

Reference Level Consultation Improvement Process

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Background

- ◆ **Market Participants raised concerns with timeliness of reference-level consultation process at 11/8/11 MIWG.**
- ◆ **NYISO committed at 11/11/11 BIC “to bring discussion on improvement to reference consultation process to MIWG”.**
- ◆ **Discussion today is to focus on validating feedback,**
 - *Specific concerns with current process*
 - *Desired attributes of end-state process*

Consultation Types

◆ Ex Ante

- *Revisions to Reference-Level Software (RLS) Data*
- *Fuel type / Variable Operating and Maintenance Costs*
- *Risk and Opportunity Cost Adders*

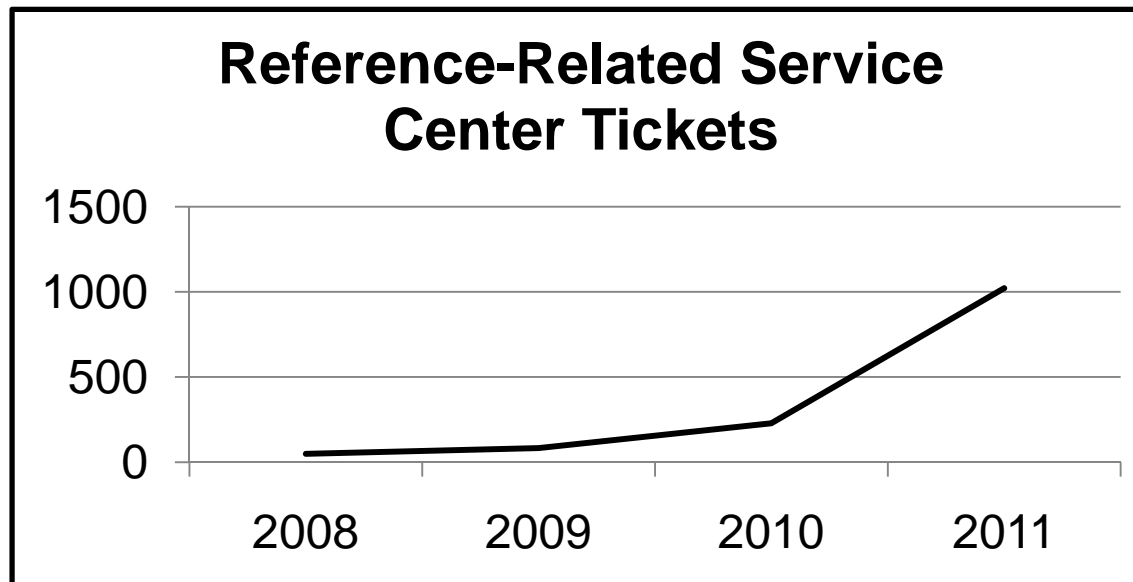
◆ Ex Post

- *In response to unit mitigation*
- *Fuel Price*

- ◆ **Two separate and distinct processes that should be governed by different procedures**

Consultation Types

- ◆ **Initial focus on Ex Post (Mitigation Consultations) process**
- ◆ **Volume of consultations has increased exponentially in 2010-2011**



Mitigation Consultations

- ◆ **Real-Time Guarantee Payment Mitigation and Rest-of-State Reliability Mitigation**
 - *Timeliness governed by existing tariff provisions, MST, Attachment H, Section 23.3.3.3.1.7.2*
- ◆ **Other Mitigations (e.g., Automated-Mitigation Process (AMP) and manually applied mitigation)**
 - *No specified Timeliness provisions in Tariff*

Current Process

- ◆ **Supplier establishes and monitors for continued accuracy reference levels in RLS**
- ◆ **Supplier submits to the NYISO updated fuel type and cost data (as necessary)**
- ◆ **Supplier receives mitigation notice (e-mail or AMP notice)**
- ◆ **Supplier submits consultation request through Service Center**
- ◆ **NYISO processes requests in compliance with tariff requirements**
- ◆ **Final resolution generally in four-month Settlement Adjustment**

Expectations

◆ **Supplier Expectations**

- *Clear submittal mechanism (i.e., Service Center Ticket)*
- *On-Going communication*
- *Timely response*
- *Others?*

◆ **NYISO Expectations**

- *Supplier monitors reference levels to ensure accuracy, and timely submits accurate fuel cost and type information (prior to mitigation)*
- *Articulate clear, specific basis for each consultation request*
- *Provide supporting data*

◆ **Supplier/NYISO**

- *Work together to identify of root cause for repeated mitigations that might be addressed through adjustments to reference levels or bidding practices*

Initial Considerations

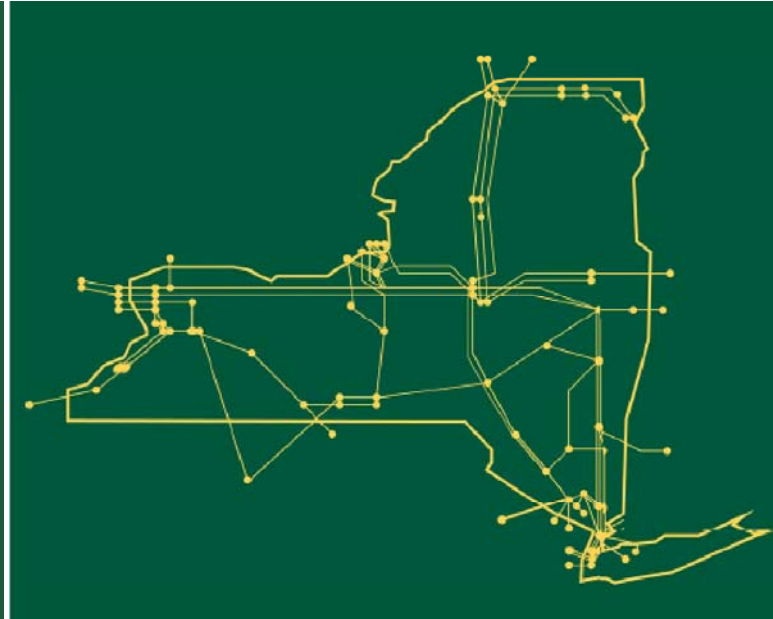
- ◆ **Develop Standardized Consultation Request Format**
 - *Identifying specific basis for Consultation Request*
 - *Supplier to submit with Service Center ticket*

- ◆ **Adopt Stricter Communication Protocols**
 - *Supplier to file completed consultation request within X business days of market day*
 - *NYISO to provide initial response within X business days of request, deeming the request timely and complete or rejecting request as incomplete.*
 - **As the consultation process progresses, additional data may be required for the consultation request to be approved.**
 - *NYISO to provide final response within X business days or mitigation would be maintained*

Open Discussion

- ◆ **Market Participant Feedback**
- ◆ **Status review**
- ◆ **Next Steps**

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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