

Under-Generation Penalty

NYISO
Scheduling and Pricing Working Group
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Draft - For Discussion Only

Under-Generation Penalty

- NYISO has determined that the Under-generation Penalty was erroneously billed since August, 2001. The penalty was properly calculated but only portions of the calculation were being reflected in the BAS.
- Result – Penalties for Under Generation have been overstated. Units are most affected during start up and during periods of price chasing. Units may have been under-charged if they never started when scheduled. Under-Generation Penalties are being properly calculated on a going forward basis. (New code was deployed May 06, 2004.)
- Financial Impacts not known at this time. Estimates of the over-charge are about \$4 M for period May 2002 to present.
 - Recovery will occur through normal rebilling process on a month by month basis or through rebilling as a result of a successful challenge
 - Data to correctly calculate under-generation penalties for the period August 2001 to May 2002 are not available. The NYISO is still evaluating resolution of this issue for that time period.
 - The amount of total under-generation penalties charged during this period is small when compared to the amount recovered for the period May 2002 to present.

Corrective Actions Taken Since 2001

- NYISO has improved its testing process:
 - Test environments now facilitate end-to-end tests
 - This capability is further enhanced in the SMD test environments being built
- Quality Assurance testing has been improved;
- Settlements Department significantly expanded;
- SMD architectural and software enhancements replace the current PTS with a process that provides visibility of 6-second level data and the ability to rerun to correct anomalous results, providing complete validation of the process.