

Bouchez, Nicole

From: Rigberg, Saul (DOS) [Saul.Rigberg@dos.state.ny.us]
Sent: Friday, October 14, 2011 11:15 AM
To: Bouchez, Nicole
Cc: Hockford, Kathleen; Niazi, Tariq N
Subject: 9/16 MIWG Ancillary Services Mitigation Presentation

Follow Up Flag: Follow up
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Hi Nicole,

At the conclusion of your 9/16 MIWG presentation, you asked for market participant comments by October 14. The presentation addressed Potomac Economic's recommendation in its State of the Markets report to modify two long-time ancillary services mitigation provisions that:

- ☐ *Limit GTs to a 10-minute non-spinning reserve reference of \$2.52/MWh and*
- ☐ *Require New York City steam units to offer 10-minute spinning reserves at \$0/MWh.*

The Department of State respectfully urges the NYISO to forego further discussion of this matter in MIWG pending completion of a Consumer Impact Analysis (other than, perhaps, discussing the inputs and scope of the analysis). The analysis should include consideration of the impact of adjusting the bid constraints to reflect current market conditions in addition to merely eliminating the bid constraints.

In addition, the Department of State seeks a more robust market power analysis so we can better understand why it is thought that the market conditions that caused the need for the \$2.52 bid cap, for instance, are no longer present. We are also seeking clarification of how the proposed modifications would affect reference prices and related thresholds and trigger mechanisms.

Thank you for this opportunity to comment.

Have a good weekend,
Saul