

Day-Ahead Margin Preservation: Issues Regarding Gas Balancing Costs

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By

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Day-Ahead Margin Preservation: Recap

- NYISO or TO security instructions may require a generator to operate below its DAM schedule independent of the real-time price.
- As always, the generator will buy out the remainder of its DAM position.
- The intent of the DAMP is to make generators whole for the difference between Day-Ahead and Real-time prices.
- The outcome is that generators' Day-ahead margins are honored for certain NYISO-initiated actions that otherwise disadvantage the generators.

Issues with the DAMP

- NRG lodged a protest to the FERC order approving the request to incorporate DAMP into the Tariff.
- NRG correctly contends that the DAMP payment does not compensate them for gas balancing penalties incurred for not running as originally anticipated.
- FERC has directed that the issue of such compensation be addressed through the committee process.

Market Advisor and NYISO Position

- The NYISO agrees with the FERC that an automatic recovery of gas imbalance penalty costs may not be appropriate.
- The NYISO is willing to consider non-automatic recovery mechanisms (*i.e.* inclusion as an element of BPCG), if the Committees believe the tariff should be amended to allow recovery of these costs in some fashion.

Next Steps

- The NYISO has no proposal to offer the committee at this point;
- Market Participants with proposed solutions to the gas imbalance penalty issue should contact NYISO staff.
- Proposed solutions to this issue will then be brought back to a working group for further consideration and to the committees for approval.
- The NYISO would like to finish this committee process with the June BIC and MC meetings.
- The NYISO will report to FERC on May 12 with regard to where we are in the stakeholder process on this issue.