

Real Time Guarantee Payment Impact Test

Billing and Accounting Working Group July 20, 2006

General Description

- ◆ November 8, 2005 filing: ***Report of Tariff Implementation Errors and Request for Limited Tariff Waivers of the New York Independent System Operator, Inc.*** results in April 6, 2006 FERC Order.
 - *Errors made in implementation of changes to MMM identified*
 - ***Phase 1: Mitigation of In-City SRE and OOM Units*** (implemented November, 2005)
 - ***Phase 2a: Mitigation of In-City Units during TSAs*** (implemented May, 2006)
 - ***Phase 2b: Mitigation of In-City SRE/OOM Units during Unconstrained Periods*** (scheduled for September, 2006)

Phase 3: RT GP Test and Mitigation

- ◆ Tests if real-time Guarantee Payment (GP) breaks Tariff defined impact threshold:
 - *Unconstrained (“Statewide”): 200%*
 - *Constrained: 50%*
- ◆ In-City is defined by the Tariff as a Constrained Area, therefore the 50% threshold applies

Calculation Process

- ◆ BAS calculates a RT BPCG based on a set of Bids used in real time by RTD
 - *Uses either as-submitted Bids or Bids mitigated for LBMP impact*
- ◆ For hours where the unit failed conduct, a “reference” RT BPCG is calculated
 - *Bid components that fail conduct are substituted with mitigated Bid components based on the reference Bid*
 - *Bid components that have already been LBMP mitigated cannot be further affected*
 - *Note that as with any BPCG calculation, Bid components in the DSS for the initial run of the advisory statement may be incorrect for the last 5 minutes of the day, since the next hour Bid information is not yet available to the DSS*
- ◆ A daily “reference” RT BPCG is calculated
 - *For hours that failed conduct, the hourly “reference” RT BPCG is used*
 - *For hours that did not fail conduct, the original BAS calculated value is used*
 - *The daily “reference” RT BPCG is the sum of all 24 hours with a minimum value of zero*

Impact test

- ◆ The “reference” RT BPCG is compared to the original BAS calculated RT BPCG
- ◆ If the BAS calculated RT BPCG exceeds the “reference” BPCG by a specified amount, the Generator is paid a mitigated RT BPCG equal to the “reference” RT BPCG
 - *Units in the Constrained Area – 50% increase, or 1.5 times “reference”*
 - *All other units – 200% increase, or 3 times “reference”*

Reporting Results

- ◆ If a Generator fails the RTGP impact test and is paid a mitigated RT BPCG, the following settlement data will be reported
 - *Alternate Daily Delivery (ADD) Reporting*
 - At the hourly level - value of hourly mitigated BPCG
 - At the daily level – daily total mitigated BPCG
 - Any non-zero value is an indicator that the unit has been RTGP mitigated
 - *DSS data available to the affected Generator*
 - Reference Bids used in the RTGP calculation reported at the 5 minute level
 - Reference Start-Up used in the RTGP calculation reported at the hourly level
 - Daily delta between the unmitigated and mitigated BPCG will be provided

Reference Bid Modifications

- ◆ The mitigated Bid components used in the RTGP test and mitigated RT BPCG calculation are derived from each Generator's reference levels
- ◆ The initial daily posting of settlement data is considered “advisory”, therefore the posting of a mitigated RT BPCG merely identifies potential mitigation
- ◆ Generators will have the opportunity to confer with MMP if they believe the reference level used in the evaluation was not appropriate or to explain why the Bid was consistent with competitive behavior.
 - *MMP can modify reference levels used in the RTGP process.*
 - *Reference levels can be modified any time prior to final bill close-out.*
- ◆ Since reference levels can be modified, the mitigation can be reduced or completely undone any time prior to final bill close-out
 - *However, Generators that believe their Bids should not have been mitigated based on RTGP impact should engage in consultation with the NYISO's Market Monitoring and Performance Department as soon as possible.*

