GT Penalty Forgiveness

Business Issues Committee

July 21, 2004

GT Under-generation Penalty Assessment

- Penalties for GT Under-generation

  ▸ *Penalties have been incurred by GT owners due to the inability of many units to derate when environmental conditions limit unit performance below bid UOL*

  ▸ *Applicable penalties are those incurred from June 2003 through present*

  ▸ *Penalties will continue until software changes are made to adjust UOL to actual or provide web-based user interface to allow MP adjustment.*

ISO Recommendations

- Forgive GT under-generation penalties for on-line GT units

  - ▸ *Forgive penalties incurred from GT dragging fix (June 2003) to present*

  - ▸ *Suspend penalties for GT under-generation pending SMD addition of web based derate function*

  - ▸ *Total GT penalties through November, 2004, should not exceed $750,000 at the historic GT penalty rate of approximately $50,000 per month*

- Reviewed at S&P on July 14th; seek BIC approval for such a resolution for presentation to the August MC meeting.

Recommendations – SMD2

➢ *GT Dragging*

- ▪ *There are a couple of options available to address GT derates in SMD, either in MIS or in the dispatch software.*

- ▪ *Neither option can make the code freeze date, but are relatively minor projects that could be incorporated post SMD2 deployment.*

- ▪ *Incorporate as a project and prioritize.*