

Business Issues Committee
March 11, 2003
Agenda Item 11

Motion on DADRP Penalty:

Motion to modify the Day-Ahead Demand Response Program penalty charged to Demand Reduction Providers when actual demand reductions are less than scheduled reductions. The current penalty multiplier of 1.1 would be eliminated. The Demand Response Provider will be required to pay a demand reduction imbalance charge equal to the product of:

- (a) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Demand Reduction bus, and**
- (b) the difference between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour.**

The Business Issues Committee recommends that the Management Committee approve the change as described above, and adopt appropriate tariff changes to be filed no later than 30 days following the MC vote. The Business Issues Committee also requests that NYISO staff investigate the feasibility of implementing a dead band around the scheduled demand reduction so that, within the dead band, the demand reduction imbalance charge will not apply; and that staff report back on this within 60 days after the MC vote.