

# NYISO INSIDER

## Comprehensive Reliability Plan - Considering Reliability Needs

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On August 20, 2004, the NYISO filed a tariff change to establish a Comprehensive Planning Process for Reliability Needs with the Federal Energy Regulatory Commission (FERC). This filing is consistent with FERC's position that a key function for all independent system operators (ISOs) and regional transmission organizations (RTOs) is to develop and administer a comprehensive planning processes within their regions. This process determines whether the electric system resources provided by a combination of the market forces and regulated entities are sufficient to ensure the reliability of the New York State bulk power system throughout the ten-year planning horizon.

The NYISO Comprehensive Planning Process was developed by NYISO Staff members as well as the Electric System Planning Working Group (ESPWG), through our shared governance process. This process establishes a roadmap by which the NYISO, with input from its stakeholders, including Transmission Owners, Generators, developers of merchant transmission and demand response resources, and the New York State Public Service Commission (NYSPPSC) will identify and resolve reliability issues affecting the New York electric system for the next decade.

The Initial Planning Process, approved by the OC in September 2003, focused on consolidating the existing NYISO reliability-based analyses, extending the reliability analyses for an additional 5 years to cover a 10-year period, and the addition of reliability scenario analyses to

the base case conditions. Additionally, it included further detailed reporting of historical congestion costs and analysis of the causes of historic congestion, providing the marketplace with more comprehensive information to assist in future decision making. During this phase of the plan, steps were taken to merge various planning elements into single, logical process with coordination of input requirements, internal timelines, and improved interregional coordination. The final report on the Initial Planning Process was approved by the OC on September 23, 2004.

The Comprehensive Reliability Planning Process includes additional procedures to ensure that needed upgrades will be developed. This Comprehensive Process, which builds upon the Initial Process, goes beyond identifying reliability needs to solicit proposed solutions from all Market Participants and addresses critical issues such as the NYISO's role in the planning process, identification of the NYSPSC's role, cost recovery and cost allocation issues, and provides a mechanism to ensure construction of needed upgrades. Initially, the NYISO will seek market-based proposals to address identified reliability needs. Such proposals will be open to all resources: merchant transmission, generation, and demand side measures. TO's have assumed the obligation to provide a regulated backstop proposal to the NYISO and other developers may submit proposals for alternative regulated solutions to the Department of Public Service for its review. If market-based solutions are not adequate to

## SMD2 Update and Market Trial Exercises

The SMD2 market trials are designed to test and validate the ability of both the NYISO and Market Participant organizations to participate in a full market cycle that includes the Day Ahead Market and Real Time Market. Successful testing requires involvement by the market place. Since the beginning of the market trials, participation has increased; we started with 40 organizations participating in Market exercise one to 74 organizations represented through out the remaining market trial exercises. Although a good portion of the participation was on the part of the generators, Market Participants from all sectors took part in the exercises. Load Serving Entities and virtual traders participated by submitting Day Ahead bids; power marketers submitted transactions between the control areas, thus creating a typical market cycle to be analyzed. This varied bid activity allowed us to identify bugs in the system and to cross-check the SMD2 rules.

Anomalies that are reported to the NYISO staff during the market exercises are recorded with the corresponding explanation or response on the SMD2 Issues Summary list. The list is organized by the type of issue such as "commitment" or "bidding," and is an essential tool used during the review sessions held after each market trial because it keeps NYISO staff and Market Participants cognizant of the outstanding issues. It also serves as a way to track the issues and to identify any problem areas. A few questions remain under review by NYISO staff, but the majority of the questions arising from the trials to date have been resolved. The SMD2 Issues Summary list can be found on the SMD2 Transition at the following website:

[http://www.nyiso.com/oasis/smd2/smd2\\_mp\\_issues\\_summary\\_09\\_15\\_04\\_sorted.pdf](http://www.nyiso.com/oasis/smd2/smd2_mp_issues_summary_09_15_04_sorted.pdf).

A simulation exercise slated for the end of September will use the load information from the historic date June 17, 2004. The SMD2 Day Ahead results will be compared to the current legacy Day Ahead results. Legitimate comparisons of the two Day Ahead Market results can be made since the logarithms for SCUC between both systems remain virtually unchanged. A comparison between the SMD2 and legacy Real Time results would

not be a good indicator for or against the SMD2 market design because the logarithms are vastly different. Results of the simulation exercise will be posted to the SMD2 OASIS page after the Day Ahead to Real Time market cycle is completed.

A seventh market trial exercise is planned for mid October, as was announced at the September 22, 2004 Business Issues Committee meeting. It will be conducted similarly to the earlier market trials; Market Participants will submit bids into the Day Ahead and Real Time markets. A review session will follow the market exercise run to discuss the results. An announcement will be made prior to the review session with detailed information.

