

EDRP COMPROMISE

Set forth below is a compromise proposal for the EDRP extension sponsored by Price Responsive Load Coalition, Con Ed Solutions, Multiple Intervenors and Pace Energy Project. The proposal is put forward as a means of ensuring the continued success of the EDRP program while recognizing the potential impact of the program and providing the NYISO with the tools necessary to manage the program more effectively. It will be presented for discussion at the July 22, 2002 PRLWG meeting.

Summer 2002

No changes to either the SCR or EDRP programs would be made for Summer 2002. The EDRP and SCR programs will continue to be linked and activated at the same time. Customers will continue to be eligible to participate in both programs. The minimum EDRP payment will remain at \$500/MWh; subject to a minimum four-hour call (as is the case now).

A Technical Bulletin or Emergency Operations Manual modification would be issued that clarifies that NYISO Operations staff are expected to use their ability to call SCR/EDRP resources on a zonal basis to limit the total amount called during a statewide reserve shortage to the amount expected to be needed, taking into account congestion on the system. In addition, Operations staff would be provided with information concerning the expected SCR/EDRP response rates and would utilize those response rates in determining how many resources need to be called to address a reserve deficiency. These clarifications would be implemented immediately and should address concerns about "over-calling" during summer 2002.

Renewal Period Starting Nov. 1, 2002 and Beyond

The 2002 SCR/EDRP program manuals and descriptions would remain unchanged, with the following modifications.

PRLWG, in conjunction with ICAPWG would develop a mechanism for assigning SCR/EDRP resources within each zone into blocks, based on (a) price (willingness to be curtailed at a minimum rate), (b) response time, and/or (c) location within a sub zone/load pocket so that operators would have an objective means to call less than the full amount of SCR/EDRP in a zone if less than the full amount is needed to meet reserve needs. The across the board \$500/MWh minimum would be replaced so that demand resources would be paid the higher of their strike prices or the LBMP clearing price.

The goal would be to implement such allocation mechanism as soon as possible but no later than in time for marketing for the Summer of 2003. This effort would be coordinated with the ongoing development of the RTS/RTD system (such as through incorporation in the

Reserve Demand Curve), which would also incorporate SCR/EDRP activations into real time prices.

Finally, for Summer 2003, PRLWG and MSWG would investigate the need for additional measures that might be needed to address the impacts, if any, of calling too many SCR/EDRP resources, given the operational clarifications discussed above that should reduce the potential for excessive calls.

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