

# Incremental Cost Recovery for Generating Units Responding to NYSRC Local Reliability Rules I-R3 or I-R5

## Minimum Oil Burn Compensation

### Table of Contents

1	Overview .....	1
2	MOBC Registration .....	2
2.1	Registration Data Submittal .....	2
3	Settlement Data Exchange Upload and Download .....	4
3.1	MOB Transmission Owner (TO) Data Submittal .....	4
3.2	MOBC Generator Owner Data Submittal .....	4
4	MOBC Data Schedule for Locking and Unlocking .....	5
5	MOBC Data Validation .....	6
5.1	Generator Start and End Times .....	6
5.2	Data Validation for Max Oil Consumption .....	7
6	MOBC Cost Recovery Compensation .....	7
7	MOBC Data Availability in DSS .....	7
8	MOBC Auditing .....	7

## 1 Overview

Generators identified by Transmission Owners as necessary for compliance with the New York State Reliability Council (NYSRC) Local Reliability Rule I-R3 or I-R5 ("Identified Generators") may be compensated for the additional variable operating costs incurred when instructed to operate pursuant to these reliability rules.

The NYISO manually implemented new I-R3 and I-R5 Incremental Cost Recovery provisions of the Tariff effective May 13, 2007. The NYISO automation of this program is planned for mid-October 2008. The settlement support of this program is referred to as 'Minimum Oil Burn Compensation (MOBC)'.

Identified Generators may either request a reference bid calculated with a blended fuel component or participate in the MOBC. Identified Generators choosing to participate in the NYISO's MOBC program have specific registration, fuel consumption data and validation data requirements that are outlined in this NYISO procedure and in the NYISO Tariff Section 4.1.7a of the Market Services Tariff.

Once registered, the NYISO will process requests for MOBC on a daily basis using the Settlement Data Exchange (SDX). Processing will require SDX entries by the Transmission Owner ("TO") and the Identified Generator.

## 2 MOBC Registration

Only NYISO customers with assigned Generator point identifiers (PTIDs) may register for this program. To register for MOBC, generating units must complete the NYISO MOBC Registration form, available on the NYISO website at:

[http://www.nyiso.com/public/documents/tech\\_bulletins/index.jsp](http://www.nyiso.com/public/documents/tech_bulletins/index.jsp).

All registration documentation must be submitted to the NYISO Customer Relations Department via an email to [market\\_services@nyiso.com](mailto:market_services@nyiso.com) with the Subject: I-R3/I-R5 Cost Recovery Registration for Unit(s) [Name of Unit].

Received registrations will be reviewed by the NYISO Market Monitoring and Performance department. If additional information is warranted, the generator owner will be notified. Completed registrations will be either approved or rejected with identified reasons. Approved registrations will have an MOBC effective start date set to the 1<sup>st</sup> day of the month following approval.

Submitted material will be subject to audit. Generators seeking to change the value of any entry on the registration must re-submit the registration form. Revisions to cost compensation will only be available prospectively from the date the accepted revisions are effectuated.

### 2.1 Registration Data Submittal

The following data requirements are among the data submitted with registration and may be used to validate payment.

#### 2.1.1 Generator Engage and Disengage Times

Each generator will register its standard engagement time and disengagement time. These values will be effective dated; should they change over time the generator must notify the NYISO.

Engagement time: the period of time prior to the 'TO invocation' during which the additional variable operating costs of burning the alternative fuel are eligible for reimbursement.

- Each generator will have the engagement time set to 3 hours (this is the current value supported for manual processing).

Disengagement time: the period of time following the 'TO termination' during which the additional variable operating costs of burning the alternative fuel are eligible for reimbursement.

- Each generator will have the disengagement time set to a value established through consultation with the NYISO MMP department and based upon historical analysis.

#### 2.1.2 Generator Max Oil Consumption

Each generator will register its 'max oil' value(s) established through consultation with the NYISO MMP department and based upon historical analysis. This value will be effective dated; should it change over time the generator must notify the NYISO.

**2.1.3 Generator Taxes**

As a result of automating this settlement for multiple generating units, the tax formulas applied to the generator's primary and alternative fuels (for purposes of determining the I-R3/I-R5 cost recovery) will be standardized for all MOBC units.

**2.1.4 Additional Expenses**

The NYISO can compensate for additional fuel delivery and/or handling expenses where applicable and if included with registration material. The NYISO may request supporting information when generators request compensation for additional expenses.

### **3 Settlement Data Exchange Upload and Download**

The Settlement Data Exchange (SDX) will be expanded to support the upload and download of MOBC required data. The SDX upload and download page is available directly by using the NYISO SDX Upload and Download link:

<https://sdx.nyiso.com/upload.html>

#### **3.1 MOB Transmission Owner (TO) Data Submittal**

The TO is required to submit to the NYISO (via the SDX upload), the following:

- Date & time each generator needs to be **ON** MOB (referred to as the TO invocation time)
- Date & time each generator needs to be **OFF** MOB (referred to as the TO termination time)

The time period may extend over midnight, however, the NYISO application will automatically store the data as two separate sets of time stamps. This will facilitate the daily settlement cycle.

#### **3.2 MOBC Generator Owner Data Submittal**

Each registered MOBC generator owner will be required to submit to the NYISO (via the SDX upload), the following:

- TO invocation time
- actual date & time the generator had started and stopped for MOBC
- daily total MOBC fuel consumption

The time period submitted may not extend over midnight, as the settlement calculation requires the daily total MOBC fuel consumption by billing day. Therefore, periods which extend over midnight must be submitted to NYISO as two separate, consecutive time periods.