After analysis of the market trials, NYISO and Market Participants will come to a consensus on the SMD2 deployment date. Most Market Participants are requesting the deployment date to fall on the first day of a month to allow for a clear separation of the two systems in their books. As announced at the September Business Issues Committee meeting, the NYISO's tentative "Go Live" date is December 1, 2004. The meeting materials for the Business Issues Committee meeting can be found at this link:

[http://mdex.nyiso.com/Committee?id=1&com=Business%20Issues%20Committee&id=121a291b4393d-7dbb0a03015d&meeting\\_date=09-22-2004&thisMonth=09/2004](http://mdex.nyiso.com/Committee?id=1&com=Business%20Issues%20Committee&id=121a291b4393d-7dbb0a03015d&meeting_date=09-22-2004&thisMonth=09/2004).

A two-week notification will be given to the market place and FERC of the official SMD2 deployment date as determined by the Market Participants and the NYISO. ■

## NYISO DSS & the Accounting and Billing Manual

Did you know that NYISO recently published an updated draft of the NYISO Accounting and Billing Manual (A&B Manual)? Moreover, did you know that it was written to document the NYISO settlement algorithms in a manner that is consistent with the NYISO Decision Support System (DSS)? The DSS and the A&B Manual are designed to function together: the A&B Manual documents in detail how the settlements are calculated and the DSS provides the data necessary to analyze/reconcile your market settlements.

The A&B Manual has been updated to document the NYISO settlement algorithms in detail as they are actually used to calculate Market Participants' settlements. It was written using an organized approach that includes conceptual descriptions, a list of required data elements,

eligibility requirements, and detailed settlement algorithms for each unique settlement. It uses the same data element names, descriptions, and settlement level of detail used within DSS to make it possible to understand how your settlements are calculated.

The DSS provides all of the actual data used to calculate your settlements, including all billing determinants (prices, bids, schedules, PTS data, etc.), key intermediates, and settlements results (\$), at the granularity of the settlement. It provides the settlements data in a detailed manner, including SCD-level information, and delineates each unique settlement in order to separate settlement results currently provided on other NYISO reports as single combined values (additional settlement visibility). The data is available through either a set of standard

*(Continued on page 4)*

**1.1.3.4 Settlement Algorithm**

*DAM Bid Production Cost Guarantee (\$) is calculated as:*

$$\text{Day DAM BPCG Stmnt } (\$) = \text{Max}\{\text{Day DAM Total Net Cost } (\$) + \text{Day DAM Start Up Cost } (\$), 0\}$$

*Where Day DAM Total Net Cost (\$) is calculated as:*

$$\text{Day DAM Total Net Cost } (\$) = \sum \text{Hr DAM Total Net Cost } (\$), \text{ for all hours in a day.}$$

*Where:*

$$\text{Hr DAM Total Net Cost } (\$) = \text{Hr DAM Net Energy Cost } (\$) - \text{Hr DAM Net AS Rev } (\$)$$

*And Hr DAM Net Energy Cost (\$) is calculated as:*

$$\text{Hr DAM Net Energy Cost } (\$) = \text{Hr DAM Energy Cost } (\$) - \text{Hr Total DAM Stmnt :Gen } (\$)$$

*And Hr Total DAM Stmnt :Gen (\$) is calculated as:*

$$\text{Hr Total DAM Stmnt :Gen } (\$) = \text{Hr DAM Energy Stmnt :Gen } (\$) + \text{Hr DAM Loss Stmnt :Gen } (\$) + \text{Hr DAM Cong Stmnt :Gen } (\$)$$

*And Hr DAM Energy Cost (\$) is calculated as:*

The determination of Hr DAM Energy Cost (\$) varies under a few different scenarios, which are detailed in the following sections:

1. Generator is not eligible for any DAM energy cost guarantee during the interval.

## NYISO DSS...(Continued from page 3)

Corporate Reports or in a customizable environment via the Business Objects universes.

For example, a Market Participant wants to know why its generator was not paid a DAM Bid Production Cost Guarantee (DAM BPCG) for a given settlement day. The Market Participant can determine this by combining the settlement algorithm information in the A&B Manual (using it to understand how the calculation is made or its key eligibility requirements) with the data actually used by the Billing and Accounting System (BAS) to calculate the settlement to identify the reason and/or related issue. All of this data is available within the DSS, and the Market Participant can easily review the data by using the Power Supplier DAM Bid Production Cost Guarantee Settlement Detail report.

By pairing the A&B Manual and the DSS together, NYISO now provides Market Participants with the information required to easily analyze and reconcile their market settlements.

