

Draft – for Discussion Purposes Only

Responses to Market Participant Questions on Scheduling ICAP-Backed Exports (focusing on New England) As Discussed at the 9/21 ICAPWG Teleconference

Capacity Market Questions

1. Please explain how export ICAP transactions are entered into the recently implemented automated ICAP software (e.g., how the transaction is entered, how the resource that is supplying the ICAP backing that transaction is identified, and how the software shows the transaction is entered for participant review and confirmation, etc).

The Market Participant enters a bilateral with the External Control area into the automated system. Step-by-step instructions can be found in Section 4.2.2.1 of the ICAP Automated Market User's Guide:

http://www.nyiso.com/public/webdocs/products/icap/ucap/icap_automation/iamug_1_1.pdf

This export sale should be allocated to the generator(s) that supply the capacity via the Certify – Allocate Sales screen in the ICAP Automated Market system (detailed in section 4.6 of the ICAP Automated Market User's Guide) prior to the close of the applicable Certification period. Please note that the amount of capacity allocated to the generator should include all NYISO auction sales and bilateral sales (both internal to the NYCA and exports). Example: PTID #98765 (a 500 MW NYCA resource) is exporting 200 MW to ISO-NE, as well as selling 100 MW to a Market Participant in the NYCA and 100 MW through the NYISO Strip auction. 400 MW should be allocated to PTID #98765 during the Certification period. 100 MW would remain unsold on this unit which could then be sold in the Spot Market auction.

Additionally, the exporting entities need to e-mail the NYISO at ICAP_Info@nyiso.com prior to certification time with the transaction ID, resource name, PTID and MW capacity. All transactions are entered prior to certification time.

2. Please explain how the ICAP automated software integrates with and reflects the results of the check-out process with the importing control area.

The Check-out process has not changed. It is still done manually after the spot market is complete.

3. When only a portion of an ICAP resource is to be exported, is it necessary to reduce the NYISO DMNC value of the existing resource by the amount sold to the external control area or does the software automatically tie the transaction to the sale and adjust what is available to the NYCA?

Exporting entities should not modify the DMNC value. All UCAP sold through internal/external bilaterals, external capacity sales, or NYCA market sales must be allocated.

4. Can a load in ISO-NE put in a bid into the 6 month strip auction, monthly auction or the monthly spot market auction to buy ICAP from NYISO auctions, or would it need to have a bilateral from a resource?

Loads not in NYCA cannot participate in capacity auctions; however, load in ISO-NE can enter into bilateral capacity transactions.

5. In our capacity export request we must list the units we want to tag our capacity to. Are we allowed to change the units before the month we start the contract?

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Resources can be substituted up to the certification date. If documentation has already been provided to the NYISO and put into the automated system, the Market Participant must make the appropriate changes to the automated system and notify the NYISO at ICAP_Info@nyiso.com of these changes.

DAM/RT Energy Market Questions

1. With respect to the energy associated with the export, please describe the NYISO's view on the DAM and RTM obligations for the exporter in the NYISO systems as well as the importing control area's systems.

ISO-NE requires that NY resources sold as ICAP in New England (reference ISO-NE Manual 20) adhere to the following procedures:

- For ISO-NE dispatchable transactions, offer transactions in both the ISO-NE DAM and hour-ahead markets for all hours by noon (i.e., for September 26 operating day, DAM and hour-ahead transactions must be submitted by noon on September 25). Real-time offers must be priced less than or equal to the day-ahead offers.
- For self-scheduled (price-taking) transactions, provide DAM and hourly schedules for on-peak hours during weekdays.
- Import transactions to ISO-NE are scheduled on a first-come, first-serve basis. Offers as either a self-scheduled or dispatchable resource must be made for one month minimum, and cannot switch within a month. To be eligible for transition payments, offers must be made for a minimum of 2 months in a given capability period (Nov-Apr and May-Oct); the 2-month period cannot overlap capability periods. Entities can request import rights for longer periods, or request rights beginning in a future month. The available New England import rights are posted on the ISO-NE website:
http://www.iso-ne.com/markets/othrmkts_data/inst_cap/icap/index.html
- Subsequent to capacity awards in any period, if the TTC between New York and New England is reduced, generators will not be penalized (New England Manual 20, Sec. 3).
- For units in New York that sell capacity to New England, the RPM-specific availability measures will not apply – these units will work with New York's EFORD calculation.

For NY exports, fixed (bilateral) transactions must pass checkout in the Day-Ahead Market. LBMP transactions are only required to pass checkout in Real Time. ISO-NE checkout requirements are specified in ISO-NE's OP-9. For both LBMP (reference-to-proxy) transaction offers and submitted bilateral contracts, there is no requirement to submit offers to schedule the ICAP-providing generator in NY. In cases where the generator is not offered into the NY market, there is no linkage from the LBMP transaction to the ICAP generator, so it is possible that transactions can be scheduled and later cut for security reasons.

No changes have been made to the real-time transaction checkout procedures between NY and NE.

2. Please provide the NYISO's view on the following scenario: an ICAP export is entered into the NYISO's automated ICAP software; in the DAM there is no energy transaction entered into the NYISO system; the importing area does not accept the energy offer in its DAM; in real-time, the ties to the external control area are at transfer limits.

With regard to the foregoing, if the external control area calls on the ICAP resource in real time, how are the transactions on that interface affected? Would NYISO cut the transactions already flowing and start the ICAP backed transaction? Would it change the transaction to reflect the new "financially responsible party"?

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As noted above, parties must provide transaction offers in the NYISO DAM and hour-ahead markets to satisfy New England ICAP rules. In real time, any exports to New England scheduled in the Day-Ahead Market would take precedence over starting the ICAP-backed transaction.

3. With regard to outages how does an MP go about coordinating planned outages? Which ISO's rule for outage scheduling does an MP follow (NYISO or NE-ISO)?

Outages should be scheduled within the generator's control area; the sink control area should also be notified.

4. What data or information do NYISO and ISO-NE look for on a daily basis to make sure that the unit in NY is being offered into New England?

New England looks for transaction offers into the DAM and hour-ahead markets; transactions should reference the ICAP contract. Unless the unit is scheduled via a bilateral, New England does not check on the unit offer status, only that the reference-to-proxy LBMP transactions have been submitted.

If a unit sells part of its capacity to New England, New York needs to know about the portion of the unit that is sold as NY ICAP.