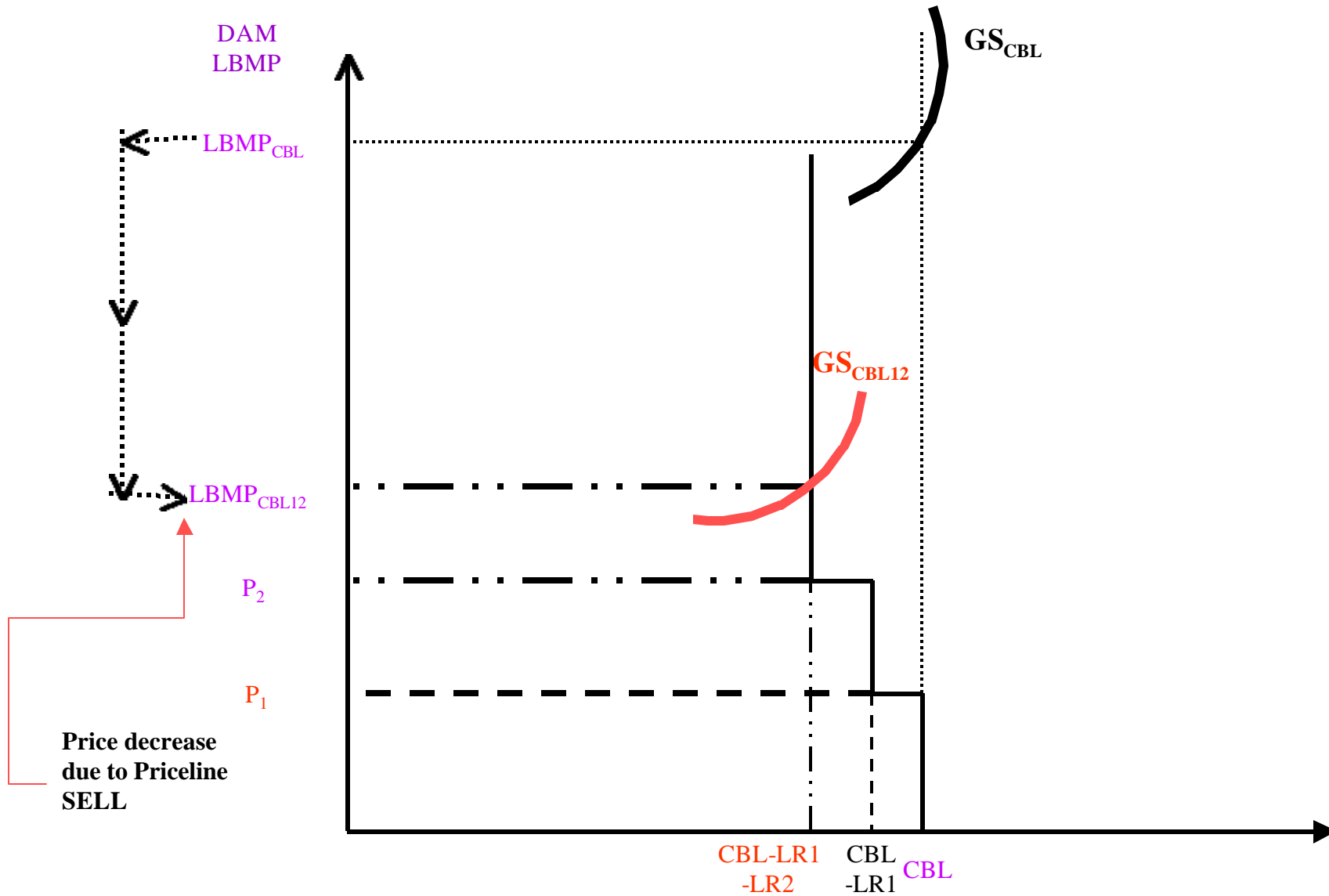


Exhibit 3. Priceline--BUY; Situation 2 