

## **NYISO Management Committee Meeting**

**April 14, 2003**

### **Agenda #6**

#### **Motion Re: Day-Ahead Demand Response Credit and Penalty Policy:**

WHEREAS, the Business Issues Committee approved the following changes regarding the Day-Ahead Demand Response Program (DADRP) at its meetings on March 11, 2003, and April 2, 2003.

NOW, THEREFORE, be it hereby resolved that the Management Committee approves the Day-Ahead Demand Response Credit Policy, as presented at the April 14, 2003 Management Committee meeting, subject to FERC approval of pending credit related tariff changes. Be it further

RESOLVED, that this DADRP Credit Policy will be reviewed by the Scheduling and Pricing Working Group subsequent to the Summer 2003 capability period and appropriate changes recommended to the NYISO. Be it further

RESOLVED, that the Management Committee approves a modification to 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:

- (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Demand Reduction bus, and
- (ii) the difference between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour. Be it further

RESOLVED, that the Management Committee approves the change regarding Day-Ahead Demand Response Program penalties, as described above, and approves appropriate tariff changes to be filed no later than 30 days following the Management Committee vote. Be it further

RESOLVED, that the Management Committee requests that NYISO staff investigate the feasibility and advisability 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 to the Price Responsive Load Working Group within 60 days. Any implementation would be subject to Business Issues Committee approval.