


Long-Term Resource Adequacy Proposal

NYISO
ICAP WG Meeting
February 12, 2004

Draft - for Discussion Purposes Only



Long-Term Resource Adequacy Proposal

- Keep existing NYISO auctions; 6-month Strip, Monthly and Spot Market w/Demand Curve
- Add a 3-yr forward auction with a one-year-or-less commitment period product
- Procure 40-60% of all LSE requirements in centralized in 3-year forward auctions with the balance procured via existing short term auctions
- Procure final piece in Spot Market Auction w/Demand Curve

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Benefits

- Should not adversely impact demand response participation – may improve certainty for some demand response providers (e.g., building automation)
- Keeps current spot market unchanged
- Visible market price will help facilitate forward contracting
- Central procurement good for small LSEs



Additional design details

- How virtual will forward market be?
- Portfolio vs. individual unit qualification
- Impact on locality requirements
- Procurement process for forward market
- Nonperformance penalty charges
- Mitigation requirements
- Impact on reliability rules
- Load forecasting
- LSE cost allocation
- Credit implications



Timetable

- Q1 2004 – develop proposal within NY ICAP WG – include review of “on-hold” issues (uniform testing, common capability periods, etc.). Work in parallel w/ISO-NE and PJM staff.
- Q2 2004 – if ICAP WG achieves consensus, bring to RAM group for discussion.
- Coordinate with ISO-NE and PJM developments