Remember... DSS is your primary source for NYISO Customer Settlements Data! DSS contains a broad set of NYISO data, which can be used for a variety of purposes by a large user community.

Contact your NYISO Customer Relations Representative for more information at (518) 356-6060. ■

As requested by the Market Participants at the BAWG meeting on August 25th, the Decision Support System (DSS) Alternate Data Delivery (ADD) System Cutover date will be delayed until October 01, 2004.

The DSS ADD Cutover delay is in response to a request from the BAWG so that Market Participants can make final preparations to internal automated data processing systems. The DSS ADD system has been available for Market Participant use since July 7, 2004.

The DSS ADD Timeline is:

### October 01, 2004:

- DSS ADD Official Cutover
- Halt process posting daily and hourly settlement statement files to the Customer Statement Site (CSS) and BAS FTP site.
- Eliminate the dynamic MIS Upload/Download daily settlement statement template.
- Remove access to daily settlement statements files through Marketplace application.

### October 08, 2004:

- Terminate Market Participant access to the CSS website.

The NYISO will still be creating and distributing CDs containing each Organization's customer statement files originally posted to CSS. The CDs will be created and distributed during September and will contain files posted prior to September 7, 2004.

## Comprehensive Reliability Plan ...(Continued from page 1)

meet identified reliability needs, the NYISO will request the responsible TO to submit its backstop regulated proposal to the appropriate regulatory agencies to begin development. Thus, the Comprehensive Reliability Planning Process will ensure that reliability needs are addressed in a timely basis.

The NYISO has begun to address various implementation issues for the Comprehensive Reliability Planning Process with the ESPWG. In parallel, the NYISO is discussing economic planning issues with the ESPWG. ■

## Business Issues Committee (BIC)

The BIC met on September 23, 2004 to discuss updates on the SMD2 implementation efforts and announce the new target SMD2 "Go Live" date of December 1, 2004. Also discussed and approved a proposal for Revised ISO Transmission and Generation Outage Scheduling Practices, as well as a Proposal Regarding NYS Tax Issues for Direct NYISO Customers. Belinda Thornton provided an Installed Capacity Demand Curves Status Report. Jim Scheiderich of Select provided a presentation on establishing a BIC Task Force to discuss NYISO final bill issues. The BIC is scheduled to meet again October 27, 2004. ■

*Please view the  
**Committee  
Meetings and  
Events website**  
for updates on  
meeting times  
and dates.*

## Billing and Accounting Working Group (BAWG)

The BAWG is scheduled to meet again September 29th. ■

## Installed Capacity Working Group (ICAP WG)

The ICAP WG met via teleconference on September 10<sup>th</sup> and in person with David Patton on September 14<sup>th</sup> to review Demand Curve issues in preparation for NYISO's ICAP Demand Curves proposal presentation on September 22, 2004. There are no meetings currently scheduled for the ICAPWG. ■

## Market Structure Working Group (MSWG)

The MSWG met via teleconference on September 17<sup>th</sup> to review Market Trial results, discuss Market Simulation exercise issues, and review the SMD2 Issues List. There are no meetings currently scheduled for the MSWG. ■

## Scheduling and Pricing Working Group (SPWG)

The SPWG met via teleconference on September 13<sup>th</sup> to discuss VSS payment issues. There are no meetings currently scheduled for the SPWG. ■

## Price-Responsive Load Working Group (PRLWG)

There are no meetings currently scheduled for the PRLWG. ■

## Interconnection Issues Task Force (IITF)

There are no meetings currently scheduled for the IITF. ■

## Management Committee (MC)

The Management Committee met on September 1, 2004 and approved by a show of hands, a proposal allowing the NYISO to move forward with a pilot program to test Virtual Regional Dispatch (VRD) with ISO New England. Furthermore, the motion directed the NYISO to engage in development discussions on a Market Participant based option as a potential alternative to the proposed VRD method. At this meeting, the Management Committee also approved a proposal to allow budget underruns to be used to pay down the principal of the NYISO's debt. In addition to its regularly scheduled meeting on October 14, the MC has also scheduled a special conference call meeting on October 1, 2004 to act on the Voltage Support Service proposal approved by the BIC in September. ■

## Liaison Subcommittee

The Liaison Subcommittee met on September 21, 2004 to discuss the Virtual Regional Dispatch Pilot Project and the Preliminary 2005 Budget. The next meeting will be a teleconference meeting only and is scheduled for October 19, 2004. ■

## Project Prioritization Team (PPT)

The PPT met on September 9th to review the status of the 2004 projects. They also had an initial discussion and review on the proposed 2005 project priority list. Meeting materials and notes from their meeting are posted on the website. The PPT is scheduled to meet again October 7, 2004. ■

