

GT Under-generation Penalties

In June of 2003 the ISO deployed GT dragging correction software that corrected the calculation of real-time energy availability to include only a GT's actual output as its upper operating limit and not its bid Upper Operating Limit (UOL) as had been the case historically. This eliminated an error in up to 300 megawatts in computing the ISO's energy reserve position on high load days when GTs can often not meet their bid maximum output levels.

This reserve calculation fix was originally going to include a general reset of the GTs UOL to a GT's actual output to include all aspects of GT operation including performance tracking for under-generation penalty purposes. But the **general reset** was not implemented due to complexity and resource availability in competition with SMD2.

With the elimination of the general UOL reset, GT owners were requested and required to call in derates manually to the ISO dispatchers to reflect temperature related reductions in capacity. This manual process was found to be unworkable as the dispatch floor found the derating and removal of derates of hundreds of GTs throughout the day on hot, high load days burdensome and distracting for dispatchers.

As a result, GT owners have been penalized for under-generation due to the inability to make adjustments to the unit output capacity in real-time when conditions differ significantly from their bid in UOL.

The NYISO Staff has reviewed this issue and determined that we should forgive GT penalties going forward until such time as the real-time dispatch software makes a general adjustment of real-time GT UOLs to be consistent with their actual output or provides a mechanism for GT operators to make such adjustments. Staff also recommends that penalties assessed after the June 2003 deployment up to the present be forgiven. June 2003 is the time when we had originally intended (promised) to correct both the inaccurate calculation of reserves and the penalizing of owners for inaccurate UOL values but failed to complete the latter and have provided no effective alternative remedy. The total of performance penalties imposed on GTs from June 2003 through April 14 2004 is \$535,564.33. Applicable under-generation penalties will be a substantial fraction of this amount and a more accurate estimate and any needed tariff changes will be completed in order to accompany a recommendation to the Business Issues and Management Committees when and if such a recommendation is brought forward.

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