

COMPENSATION TO GP2 MITIGATED GENERATORS

Presented by,
Alex Schnell

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Overview of Presentation

- Brief History of GP2 Mitigation Issue
- Financial Impact of GP2 Mitigation
- Explanation of Proposed Compensation Methodology
- FERC Approval

Brief Summary of GP2 Mitigation Issue

- The GP2 test was a DAM guarantee payment impact test that was implemented as part of the AMP III/IV software on May 1, 2004.
 - The GP2 impact test was designed to test a generator's bid for violation of the guarantee payment impact test when at least one component of the generator's bid (startup, mingen or energy) failed the applicable conduct test.
 - The GP2 impact test tested both generators that had, and generators that had not, been economically committed in the first pass of SCUC.
- Generators were GP2 mitigated:
 - In New York City, from May 1, 2004 to January 31, 2005.
 - Outside New York City, From January 17 to January 27, 2005.

Brief Summary of GP2 Mitigation Issue, Cont.

- **The GP2 impact test was flawed when applied to generators that would not otherwise have been economically committed because:**
 - **The GP2 mitigation itself caused some generators to be committed and receive a day-ahead schedule.**
 - **A generator that has not been committed will not receive any guarantee payments, so it cannot have a guarantee payment impact.**
- **The GP2 mitigation was reviewed with Market Participants prior to implementation:**
 - **Several iterations of a Concept of Operations that described the GP2 impact test were provided and discussed with the AMP-ICM Task Force of the S&PWG.**
 - **The NYISO is not aware of any outstanding comments on the GP2 impact test during the stakeholder review of these changes.**

Financial Impact of GP2 Mitigation

- The total financial impact on the affected generators is estimated to be \$1,392,000.
 - The total impact of the GP2 mitigation on generators located outside of NYC in January 2005 is estimated to be \$874,000.
 - The total impact of the GP2 mitigation on generators located within NYC from May 1, 2004 to January 31, 2005 is estimated to be \$518,000.
 - These are all “worst case” estimates; the actual impact is likely lower.

Proposed Compensation Methodology for GP2 Mitigated Generators

- The NYISO's intent is to ensure that no GP2 mitigated generator is financially harmed by the GP2 mitigation.
- All GP2 mitigated generators that actually started will have their unmitigated DAM bids restored and will receive BPCG payments consistent with those bids.
- Generators that did not actually start in real-time will be held harmless by voiding their DAM and real-time schedules, including any balancing obligations.
 - The generator's financial position for the days it was subject to GP2 mitigation will be as if the generator had not been committed Day-Ahead.

FERC Approval

- The NYISO intends to file the previously described compensation correction methodology with FERC.
- The NYISO will also ask FERC to confirm that, in accordance with section 4.2.2(d) of the NYISO's Market Mitigation Measures, market clearing prices should not be restated.