## 4 MOBC Data Schedule for Locking and Unlocking

In order to support automation and daily settlement processing, the TO and generator data submittal to NYISO will be controlled using a standard locking and unlocking schedule. This provides the MPs with open (unlocked) time periods for submitting the data to NYISO, and it provides NYISO with closed (locked) time periods for processing settlements and invoices. The download of data from NYISO may be performed at any time.

The MOBC data schedule will incorporate the existing metering data schedule and will provide additional time periods specific to MOBC. This schedule is available for each billing month and is available to all respective MPs. Automatic email schedule notification is provided to the MPs via the NYISO CSET and Billing Contacts list serves.

### Initial Billing Month:

- Initial: in order for TO and generator data to be included in the first run of a daily bill, the data may be submitted to NYISO via the SDX upload no later than 12 noon the day following the billing date.
- Rebill: in order for TO and generator data to be included in the subsequent run of the daily bill, the data may be submitted within 3 business days following the billing date between 8am and 4pm. (varies with weekends/holidays).

In addition, an MOBC specific data window will be made available to MPs for inclusion in the final run of the daily bill prior to initial invoicing.

- There will be two open periods per month, for which multiple days may be uploaded to NYISO. This schedule will vary monthly due to the invoicing timelines, but will generally support the following:
  - a 3-5 day window in the 3<sup>rd</sup> week of the month; which supports the upload of any/all of the 1<sup>st</sup> 15 days of the month
  - a 2-4 day window that extends from the end of the month into the 1<sup>st</sup> week of the following month – extending no later than the 2nd business day of the following month; which supports the upload of any/all of the remaining days of the previous month

### Settlement Adjustments Billing Months:

Following the initial invoice posting, the initial billing month is unlocked for updates the 1<sup>st</sup> business day following the 19<sup>th</sup> of the month, for approximately 3 weeks.

## 5 MOBC Data Validation

### 5.1 Generator Start and End Times

Each generator will upload its daily MOBC start and end times (which shall include its engage and disengage times – see section 2.1.1) to NYISO.

Start time: the date and time the unit starts burning alternative fuel for MOBC

End time: the date and time the unit stops burning alternative fuel for MOBC

#### 5.1.1 Data Validation for Start and End Times

The MOBC data records supplied by the generator will be validated against the MOBC data record supplied by the TO; specifically the generator's respective start times and end times will be compared to the TO submitted invocation and termination times (see section 3.1)

Because the TO and generator data will be uploaded to NYISO at different times, the NYISO application will automatically associate the data records that correspond to the same MOBC call, based upon the TO invocation time. The TO invocation time will be submitted by both the TO and the generator.

In addition, the system will validate the start time and end time data by using the following guidelines:

- Each data record uploaded to NYISO (by either the generator or the TO) will be marked as
  - 'pass validation' or
  - 'fail validation' or
  - 'not validated'
- When data is uploaded to NYISO, and the corresponding set of data has not been received (by the generator or the TO), the record will be marked as 'not validated'
- When data is uploaded to NYISO, and the corresponding set of data values has been received (by the generator or the TO), the following rules will apply:
  - The record will 'pass validation' if (1) the generator start time does not precede the 'TO invocation time minus the generator engagement time' and (2) if the generator end time is not later than the 'TO termination time plus the generator disengagement time'; otherwise the record will 'fail validation'
  - TO records for generators not in the program will be marked as 'not validated'
  - Re-submittal and re-validation of TO or generator time stamps during the unlock time period will be required to change the validation state of the record
  - The MOBC download can be requested at any time to determine the most recent status of generator and TO submitted data
- Generator data records with a status of 'fail validation' or 'not validated' will not be compensated.

## **5.2 Data Validation for Max Oil Consumption**

Each generator's submittal of its daily total MOBC fuel consumption will be validated against the 'max oil' value(s) set for the generator (see section 2.1.2). The fuel consumption value submitted to the NYISO will be eligible for MOBC cost recovery. To the extent the consumption exceeds the registered 'max oil' value, the generator may be requested to supply additional material justifying the fuel consumption.

## **6 MOBC Cost Recovery Compensation**

The MOBC I-R3/I-R5 cost recovery program will be migrated from a monthly manual calculation to an automated daily settlement.

Billing months which have been invoiced with MOBC monthly adjustments will continue as such. New billing months following implementation of the automation will be invoiced with daily MOBC settlements. At the time of implementation, the MOBC settlement calendar will be communicated to all affected MPs.

## **7 MOBC Data Availability in DSS**

The MOBC settlement determinants used in the I-R3/I-R5 cost recovery calculation will be available to eligible MPs using the DSS CS Datamart. This includes the data inclusion in the Automated Data Delivery (ADD) files and business objects reporting.

## **8 MOBC Auditing**

The NYISO may monitor and review the submitted data to determine if the eligibility criteria established in 4.1.7a of the Market Services Tariff, have been achieved to support payment of the additional incremental variable operating costs. Generator owners must maintain records of I-R3/I-R5 instructed operating periods and actual unit fuel consumption records for NYISO audit.

Items that may be audited:

1. The Transmission Owner (TO) has invoked I-R3/I-R5 operating instructions.
2. The Generator has converted operation of the unit to the I-R3/I-R5 directed fuel(s).
3. The Generator has not included the I-R3/I-R5 instructed variable operating costs in its reference level for the corresponding period of time;
  - a. For appropriate interaction of references with mitigation processes, units participating in this Incremental Cost Recovery program are expected to establish reference prices based upon the most economic fuel. Units on blended fuel indexed reference prices are not eligible for incremental cost recovery pursuant to this procedure.