All Price-Cap Load (PC2+PC1) Served

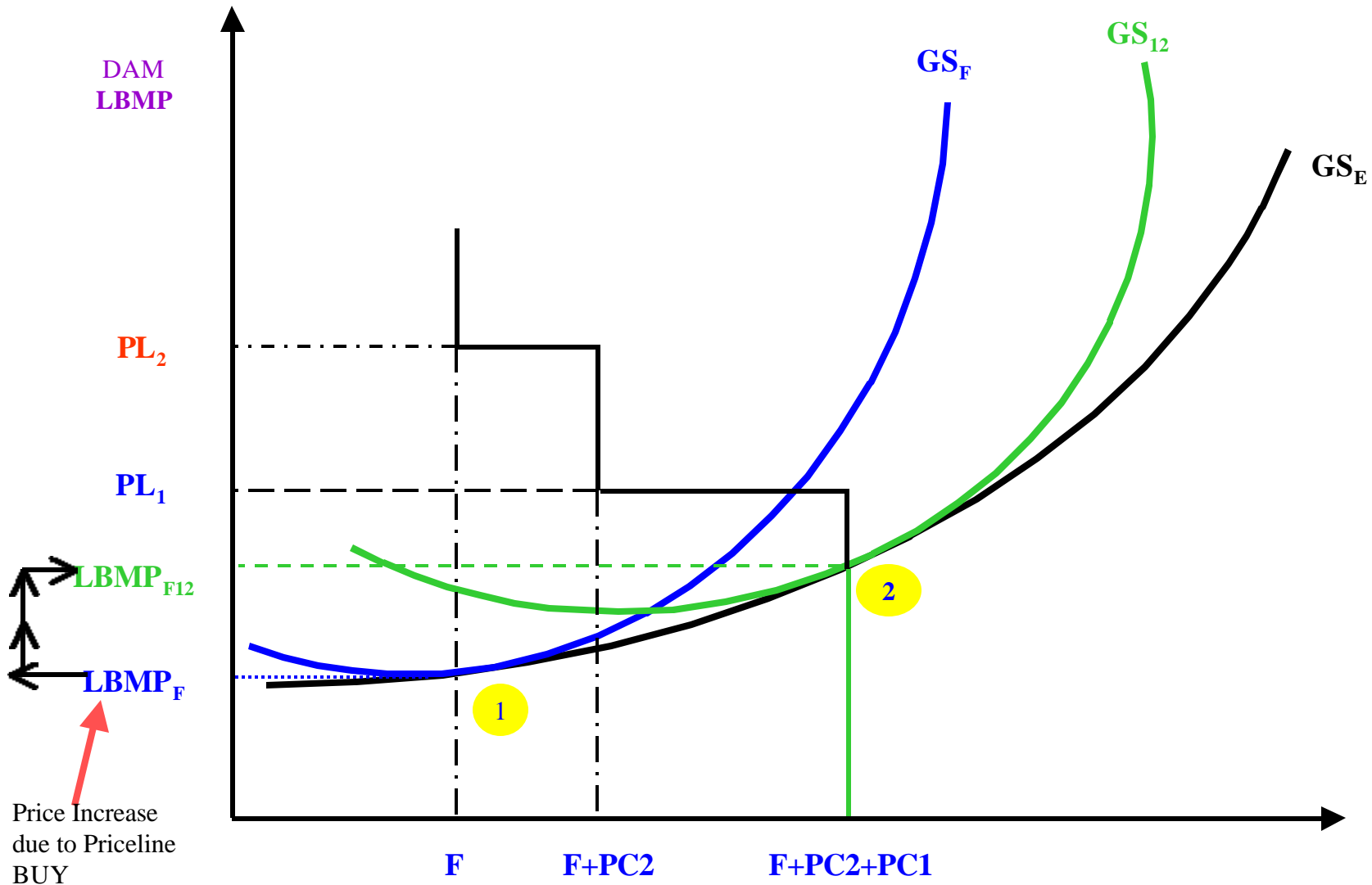
