

Reopening the 10-Minute Non-Synchronous Portion of the NYISO's Reserve Markets

Presented by

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**to the Scheduling and Pricing
Working Group**

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NYISO Reserve Markets

✚ **Committee Process.**

- *Timeline for Reopening the 10-NSR Market.*

✚ **FERC Comments and Requirements.**

✚ **Market Developments and Enhancements.**

✚ **Recommendations.**

- *Market Advisor*
- *NYISO*

✚ **Future NYISO Actions.**

Timeframe for lifting the \$2.52/MW 10-NSR Bid Cap

- ✦ **NYISO and its Independent Market Advisor agree that it is time to lift the \$2.52 ten minute NS reserves cap provided that certain conditions apply:**
 - *Revised conduct and impact rules for the ten minute NS reserve market, as it is still highly concentrated.*

FERC Comments and Requirements

- ✦ **On 8 November 2000 FERC extended the bid cap on 10-NSR until the NYISO demonstrates that the market is competitive in all situations.**
- ✦ **FERC agreed with the NYISO in its 20 March 2002 Comprehensive Filing that the review process described therein was appropriate for reexamining the 10-NSR market.**

FERC Comments and Requirements in the 8 November 2000 Order

- ✦ NYISO was expected to continue its efforts to increase competition in the 10-NSR market.**
- ✦ FERC noted that there was no support “historical or otherwise” for the bid cap phase-out to \$15 / \$30 as proposed by the NYISO in its September 2000 filing.**
- ✦ FERC said that the NYISO should continue work to adopt FERC’s self-supply rules.**
- ✦ FERC called for a technical conference to address the bid cap and other market issues.**

Completed Reserve Market Enhancements

- **Technical Conference Convened.**
- **Lost Opportunity Cost Payments to 10-minute NSR Supplies – Incentive for increased reserve market participation.**
- **Full Gilboa Flexibility implemented – provided additional potential 10-MNSR supply.**
- **Update of Locational Requirements. – *reduction in locational reserve requirements.***
- **Locational Clearing Price Payments to Suppliers.**
- **Regional Reserve Sharing (NYISO/ISO-NE) implemented on 15 June 2001 – reduced 10-Min. reserve requirements in the east.**

Recommendation

👉 Market Advisor

- *Mandatory offer requirement for ICAP units.*
- *Remove the \$2.52 bid cap.*
- *Reference levels are based on the lower of \$2.52 or accepted bids.*
- *Assess the competitive performance of the market after the cap has been lifted.*

The NYISO Position

- ✦ **The NYISO agrees with the recommendations of the Market Advisor.**
- ✦ **The NYISO Market Monitoring Process.**
 - *Continual screening of 10-NSR in DAM and BME.*
 - *Units failing conduct and having impact are placed on a watch list.*
 - *If the unit's bids continue to fail conduct, they are reset to default levels either in the DAM or the BME.*
 - *Review behavior of both ICAP and non-ICAP units.*

Future NYISO Actions

- ✦ **MMP and IT to coordinate removing the cap in the MIS; minimal resources required.**
- ✦ **MMP to develop enhanced 10-NSR screens that will facilitate monitoring and quick actions.**
 - *Monitor for quick run-up in 10-NSR prices immediately after the cap is removed and in times of non-scarcity.*
- ✦ **MMP to review procedures for placing units on the watch-list.**
- ✦ **Legal determines the necessary changes to the tariff, including the Mitigation Measures.**