

# Purpa Operation under SMD

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# PURPA Units

- PURPA units<sup>1</sup> furnish energy under pre-ISO contracts to NYISO LSEs.
- PURPA contracts include “must take” provisions permitting these units to choose their operating levels.
- PURPA contracts pass through any charges such as NYISO regulation penalties to the end user.
- PURPA units have therefore been determined to be exempt from such penalties.
- Special settlement rules for PURPA units are not maintained when such a unit engages in sales of reserves or regulation.
- <sup>1</sup>PURPA unit is used here to include all units operating under contracts executed and effective on or before November 18, 1999 in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of certain Generators who have not provided telemetering to their local TO and historically have been treated as load modifiers.

# PURPA Units under SMD

- Penalty exemption and operating level flexibility will be continued under SMD.
- PURPA units will not be dispatchable in real time since they are free to not respond to dispatch signals.
- PURPA units may not engage in selling capacity for reserve under the existing tariff. They incur no penalties for failing to respond to a Reserve Pickup.

# PURPA Units under SMD

- PURPA units may maintain their PURPA status by:
  - offering into the DAM as fixed units;
  - offering into the real-time market as fixed units.
- PURPA units may not offer their capacity for reserve in the DAM and will not be chosen for reserve in RT.
- Offering flexibly in RT will cause the loss of the PURPA exemption for that hour.