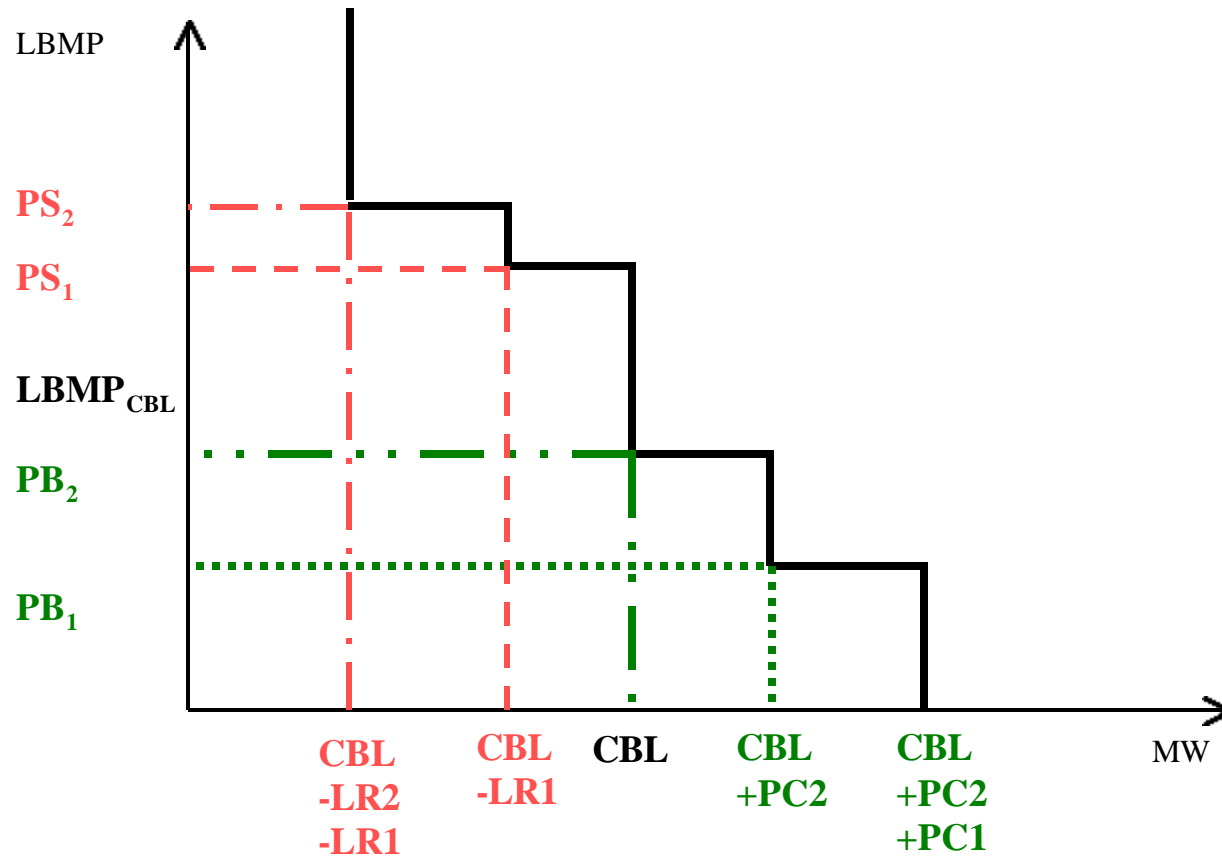
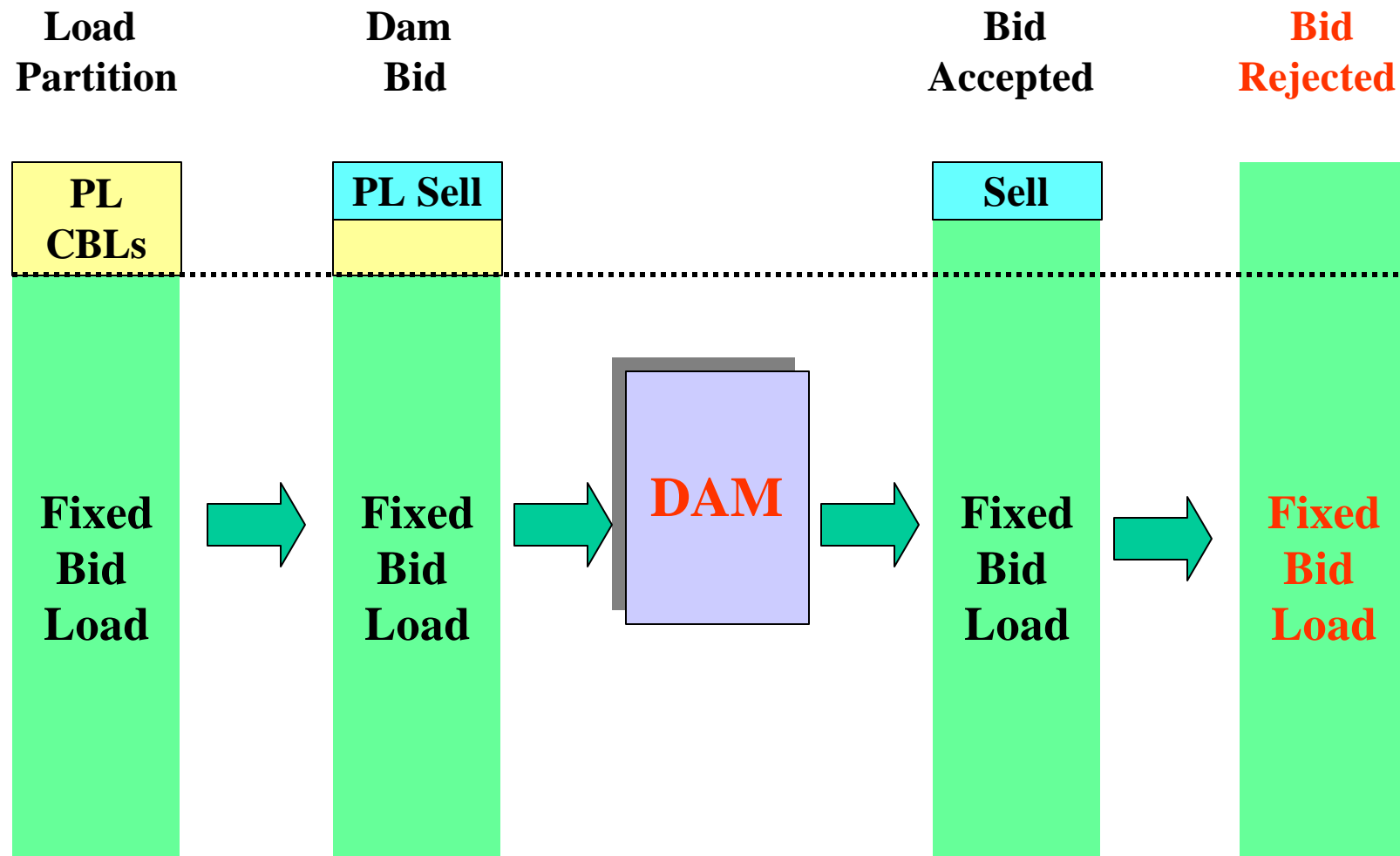