## Budget, Standards, and Performance Subcommittee (BSP)

The BS&P met on September 20, 2004 to review 2004 budget trends and status of corporate goals. They also had an in-depth discussion and review of the proposed 2005 budget and 2005 corporate incentive goals. The BS&P is scheduled to meet again on October 8, 2004 by conference call for a follow-up review of the 2005 budget with an informational presentation planned for the October MC before being voted on in November. ■



## **Operating Committee (OC)**

The OC meet on September 23, 2004. Items reviewed and approved were The NYISO Initial Planning Report and the River Hill Power Project revised study scope, and the revised NYISO Outage scheduling procedure. The OC is scheduled to meet again on October 28, 2004. ■

## **Communication and Data Advisory Subcommittee (CDAS)**

The CDAS continues to work on Phase 1 telemetering equipment replacement, SMD2 preparation, and editing the Control Center System Requirements manual. The CDAS is scheduled to meet again on October 12, 2004. ■

## **Transmission Planning Advisory Subcommittee (TPAS)**

The TPAS met on September 14, 2004 to review and discuss Study Scopes for the River Hill Power Project – and LIPA Holtsville – Pilgrim 138 kV Transmission Project. Also discussed were the studies Under Consideration for Recommendation for OC Approval. The group reviewed Projects regarding New Interconnection or Material Change Criteria, the Entergy Fitzpatrick Unit 13 MW Uprate, and Transmission and Interconnection Outstanding Issues. The TPAS is scheduled to meet again on October 13, 2004. ■

## **System Operations Advisory Subcommittee (SOAS)**

The SOAS has approved the Restoration Working Group Report on the August 14<sup>th</sup> Incident as well and the summer 2004 Short Circuit Analysis. SOAS is working with CDAS in SMD2 implementation preparation. The SOAS is scheduled to meet again on October 6 & 7, 2004. ■

## **Electric System Planning Working Group (ESPWG)**

The ESPWG continues to explore and develop Phase II “Comprehensive Reliability Planning Process” and has reviewed the NYISO report on the “Initial Planning Process.” The ESPWG is scheduled to meet again on October 20, 2004. ■

## **Restoration Working Group (RWG)**

The RWG has completed the Report on “The August 14, 2003 System Restoration” and is presently developing a methodology to track progress of the recommendations that resulted from the report. The RWG is scheduled to meet again on October 5, 2004. ■

## **System Protection Advisory Subcommittee (SPAS)**

SPAS continues its role coordinating protective relay systems as well as investigating relay operations during the August 14<sup>th</sup> incident and responding to the NERC recommendations resulting from its analysis of the incident. The SPAS is scheduled to meet again on October 26, 2004. ■



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The *NYISO Insider* is published by the New York Independent System Operator (NYISO), and is electronically mailed to all Market Participants who have subscribed to the Technical Information Exchange (TIE) Mailing List. Its mission is to compile and disseminate noteworthy items of general interest for Market Participants as a review and for future reference to help make the competitive wholesale electric market function more effective through improved communication.

# Committee Sector Meetings

October 25, 2004 -  
NYISO Washington  
Ave - 10:00 - 2:00 -  
**Transmission  
Owners Sector**

November 1, 2004 -  
NYISO Washington  
Ave - 10:00 - 2:00 -  
**Other Suppliers  
Sector**

November 5, 2004 -  
NYISO Washington  
Ave -10:00 - 2:00 -  
**End Use Sector**

October 26, 2004 -  
NYISO Washington  
Ave - 10:00 - 2:00 -  
**Public  
Power/Environ-  
mental Sector**

November 2, 2004 -  
NYISO Washington  
Ave - 10:00 - 2:00 -  
**Generators Sector**

Agenda topics are currently being compiled for this meeting and will include:

- Market Design Improvements
- New Facilities

If there are particular topics you would like to discuss at your meeting, please send them to Leigh Bullock by October 15, 2004. Topics submitted after this date are also welcome, and although we may not be able to address them with a formal presentation we will include them on the discussion list.

If you are planning on attending your sector's meeting, please contact Leigh Bullock at [lbullock@nyiso.com](mailto:lbullock@nyiso.com) or call (518)356-7503.

*Please view the **Committee Calendar** to see current meeting information and meeting materials.*

## About the NYISO...

*"NYISO is a not-for-profit organization formed in 1998 and officially began operations in December 1999, as part of the*

*restructuring of New York State's electric power industry. Its mission is to ensure the reliable, safe, and efficient operation of the State's major*

*transmission system and to administer an open, competitive, and nondiscriminatory wholesale market for electricity in New York State."*