

Pricing Issues Update

**Business Issues Committee
September 27, 2001**

Price Issues Task Force (PITF)

➤ **Purpose of TF:**

- *Identify causes of BME/SCD price differences*
- *Identify solutions that could be implemented quickly (e.g. with an ECA)*

➤ **Causes of Price Differences**

- *OOM generators do not participate in price setting*
- *Reserve modeling differences between BME & SCD give SCD more flexibility in satisfying reserve requirements*
- *Load modeling: BME considers peak load for the hour*

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- **Future steps most likely involve substantial change to the NY market and require MP consideration through the committee process**
 - *Include units that are OOM for ISO reserve to participate in price setting (hybrid pricing method), ECA being considered*
 - *Reserve modeling*
 - ▶ Blocking, Latent reserve, Elasticity in reserve demand, etc.
 - *Load modeling*
 - ▶ Real-time load forecast tool for BME, peak vs. average load for prices setting in BME, modeling of EDRP, etc.

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- **Further discussion of longer range actions will be discussed at a joint meeting of**
 - *Scheduling & Pricing WG*
 - *Market Structures WG*

Tuesday, October 9, 2001