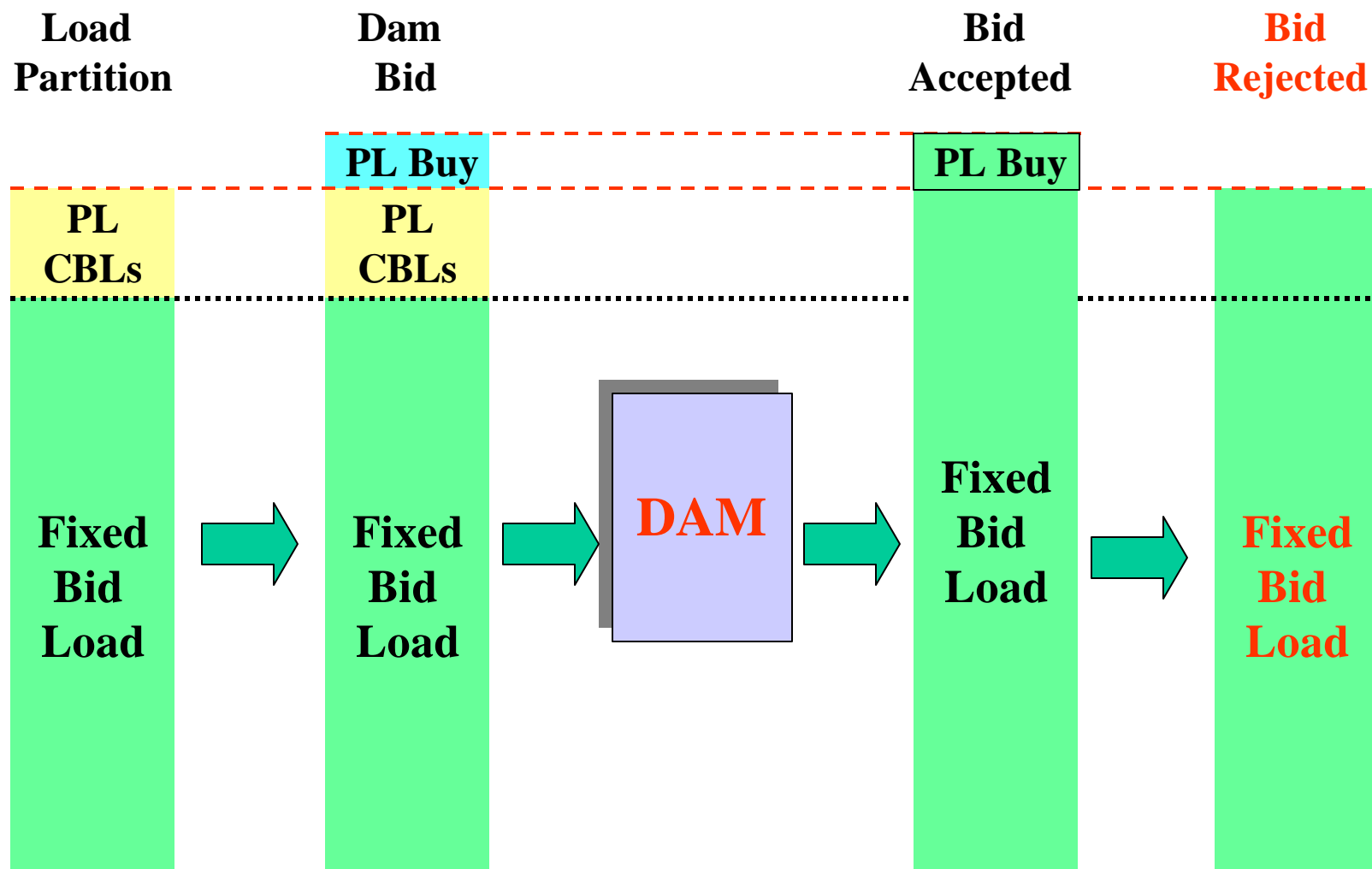
Exhibit 4. The Demand Curve for the Combined Priceline Program



