

NYSEG Proposal
External Transaction Block Bid Proposal
04/06/01

The NYISO would set aside a subset of the total transfer capacity for each interface that is deemed to be relatively secure. For example, for a total PJM to NY interface capacity of 2200MW, maybe 1200MW is set aside as being very likely to flow. This capacity can be considered “more firm” than the remaining 1000MW.

The NYISO would allow market participants to compete for this transfer capacity by submitting block bid transactions with a decremental bid for entire schedule. Schedules must be 16 hours ~~– On Peak, 8 hours – Off Peak, or Daily. On Peak bids but~~ could start at HB 6, 7, or 8 to accommodate ramping. Schedules would be evaluated based on total cost for the ~~bid period~~~~16-hour~~ schedule and the transmission capacity would be allocated up to the total firm capacity amount for common hours. Thus, for the above example using a total of 1200MW, 500 MW could start at HB 6, 500MW at HB 7 and 200MW at HB 8.

An evaluation tool is needed to allocate this subset of capacity that is considered more firm. One approach may be to evaluate all block bids and establish a clearing price and set of transactions before evaluating the remaining day ahead transaction bids. However, it is likely that this will result in once clearing price for “more firm” block bid transactions and another clearing price for “less firm” single hour transactions.

A better approach may be to evaluate all day ahead transactions as single hour transaction, as is done presently. But once this is done, any resulting contiguous accepted hours that comprise a “block” can be evaluated in an economic optimization until the subset of firm capacity is allocated. To facilitate this, Market Participants would have two choices when submitting their bid ~~for a 16 hour schedule:~~

- 1) Designate the schedule as “go/no go,” that is, the entire schedule would be accepted in full or rejected in full; Treat all accepted hours as individual hours (similar to present operation)
- 2) Designate the schedule as “pro-rata,” that is, the schedule would be accepted at some reduced level if it is the marginal decremental bid. Treat any contiguous accepted hours as a block bid.

~~Once this firm block is scheduled, the remaining capacity can be scheduled either day-ahead or hour-ahead based on decremental bids.~~

Block bid transactions would be checked out with the neighboring control area day ahead for the entire schedule. As a result, transactions should not fail checkout for individual hours within the schedule during hour ahead checkout. If

the block fails day ahead checkout, it will be eliminated from the schedule in its entirety.

During hour-ahead evaluations, the block bid transactions would be granted a higher priority than non-block bid day-ahead or hour-ahead bids. It is intended that block bid day-ahead transactions would be spared from curtailment under all but the most dire circumstances. If it becomes necessary for the NYISO to curtail a block bid day-ahead transaction, the block bid transactions would be restarted first. The selling parties are obligated to cover any changes in their position from the DAM as a result of NYISO rescheduling. Settlement for the curtailed hours would be the same as it is presently.

The market participant would not be allowed to curtail a transaction for any hours in the fixed block. If the market participant fails to deliver or receive the energy in accordance with the Day Ahead commitment, the market participant will face an appropriate penalty charge.