

4.9.2 Allocation of Installed Capacity Rights for External Unforced Capacity Supply

The ISO establishes the maximum amount of Unforced Capacity that can be provided to the NYCA by Resources located in each neighboring Control Area according to the procedures contained in Section 2.7 of this Manual. Once this amount has been determined for each neighboring Control Area, the allocation among ISO customers of rights to External Unforced Capacity supply is done according to the following procedures.

Grandfathered External Installed Capacity Rights

Details concerning Grandfathered Rights are provided in Attachment E to this Manual.

Other Allocations

After accounting for Grandfathered External Installed Capacity rights, the ISO will allocate the remaining rights for External Unforced Capacity supply on a first-come, first-serve basis. External Installed Capacity rights may ultimately only be used by LSEs located within the NYCA, but any ISO Customer may submit a request for External Installed Capacity rights.

Initial requests for [Import Rights for one or more months within a Capability Period](#) may be sent to the ISO during the following time period:

- Beginning at 8:00 AM EST ~~seven (7) business days prior to the Capability Period strip auction~~
 - [For Summer Capability Period: on the first business day following the publication of the total number of import rights made available by the NYISO \(on or about February 15\)](#)
 - [For Winter Capability Period: on the first business day thirty \(30\) days prior to a Capability Period \(strip\) Auction, and;](#)
- Ending at 5:00 PM EST ~~three- (3) business days prior to this same auction.~~

[On or about February 15th the ISO shall post the final quantity of Import Rights available for request for the following Capability Year. The quantity of rights that will be available at that time prior to the Summer and the Winter Capability Period \(strip\) Auctions shall be 100 % of the Import Rights available, as posted by the ISO.](#)

[If Import Rights are not fully subscribed after the Capability Period \(strip\) Auction has concluded, the ISO will open another period of first-come, first-serve allocations prior to each Monthly Auction for the month or months in which Import Rights remain and the ISO will post the available Import Rights after each subsequent auction.](#)

[For each month within a Capability Period, requests for Import Rights may be sent to the ISO during the following time period:](#)

~~8/20/02 8/20/02 8/20/02 8/20/02 - 2:48 PM 2:26 PM 1:04 PM 10:44 AM~~

- Beginning at 8:00 AM ET on the business day following the day the ISO posts the results of each Capability Period (Strip) or Monthly Auction.
- Ending at 5:00 PM ET three (3) business days prior to the next Monthly Auction.

Contents of Request

Each request must contain the following information:

1. Documentation of a bilateral agreement, with pricing redacted, between ~~the requesting entity~~ a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and ~~either~~
 - (a) an Load LSE within the NYCA or
 - (b) a previously qualified marketer that is not an affiliate of the External Installed Capacity Supplier;
2. The identity of the ISO Customer making the request;
3. The identity of the External Installed Capacity Supplier;
4. The name and location of the Resource;
5. The Control Area in which the Resource for which the Installed Capacity Supplier seeks rights is located;
6. The MW amount requested to support the Unforced Capacity sale to the NYCA from the Resource designated in (4) above;
7. The time period, in blocks of whole months, for which the rights are requested;
8. E-mail address of the requesting party to which a response will be made.

The information listed above must be provided as a “Request for External Installed Capacity Rights” to the ISO’s Manager of Resource Reliability via facsimile to the following number: 518-356-6208.

Response from the ISO

The ISO shall respond to requests for External Installed Capacity Import Rights in a timely fashion. For requests made during business hours before noon ET, the ISO will respond by noon the next business day. For requests made during business hours from noon ET to 5:00 PM ET, the ISO will respond by 5:00 PM ET the next business day.

If the ISO determines, ~~by 5:00 PM EST on the day following receipt of an initial request (provided that this day falls during the time period for initial requests specified above)~~ that the

8/20/028/20/028/20/028/20/02 - 2:48 PM2:26 PM1:04 PM10:44 AM

Proposed Modification of HQUS Proposal

information provided in the request is incomplete or inadequate, the ISO will immediately notify the requesting party. The requesting party may resubmit its information to the ISO no later than 24 hours after the expiration of the time period for initial requests.

Only complete requests submitted within the time periods specified above will be evaluated by the ISO. The date and time stamp provided by the FAX machine will determine the priority for the evaluation of requests. If a request is resubmitted ~~during the specified time period~~, for any reason, the latest time stamp will determine ~~the~~ its priority.

The ISO will notify the requesting party if its request has been accepted or rejected, with reasons for rejection, ~~by 5:00 PM EST on the day if such be the case, within the time period specified above~~, following receipt of a complete request. If accepted, the ISO will provide a confirmation number. A rejection may be based on either or both of the following:

- Incomplete or inadequate information
- Fully subscribed External Installed Capacity rights

~~By 5:00 PM EST on the day following receipt of an accepted request, the requesting entity must provide the ISO with all documentation and information necessary to qualify an External Resource as an Installed Capacity Supplier, in accordance with the procedures contained in this Manual. By 5:00 PM EST two (2) business days prior to the Capability Period strip auction, an LSE that has procured an External Installed Capacity right must provide the ISO with the information and documents described in numbers 1, 4 and 5 above. The information described in this paragraph should be forwarded as a "Certification of External Installed Capacity Rights" to the ISO Manager, Resource Reliability by facsimile to 518-356-6208. The ISO will verify this data with the External Control Area to ensure that there is no double counting.~~

Tally of Import Rights

The NYISO will maintain a tally of the available Import Rights for each month within a Capability Year and will post these figures on the NYISO website.