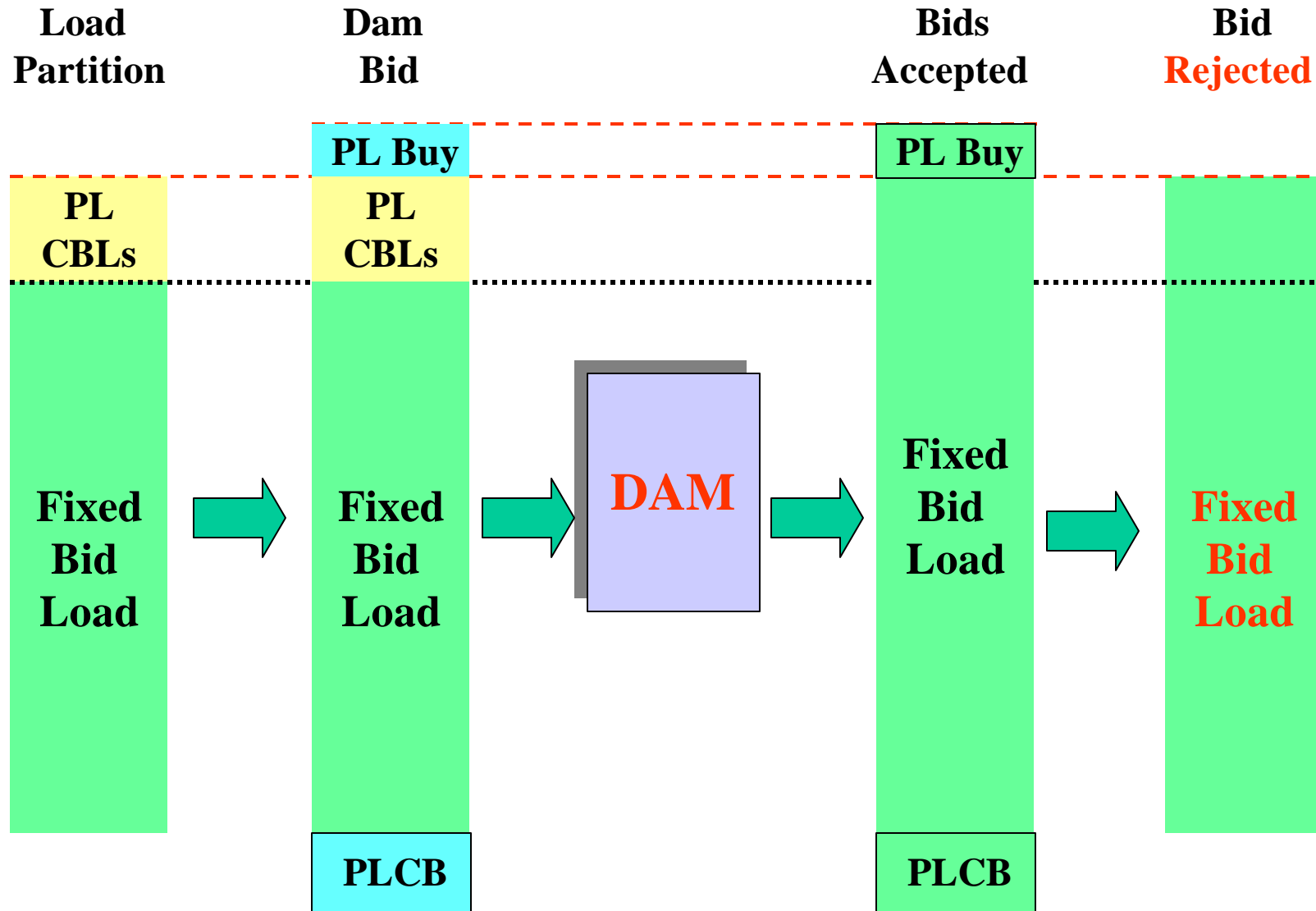
Priceline *Sell* Bidding by LSE



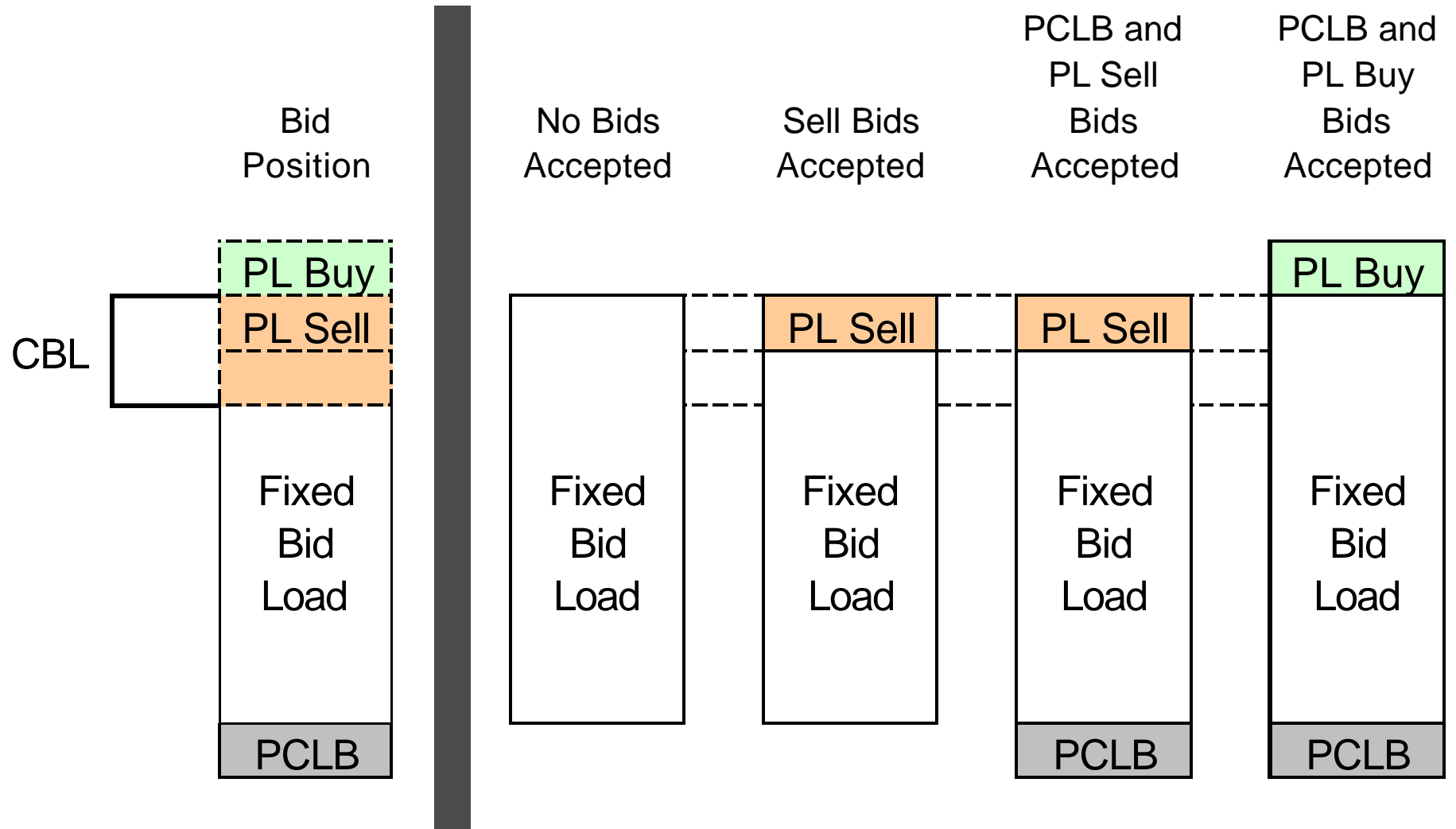
Priceline *Buy* Bidding by LSE



Priceline *Buy* Bidding by LSE



Priceline Bid Positions and Possible Outcomes



Bidding and Minimum Run Times

LBMP/cents per kWh 10am 11am 12pm 1pm 2pm 3pm 4pm 5pm Recommend?

Hour-by-Hour	BID	45	50	50					Yes
	PAID			51					

Minimum Run Time	BID STRIP	45	45	45	50				Similar to Generator's minimum run time
	PAID				51	56	60	56	

LBMP >= SP in ALL hours	BID STRIP	45	45	45	50				Restrictive at high prices
	PAID								

LBMP >= SP in ANY hour	BID STRIP	45	45	45	50			
	PAID	45	45	45	51			

LBMP >= SP in ANY hour POTENTIAL PROBLEM	BID STRIP	25	75	75	75				Resolved when all hours in strip have same strike price
	PAID	42	75	75	75				

If PL Sell Bid is accepted	BID STRIP	45	45	45	45				Yes
	PAID	45	45	45	51				

Bid Strip Provisions

Load Reduction

- Min. strip: 1 hour
- Max. strip: 4 consecutive hours
- Bid start: on the hour, anytime
- Bids must begin and end in same day

Bid Submission and Acceptance

Submission

- Bid price and quantity must be the same in all hours of a multi-hour bid strip.
- Bid blocks must have same bid strip.

Acceptance

- If bid is accepted, bid is accepted for the entire strip.

