

NYISO POSITION ON EDRP EXTENSION (revised at 8/28 PRLWG meeting)

The original position statement presented at the 8/28 PRLWG is modified to reflect the discussions, with changes noted in red. This is not a consensus position at this point; it is hoped that it can serve as a starting point for further compromise discussions.

1. Extend the program through and until October 31, 2004.
2. NYISO supports the following changes:
 - Institute a strike price approach whereby EDRP resources bid a strike price rather than be paid the automatic \$500.
 - Operations to decide how much and from where SCR/EDRP is called.
 - Reduce call time minimum from two hours to one hour.
 - Separate operational call of SCR from EDRP.
 - Call SCR as first block. If less than full amount is needed, call for partial response from all SCR responders. Pay SCR **the greater of LBMP or a floor price to be established**.
 - If further demand reduction necessary - call EDRP, less expensive blocks first.
 - EDRP resources would be paid the greater of their strike price or LBMP.
3. The NYISO supports using EDRP to set LBMP but can commit to implement such a change only after we have determined with the MPs and the Independent Market Advisor that this is the best candidate among the options available to us to better price reserves shortages, given
 - its feasibility (it appears to be technically feasible but that is a preliminary determination only)
 - other demands on our resources
 - other options for SCD reprogramming to reflect reserves shortages that appear in discussions with MPs.