Obligations of Recipients of Import Rights ~~Match between Import Rights and NY Load~~

If at any time, the ISO has allocated all of the Import Rights that are available to permit the import of Installed Capacity from one or more control areas for one or more months, the ISO will promptly issue an announcement to all recipients of Import Rights in those months, alerting them to this fact. Recipients of these Import Rights will have until 5:00 p.m. on the business day following the issuance by the ISO of this announcement or until 5:00 p.m. on the last business day that precedes the beginning of the Capability Period (strip) auction by at least 15 days, if that is later, either to decide to keep these Import Rights, or to return these Import Rights to the ISO. The ISO may exhaust its supply of Import Rights for different Control Areas and different months at different times, so this deadline may differ from Control Area to Control Area within a month, and it may vary from month to month for a given Control Area.

Entities that had requested those Import Rights of the ISO, but which elect to return them to the ISO prior to this deadline, will be under no further obligation associated with those Import

Rights. Likewise, if the ISO never makes such an announcement pertaining to Import Rights to import Installed Capacity from a given Control Area for a given month (because the ISO never allocated all of the Import Rights that were available to permit the import of Installed Capacity from those Control Areas in those months), then the recipients of those Import Rights will be under no obligation to use those Import Rights to support the import of Installed Capacity to a New York LSE, nor will they be required to offer Installed Capacity into any ISO-administered auctions. Any Import Rights that are returned to the ISO shall be available for allocation to market participants or for use to support the purchase of Installed Capacity in ISO-administered auctions, using the same procedures that are used for other Import Rights, as described elsewhere in this manual.

Entities that elect not to return those Import Rights by the deadline described above after such an announcement is made, or entities that are allocated Import Rights to import Installed Capacity from a Control Area for a given month after such an announcement has been issued for that Control Area and that month by the ISO, shall be able to demonstrate to the ISO by 5:00 PM EST two (2) business days prior to the Pre-Capability Period Monthly each Monthly Deficiency Auctions, all External Installed Capacity Import Rights requested for the month covered by the auction should be matched between a Load in the NYCA and an External Installed Capacity Supplier that they have used those Import Rights to support the import of Installed Capacity from the relevant Control Area into New York to meet the Installed Capacity requirement of an LSE serving load in the NYCA. If, by that time, a holder of such Import Rights has neither sold that Installed Capacity using those Import Rights in an ISO-administered auction nor has entered into a bilateral agreement to supply Installed Capacity to a New York LSE using those Import Rights, the associated ICAP will be Unforced Capacity supplied by External Installed Capacity Suppliers that have claimed External Installed Capacity rights, but have not entered into bilateral arrangements with an LSE serving NYCA Load by that time, will be offered offered for sale into those the Deficiency Auction as price taker, i.e. at a price of \$0/MW. The Supplier will be paid the market-clearing price determined in those auctions for the control area in which it is located for the Unforced Capacity in question. s at a price of \$0/MW. (The Supplier will be paid the market-clearing price determined in those Auctions for the control area in which it is located for the Unforced Capacity in question.) Similarly, if the ISO has not received certification from an LSE which demonstrates that the rights it has secured are matched with a qualified External Installed Capacity Supplier, that LSE will relinquish those rights.

External Installed Capacity Sales in ISO Administered Auction

All purchasers of Unforced Capacity that is located in an External Control Area in an ISO-administered auction shall receive the External Installed Capacity rights necessary in order to permit that Unforced Capacity to count towards the Unforced Capacity requirements of an LSE; consequently, in order to ensure that there are sufficient external Installed Capacity rights available, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area in those auctions. In each Capability Period auction, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area to the number of MW of Unforced Capacity that can be provided by Installed Capacity Suppliers located in that Control Area, as determined in Section 2.7 of this Manual, less all External Installed Capacity rights that have been requested for that External Control Area under

the provisions of this section. In addition, the ISO will permit entities that have been allocated Import Rights to offer Installed Capacity into the auctions it administers.

In the Capability Period Monthly Auctions held before and during the Capability Period, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area to the number of MW of ~~Unforced Capacity~~ Import Rights that the ISO makes available for the Capability Period from ~~that can be provided by Installed Capacity Suppliers located in~~ that Control Area, less the number of MW of Unforced Capacity purchased in that External Control Area for that month in preceding Monthly Auctions and Strip Auction, less all External Installed Capacity ~~Rights that have been requested to support external Bilateral Transactions for that month.~~ Rights that have been requested to support external Bilateral Transactions for that month. ~~for that Control Area that have been used to support Bilateral Transactions for the sale of Unforced Capacity for that month from Installed Capacity Suppliers in that Control Area to Loads in the NYCA.~~

The ISO will reduce External Installed Capacity rights eligible to be traded in the Capability Period strip auction based on the allocations made according to the above procedures.

~~If External Installed Capacity rights are not fully subscribed after the Capability Period strip auction has concluded, the ISO will open another period of first come, first serve allocations prior to each Monthly Auction for which External Installed Capacity rights remain. The procedures specified above will govern any monthly first come, first serve allocations. The period for requesting these rights will open at 8:00 a.m. EST on the fifth business day prior to the auction and will close at 5:00 p.m. EST on the third business day prior to the auction.~~