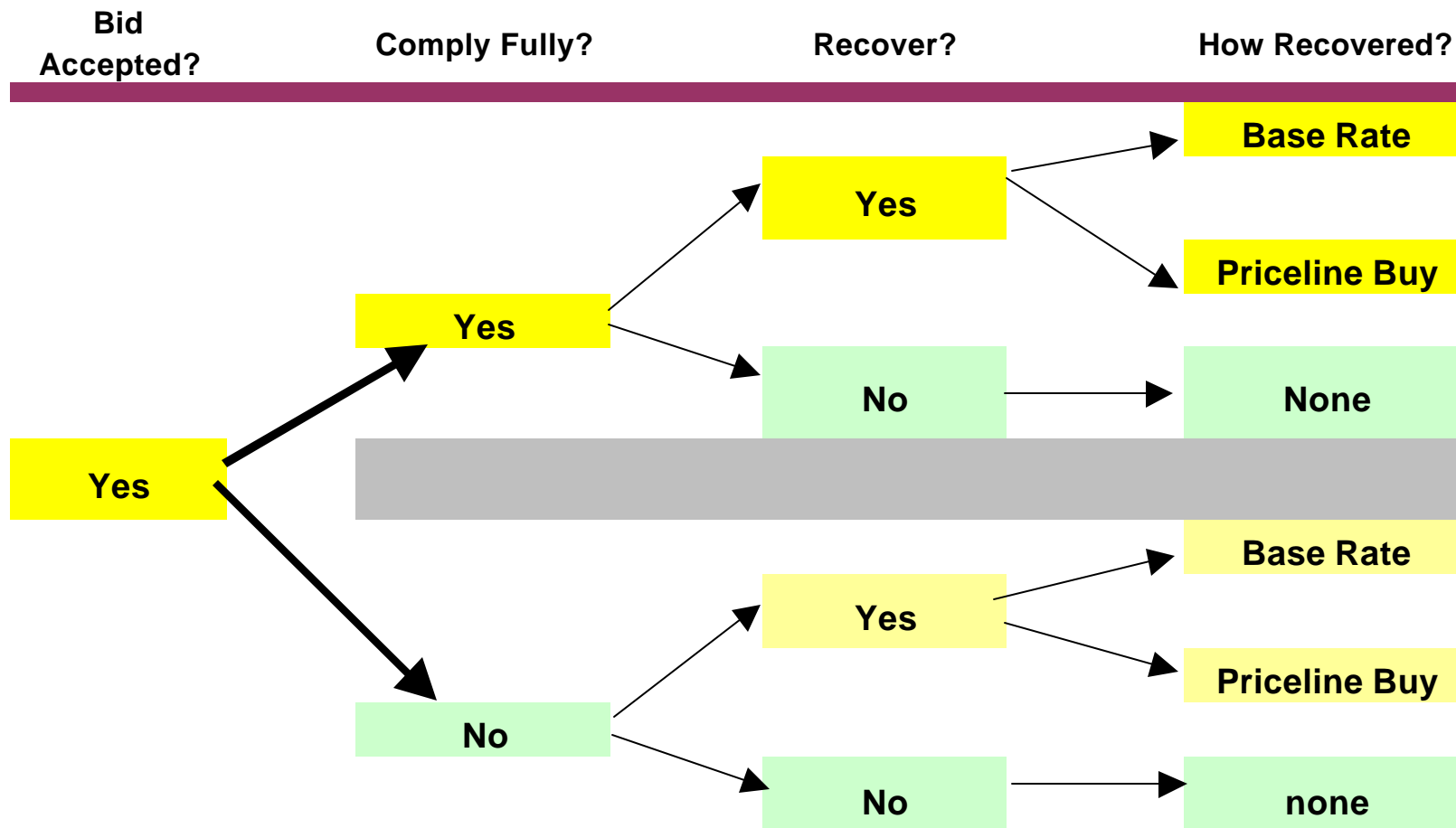
Energy Payments and Non-Compliance Penalty

- Energy Payment:
 - For one hour bids, higher of Strike Price or LBMP
 - For multi-hour bids, Strike Price
- Non-Compliance Penalty: Higher of 150% of accepted Strike Price or LBMP in RTM

Issues for SCUC and Settlement

- Changes in bid forms and SCUC input processor
- Changes in SCUC code to support Priceline Buy and Sell - particularly the minimum run time considerations
- SCUC output files - particularly recognizing all Priceline transactions are not at DAM
- Accommodating new output files and settlement at other than DAM

Priceline Sell Example

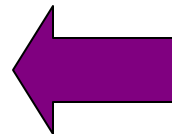
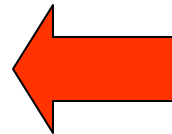


