

new • york • independent • system • operator

nyiso Installed Capacity Manual

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Draft Version 4.24 – Proposed SSF language changes ~~for as agreed to at~~ the 7/28/03 Installed Capacity WG Meeting & Removal of Attachments for the 11/20/03 ICAP WG Meeting.

Version History

Version 1- Initial NYISO Installed Capacity ~~manual~~ Manual

Version 2 - Stage 1 – Forward requirements, eliminated back-buy provisions

Version 3 - Stage 1A Monthly OPP, UCAP

Version 4 - Demand Curve, SCR Energy Strike Price and Miscellaneous

Version 4.1 – Supplemental Supply Fee changes

Version 4.2 – Removed Attachments from main body of the Manual and Miscellaneous

~~More detail and history to be added~~

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5. Documentation which satisfies the Maintenance Scheduling Requirements in Section 4.3 of this Manual; and
6. Expected return dates from full or partial outages.

With the exception of item four (4), this information must be provided to the ISO at least two (2) business days prior to the business day the External Installed Capacity Import Rights (“Import Rights”) are requested, two (2) business days prior to an ISO-administered Installed Capacity auction in which the External Installed Capacity Supplier wishes to offer Unforced Capacity, and at such additional times as required by the ISO and this Installed Capacity Manual (e.g., annual DMNC test results). The information required by item four (4) must be submitted in accordance with the timing requirements found in 4.4.9 of this Manual (by the tenth (10th) day of the month preceding the month in which the prospective External Installed Capacity Supplier wishes to supply Unforced Capacity to the NYCA).

The ISO may verify this data with the appropriate External Control Area.

4.9.2 Allocation of Import Rights

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 Import 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. Import 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 **ESTET**
 - 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)

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- For Winter Capability Period: on the first business day not more than thirty (30) days prior to a Capability Period (strip) Auction, and
- Ending at 5:00 PM ~~EST-ET~~ three (3) business days prior to a Capability Period Strip 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:

- 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 a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and
 - (a) an LSE within the NYCA or
 - (b) a 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;

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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 Import 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 **ET** 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 that the 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 for any reason, the latest time stamp will determine its priority.

The ISO will notify the requesting party if its request has been accepted or rejected, with reasons for rejection, 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

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

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,

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the ISO will promptly issue an announcement to all Market Participants, alerting them to this fact. Recipients of these Import Rights will have until 12:00 ~~p.m.~~PM ET two business days following the issuance by the ISO of this announcement or until 5:00 ~~p.m.~~PM ET 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. The ISO will notify all Market Participants when Import Rights have been made available due to Import Rights that have been returned back to the ISO from previously awarded Import Rights recipients. 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 no later than the deadline for monthly certification, as provided by the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website, 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 LSE Unforced Capacity Obligation 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 Installed Capacity will be offered for sale into the ICAP Spot Market Auction as price taker, *i.e.*, at a price of \$0/MW, and the ISO will not accept any other offers to sell Installed Capacity from other Suppliers located in the corresponding external Control Areas. 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.

External Installed Capacity Sales in ISO Administered Auction

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1. The Market-Clearing Price for a Locality will be the price at which one could have satisfied an incremental increase in demand in the auction for Capacity that had to be located in the Locality.
2. The Market-Clearing Price for the NYCA will be the price at which one could have satisfied an incremental increase in demand in the auction for Capacity that could have been located anywhere in the NYCA.
3. The Market-Clearing Price for an External Control Area will be the price at which one could have satisfied an incremental increase in demand in the auction for Capacity that could have been located in the NYCA or in that External Control Area.

The objective function that the ISO will use in the Capability Period and Monthly Auctions, which was described in the previous section, will be to select the offers of Unforced Capacity with the lowest offer prices, insofar as doing so would not cause violations of the locational constraints specified by Bidders whose Bids have been selected, violations of the limitations on the total amount of Unforced Capacity that can be purchased from an External Control Area, pursuant to Section 4.9.3 “Other Allocations,” or violations of the limitation on sales of Unforced Capacity by owners of In-City generation that is subject to capacity market mitigation measures. But the need to honor these locational constraints may require the ISO to accept some offers which specify relatively high offer prices for Unforced Capacity while not accepting other offers with lower offer prices, because purchasing the lower-priced Unforced Capacity would violate the locational constraints stated in the Bidders’ Bids. In such cases, locational constraints will be binding and Market-Clearing Prices of Unforced Capacity may differ from location to location. If no locational constraints are binding (i.e., if the locational constraints specified by Bidders or the limitations on the total amount of Unforced Capacity that can be purchased in any given Control Area did not force the ISO to select more expensive offers of Unforced Capacity in the auction than it would have selected in the absence of those locational constraints), then the Market-Clearing Price of Unforced Capacity will be the same at every location.

When locational constraints do not bind, the Market-Clearing Price of Unforced Capacity in a given Capability Period or ~~Monthly~~ Auction will be the marginal bid cost of providing additional Unforced Capacity in such Monthly Auction or Capability Period Auction, as applicable. This procedure for calculating Market-Clearing Prices is analogous to the procedure that will be used to calculate LBMP prices in the Energy market (which are based upon the marginal bid cost of supplying an increment of Load at a location). Illustrations of these procedures for calculating prices appear in Attachment H.

In order to determine the marginal bid cost of providing Unforced Capacity in the Capability Period and Monthly Auction, the ISO will calculate the change in the amount of Unforced Capacity that would have been bought and sold by each Bidder and Offeror if there had been — in addition to the Bids and offers that were already part of the

Attachments A-L:

~~Installed Capacity Reporting and Auction~~ ~~Timeline~~

Attachments A through L ~~is~~are located on the NYISO website at ~~—~~
<http://www.nyiso.com/markets/icapinfo.html>. The most recent versions of Attachments A through L ~~is~~are located on this web page under the current Capability Period. All ~~dates and~~ requirements listed in Attachments A through L are consistent with the requirements found in the Services Tariff and the Installed Capacity Manual.

- Attachment A: Installed Capacity Reporting and Auction Timeline
- Attachment B: Locational Minimum Installed Capacity Requirements and Maximum Allowances for Installed Capacity Provided by Resources Outside the NYCA
- Attachment C: Maps of the NYCA Transmission Districts and Zones
- Attachment D: Dependable Maximum Net Capability Audit Forms, the Procedure to Adjust a Resource's Proven Maximum Production Capability and the Procedure to Weather Adjust DMNC Test Data
- Attachment E: Grandfathered External Installed Capacity Agreements
- Attachment F: Agreement to Purchase Unforced Capacity in NYISO Installed Capacity Auctions
- Attachment G: Agreement to Sell Unforced Capacity in NYISO Installed Capacity Auctions
- Attachment H: NYISO Administered Installed Capacity Auctions: Illustrations of Market-Clearing Price Calculations
- Attachment I: Miscellaneous Auction Procedures
- Attachment J: Unforced Capacity for Installed Capacity Suppliers
- Attachment K: Reportable Operating Data
- Attachment L: Revisions in Transmission Owner Installed Capacity Data Submittals