

Expanded Rate  
Correction Authority

NYISO Management Committee Meeting

Con Ed - NYC

March 1, 2001

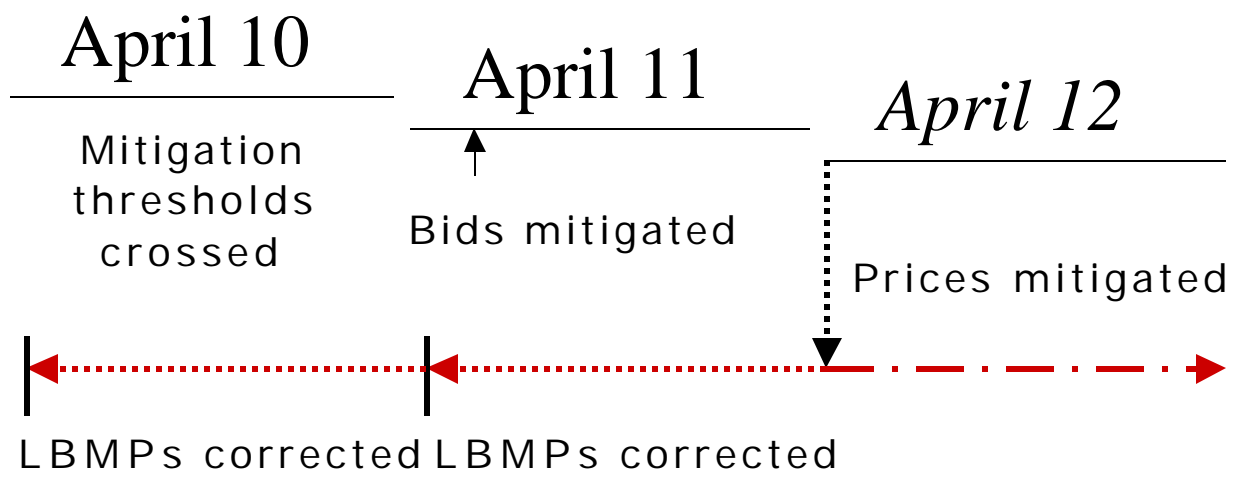
## Market Issues

- ❖ Entities with market power can get a “free bite at the apple” until mitigation can be implemented
- ❖ Potentially conflicting concerns:
  - ✓ Need for market mitigation measures to minimize any uncertainty or delay in finalizing market prices
  - ✓ Need to maintain appropriate incentives to sell into NY markets

## Rate Correction Proposal

- ❖ Limited reservation of authority to correct DAM prices:
  - ✓ Only if MMP prospective mitigation thresholds are crossed and mitigation is made applicable
  - ✓ Only correct prices for the 2 DAMs prior to the DAM first mitigated
  - ✓ Corrections made on basis of MMP reference prices; sellers paid at least their bids
- ❖ Timeline modeled on TEP procedures

# Timeline



## FERC Procedures

- ❖ FERC filing to modify MMP (MMM) to include rate correction authority
- ❖ Basis for filing: rates that exceed mitigation thresholds are not “J&R”
- ❖ Filing when approved would be part of NYISO tariff
- ❖ Market Participants would then be on notice of possible rate corrections from effective date forward