Example Calculations

	Customer					
How Recovered?	Priceline Benefit	Wires Savings	Recovery Cost Energy	Add'l wires cost	Recovery Cost Demand	Non-Compliance Penaltv
	1	2	3	4	5	6
Base Rate	Bid@DAM	Bid@Wires	Bid@Rate@RF	Bid@RF@Wires	Bid@RF@Dema nd Rate	none
Priceline Buy	Bid@DAM	Bid@Wires	Bid@DAM@RF	none	none	none
None	Bid@DAM	Bid@Wires	none	none	none	none
Base Rate	Bid@DAM@C ompliance	Bid@Wires@C ompliance	Noncompliance@ Rate@RF	Noncompliance @wires@RF	Noncompliance @RF@Demand Rate	Noncompliance @1.5 DAM
Priceline Buy	Bid@DAM@C ompliance	Bid@Wires@C ompliance	Noncompliance@ DAM@RF	none	none	Noncompliance @1.5 DAM
none	Bid@DAM@C ompliance	Bid@Wires@C ompliance	none	none	none	Noncompliance @1.5 DAM

Example Parameters

CBL		1000
Max kW factor		1.1
Max Demand		1100
Response rate		0.25
Qbid per hour		250
Strip (hours)		4
Qbid strip		1000
RF		1.15
QRecovery Energy Compliance		1150
Q Recover xtra Demand Compliance		37.5
QRecovery Energy Non-Compliance		575
Q Recover xtra Demand NON-Compliance		18.75
Compliance rate (if partial NC)		0.5
Non-compliance energy		500
Non Compliance penalty factor		1.5
Pbid to DAM	\$	0.50
Sharing Factor		0.25
Pbid Customer benefit	\$	0.38
Pbid LSE Benefit	\$	0.13
LGMP(Bid)	\$	0.50
Rate Total	\$	0.08
Wires	\$	0.03
Rate Commodity	\$	0.05
Rate Demand	\$	-
NC Penalty rate		1.50
NC Price	\$	0.75
P PLBuy/DAM		0.04



Example with Wires Charge (\$.02/kWh)

How Recovered?	Priceline Benefit	Wires Savings	Recovery Cost Energy	Recovery Wires Cost	Recovery cost Demand	Non-Compliance Penalty	Net	\$/kWh Net	Ratio Savings/Rate
	1A	2A	3A	4A	A	6A	7	8	9
Base Rate	\$375.00	\$30.00	\$57.50	\$34.50	\$0.00	\$0.00	\$313.00	\$0.31	391%
Priceline Buy	\$375.00	\$30.00	\$46.00	\$0.00	\$0.00	\$0.00	\$359.00	\$0.36	449%
None	\$375.00	\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$405.00	\$0.41	506%
Base Rate	\$187.50	\$15.00	\$28.75	\$17.25	\$0.00	\$375.00	(\$201.25)	(\$0.20)	-252%
Priceline Buy	\$187.50	\$15.00	\$23.00	\$0.00	\$0.00	\$375.00	(\$195.50)	(\$0.20)	-244%
none	\$187.50	\$15.00	\$0.00	\$0.00	\$0.00	\$375.00	(\$172.50)	(\$0.17)	-216%

Priceline Sell Examples

Bid Accepted?	Comply Fully?	Recover?	How Recovered?	Customer	LSE	ISO Surplus
			Base Rate	\$313.00	\$ 137.00	0
		Yes				
	Yes		Priceline Buy	\$359.00	\$ 95.00	0
		No	None	\$405.00	\$ 125.00	0
Yes						
			Base Rate	(\$201.25)	\$ 64.75	\$375.00
		Yes			\$ -	
	No		Priceline Buy	(\$195.50)	\$ 62.50	\$375.00
					\$ -	
	(50% compliance)	No	none	(\$172.50)	\$ 62.50	\$375.00

Example with Demand Charge (\$5/kW)

Bid Accepted?	Comply Fully?	Recover?	How Recovered?	Customer	LSE	ISO Uplift
			Base Rate	\$95.50	\$ 324.50	0
		Yes	Base Rate			
		Yes	Priceline Buy	\$141.50	\$ 312.50	0
	Yes					
		No	None	\$375.00	\$ 125.00	0
Yes						
			Base Rate	(\$327.25)	\$ 62.50	\$375.00
		Yes	Base Rate		\$ -	
		Yes	Priceline Buy	(\$304.25)	\$ 62.50	\$375.00
	No				\$ -	
		No	none	(\$187.50)	\$ 62.50	\$375.00

Implementation Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SCUC												
Specs	Specs											
Modifications		Modify SCUC										
Testing				Testing								
Market Open						Pilot						
Settlement												
Specs	Specs											
Modifications		Modify Settlements										
Testing				Testing								
Market Open						Pilot						
Potential Benefits												
Supply Flexibility		Load change impact on Price										
Demand Elasticity		Price impact on usage										
Market Potential		Characterize population		Target customers								
Commercial Operations												
Procedures and Practices	Complete design											
FERC Tariffs		FERC										
NYSDPS Tariffs			NYDPS									
Fulfillment Systems	Systems											
Market Training			Market Training									
Evaluation												
LSE Marketing												
Retail Program Design	Retail Design											
DPS Approvals			Tariff Approvals									
Fulfillment Systems	Systems											
Marketing			Marketing									
Implementation										Pilot		