

NYISO Business Issues Committee Meeting

December 13, 2001
Marriott Hotel, Albany, NY

MOTIONS OF THE MEETING

Motion #1:

Motion to approve the five BME/SCD Converging Initiatives as presented to BIC on 12/13/2001 as Agenda Item #5 and described in the document *BME-SCD Convergence Proposal.doc*

(Motion passed with 100 % affirmative votes with abstentions)

Motion #2:

Motion to amend Motion #1 to add that the BIC requests the NYISO to designate resources as part of the BME/SCD short term convergence assignment in January 2002 to work with the Committee Structure to consider payment to on-dispatch providers.

(Motion failed with 56.69 % affirmative votes)

Motion #3:

Motion to amend the NYISO Emergency Demand Response Program (EDRP) and the Day-Ahead Demand Response Program (DADRP) as described in the material presented to the Business Issues Committee on 12/13/01. Amendments during the meeting are reflected in the three categories listed below.

(Motion passed unanimously by a show of hands)

The program changes fall into the following three categories:

1. Customer Base Load (CBL) calculation. Provide customers with an alternative mechanism for calculating the CBL to avoid shortcomings in the current mechanism, which is biased against temperature-sensitive loads.
2. Provide a settlement mechanism for the competitive Demand Response Providers (DRPs) in the DADRP that the approved tariff calls for as of January 1, 2002. A mechanism needs to be provided to cover settlements for the tariff-specified category of Demand Response Providers that will be able to provide DADRP to any customers. Until January 1, 2002, only the electric commodity providing LSE can provide such service. The Business Issues Committee requests that the NYISO staff in consultation with the Credit Policy Review Committee propose appropriate credit worthiness and, if necessary, collateral requirements for DRPs
3. Provide a pilot program, limited to 25 MW of load reduction, for small customers that do not have interval meters so that they can participate in the EDRP and DADRP. Verification of load reduction performance would be the burden of the proposing DRP or CSP. Verification Plans for such participation would be approved by the NYISO and by the Chairs and Vice-

Chairs of the Management Committee and the Business Issues Committee and the Chair of the Price Responsive Load Working Group after review by the Price Responsive Load Working Group.

This program will be limited to two years unless renewed by the appropriate NYISO Committees. A detailed evaluation of the program, focusing particularly on provision of capacity, will be conducted after the first summer capability period. This report will be sent to a joint group comprised of the PRLWG and the ICAP WG, and they will in turn report their findings to the BIC

Motion #4:

Motion to eliminate the 8 month True-up as recommended by the BAWG.

(Motion passed unanimously by a show of hands)

Motion #5:

Motion to amend the credit support requirement for participation in virtual bidding in New York to reflect the differing risk exposure to the market depending upon the selected zone(s) in which a market participant chooses to participate.

The Business Issues Committee hereby recommends to the Management Committee that it implement a change to require credit limits/collateralization for undertaking virtual bidding in New York at levels commensurate with the specific zones in which a market participant is bidding. This amendment would not alter the level of protection in place under the present virtual bidding credit support policy.

The Business Issues Committee further asks that the NYISO staff, in consultation with the Credit Policy Review Committee, review this proposed change and report on it at the February Management Committee meeting.

DESCRIPTION: A credit requirement for each zone in New York shall be calculated using the same methodology as used in the present policy. That calculation is based on the widest gap (delta) between day ahead (DAM) and real time (RT) prices that would be expected to exist 97% of the time. Under the present policy, those wanting to participate in virtual bidding are required to (a) advise the NYISO of those zones in which it will participate; and (b) post collateral in an amount sufficient to cover risk exposure in the zone with the widest DAM/RT delta, regardless of whether the participant chooses to engage in virtual bidding in that zone. This amendment proposes to require the posting of collateral to reflect the risk exposure in the zone with the widest delta (most expensive) in which the market participant chooses to engage in virtual bidding, and not necessarily the widest delta statewide. In short, the credit requirement for an individual market participant will be determined based on the most expensive zone in which the participant wishes to be active for purposes of virtual bidding. A market participant would be ineligible to participate in virtual bidding in a zone in which it does not qualify by posting adequate collateral.

(Motion passed by a majority show of hands)