



draft Technical Bulletin #XX

xx/xx/2002

Subject: Delivering inter-control area ICAP energy

An ISO has certain rights pertaining to the energy associated with ICAP committed to its Control Area. The NYISO and its neighboring ISOs have developed procedures to ensure that the energy associated with an ICAP contract is available to the appropriate ISO in the event of a capacity shortage.

Details:

All NYISO ICAP providers have an obligation to submit bids into the NYISO Day-Ahead Market on a daily basis. This obligation applies to ICAP providers located both within and external to the New York Control Area (NYCA). Rules governing the obligations associated with NYISO ICAP contracts are defined in the NYISO Stage 2 ICAP Manual, which is available on the NYISO web site, listed under “Planning Manuals” at:

<http://www.nyiso.com/services/documents/manuals/index.html>

An ISO has certain additional rights to energy associated with that ICAP committed to its Control Area in real time. PJM, ISO-NE, and the NYISO have agreed to a number of “General Principles” to facilitate access to the energy associated with ICAP contracts with suppliers located in external control areas in the event of a capacity shortage within a control area.

NYISO ICAP suppliers located in PJM

In the event that energy from a NYISO ICAP resource located in PJM is required to resolve a capacity deficiency in the NYCA, the NYISO dispatcher will contact the ICAP resource’s designated contact. The NYISO dispatcher will instruct the designated contact to ensure that all necessary measures are taken to facilitate delivery of the ICAP backed energy to the NYCA in response to a Supplemental Resource Evaluation (SRE) request, or through the next Balancing Market Evaluation (BME). This process includes submitting the appropriate bids into the PJM Hour-Ahead Market (HAM) to ensure scheduling of the transaction by PJM. Transaction offers should identify the source as the appropriate external proxy bus and the sink as the NYCA reference bus. The specific ICAP unit should also be identified in the User Reference field of the MIS form.

NYISO ICAP suppliers located in ISO-NE

A transaction bid from a NYISO ICAP resource located within the New England control area must be selected in the NYISO DAM if it is anticipated that the energy will be required in real-time. If a NYISO DAM contract is not awarded to the resource, the energy may not be available in real-time based upon existing ISO-NE market rules. The NYISO dispatcher will, however, contact the ICAP resource’s designated contact and request that all possible measures be taken to facilitate the delivery of the ICAP backed energy to the

NYCA. Transaction offers should identify the source as the appropriate external proxy bus and the sink as the NYCA reference bus. The specific ICAP unit should also be identified in the User Reference field of the MIS form.

NYISO ICAP from Quebec

In the event that NYISO ICAP backed energy is required from Quebec, the NYISO Dispatcher will contact the designated resource contact and instruct the contact to take the actions necessary to facilitate the delivery of the ICAP backed energy in response to an SRE request, or through the next BME.

External ICAP provided by resources located in the NYCA

The NYISO is committed to a high level of deliverability for energy from the NYCA that supports an ICAP contract in an external control area. In the event that a neighboring control area has an in-day forecasted or actual reserve shortage (e.g. a PJM Maximum Generation Emergency), the affected control area dispatcher will contact their ICAP resource(s) located within the NYCA to request their ICAP contract energy. They will also notify the NYISO dispatcher of the situation. The ICAP resource is expected to follow the NYISO bidding rules required to get the ICAP backed energy scheduled for export. In the event that the export transaction(s) is not accepted by BME due to a NYISO reserve shortage, the NYISO dispatcher will input the transaction using IS+.

The external control area requesting ICAP backed energy from an ICAP resource located within the NYCA expects the resource to structure its offer to have the best possibility of being accepted. The ICAP resource's offer should specify the source as the specific ICAP unit sold, and the sink as the appropriate external proxy bus. To ensure the best possibility of being scheduled in BME, the resource is able to submit a maximum sink price cap bid of \$999.70. Bidding this value provides a HAM export transaction with the highest economic priority with respect to other HAM export transactions submitted to BME. For a generating resource to have the best possibility of being scheduled to its ICAP obligation level, the unit is able to submit a \$0 start-up cost and a \$0 minimum generation bid, with a -\$1000 bid for its incremental energy. A generator bid structured in this manner will have the best possibility of being scheduled to its ICAP obligation level. This bidding information is not a recommendation by the NYISO of how to bid, but is intended to explain how to obtain the best chance of being scheduled to fulfill ICAP obligations to external control areas. Upon FERC approval of tariff amendments submitted May 24, 2002 to ensure the deliverability of Energy from New York Generators that have supplied Installed Capacity to External Control Areas, these bidding recommendations will appear in the NYISO tariff as required responses to a call for ICAP backed Energy from the External Control Area.

Pro-rata reductions in energy delivery will be applied based upon the current capability of the NYCA resource supplying the external ICAP energy. If the resource has less capacity available than its ICAP obligation calls for, and/or it has ICAP obligations in more than one control area, then the

ICAP obligation(s), as well as non-ICAP energy contracts, will be pro-rated accordingly. The NYISO is not obligated to supply energy from NYISO-only ICAP resources.

Wheel-through transactions with ICAP implications

In the event that an ICAP transaction between two neighboring control areas must pass through the NYCA the NYISO dispatcher will take the steps necessary to ensure delivery of the associated energy.

Interface limit reductions

System transmission conditions may, at times, require a reduction in the external interface limits for a specific control area. In the event that the ICAP entitlement associated with a specific external control area is less than or equal to the reduced interface limit, then the external control area will be entitled to the contracted ICAP amount¹. In the event that the ICAP entitlement for an external control area is greater than the reduced interface limit, then the NYISO will schedule the deliverable quantity based on the BME where time permits. In real time the external control area dispatcher may contact the NYISO dispatcher and identify the specific external ICAP transactions that they wish to curtail. If the external control area dispatcher does not specify the ICAP transactions to be curtailed, then the NYISO dispatcher will perform curtailments based upon existing operational procedures for locational curtailment². In either event, the export transactions will be scheduled or curtailed to a level consistent with the reduced interface limits.

Transaction IDs must be submitted for all inter-control area ICAP transactions

In order to manage external ICAP transactions, all NYCA resources with ICAP obligations in external control areas, all external resources with ICAP obligations in the NYCA, and all ICAP transactions that will wheel through the NYCA must submit transaction IDs to the NYISO. The transaction IDs may be submitted to the NYISO on the monthly Installed Capacity Certification form by including them in the comments field of the form.

Transaction IDs that are not available in time for submission with the Installed Capacity Certification form may be submitted to the NYISO via email to: certifyicap@nyiso.com. All transaction IDs must be received by the NYISO three business days before the end of the month³.

¹ Subject to pro-rata adjustments that may be required to address unit capacity deficiencies.

² Refer to Technical Bulletin #61 (Interchange Scheduler Plus (IS+)...) for additional information.

³ Transaction IDs for New England transactions scheduled after the NE checkout process must be submitted to the NYISO as soon as the transaction ID is available.