

Memorandum

To: ICAP WG

From: NYISO Staff

Date: November 7, 2000

Re: One-Month Obligation Procurement Period

After reviewing the reports received from two independent consultants and considering the views of the majority of market participants, the NYISO supports shortening the length of the ICAP procurement period from six-months to one-month. The NYISO's support on this issue is contingent upon resolving the following related conditions and including them in the filed tariff:

1. All ICAP suppliers must follow the bidding, scheduling and notification procedures specified in the tariff and manual for the Day Ahead Markets for energy and reserves.
2. In any hour of any day, a NY ICAP supplier must respond to an SRE with a bid to the NYISO. This condition applies to suppliers whether or not they had been selected in the DAM and whether or not the supplier is running at the time the SRE is issued.
3. Failure to follow any of the bidding, scheduling or notification procedures is subject to sanctions.
4. The monthly deficiency penalty must be increased to a level that will minimize the threat of capacity migration. The increased level is greater than \$8.75/kW/month and less than \$57.50/kW/month.