

# Generator Submittal of Alternative Fuel Type or Price for DAM Energy Bids

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# A Potential Risk in Att. H Delayed New IBRT Capability

- *New IBRT capability would allow adjustments to fuel type/price in DAM Bids*
- *At the October 13, 2010 MIWG, NYISO noted:*

## RLS / IBRT Testing Results

- Identified a potential risk in the DAM
  - *DAM market clearing prices or Bid Production Cost Guarantees could be inflated without NYISO's ability to impose penalties at appropriate thresholds in some circumstances.*
- Temporary Resolution
  - *Ability to enter fuel type (or price) on DAM bids was not implemented until the risk could be resolved.*
  - *The ability to update the fuel type and fuel price used to index Day-Ahead reference levels was made available through the RLS application.*

# Generator Bid Screen, DAM

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## Generator Bid

Generator Name:

Fuel Type

Burdened Fuel Price (\$/mmbtu)

Bid Date

(mm/dd/yyyy hh.mi)

Num of Hours

Market

Expiration (DAM Only)

(mm/dd/yyyy hh.mi)

## Energy Bid

Upper Operating Limit (MW)		Emergency Upper Operating Limit (MW)		Minimum Generation (MW)		Minimum Generation Cost (\$)	
<input type="text" value="14.00"/>		<input type="text" value="14.00"/>		<input type="text" value="0.00"/>		<input type="text" value="0.00"/>	
Self Scheduled MW				Unit Operations			Start-Up Cost (\$)
00 Minute MW	15 Minute MW	30 Minute MW	45 Minute MW	<input checked="" type="radio"/> ISO Committed Flex	<input type="radio"/> Self Committed Flex	<input type="text" value="0.00"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="radio"/> Self Committed Fixed	<input type="radio"/> ISO Committed Fixed		

## Bid Curve (Block Format)

MW (Basepoint)	<input type="text" value="14.00"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
\$/MW	<input type="text" value="219.14"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Ancillary Services

Item	MWs	\$/MW
10 Minute Spinning Reserves	<input type="text"/>	<input type="text"/>
10 Minute Non-Synchronized Reserve	<input type="text"/>	<input type="text"/>
30 Minute Spinning Reserve	<input type="text"/>	<input type="text"/>
30 Minute Non-Synchronized Reserve	<input type="text"/>	<input type="text" value="0.00"/>
Regulation	<input type="text"/>	<input type="text"/>

# The Potential Risk

- Attachment H of the Tariff does not link mitigation measures applicable to In-City DARUs in Section 23.5.2 with the rules in Section 23.4.3.3.3 [and the mingen conduct and impact thresholds implicit in Section 23.3] for recovery of excess revenues resulting from submittal of inaccurate fuel type or fuel price information.
  - In-City DARU units are not included in the inaccurate information rules of Sections 23.4.3.3.3 and 23.3.
- An In-City Generator could supply inaccurate fuel type or fuel price information along with its DARU mingen bid and successfully accrue excess revenues.

# Problem holding up implementation of fuel-type/price changes in the DAM

- How should NYISO proceed if an In-City generator submits inaccurate fuel cost information with its DARU mingen bid?

- Two relevant Tariff sections provide guidance**

- I. Attachment H, Section 23.4.3.2:

➤ *“The ISO shall impose financial penalties ... if the ISO determines in accordance with the thresholds ... that ... (v) a Market Party has submitted inaccurate fuel type or fuel price information that is used by the NYISO in the development of a Generator’s reference level, where the inaccurate reference level that is developed, in turn, directly or indirectly impacts guarantee payments or market clearing prices paid to the market party ...”*

# Tariff Guidance

## II. Attachment H, Section 23.5.2, “Market Power Mitigation Measures Applicable to In-City Unit Commitments for Local Reliability”:

➤ *Requires the NYISO to mitigate any in-City DARU minimum generation bids that exceed the corresponding reference level, by [re-]setting the Minimum Generation Bid to the lower of the Bid or the applicable reference level. **In effect, the conduct and impact thresholds for mitigation of mingen bids by In-City DARU units are \$0.00/MWh.***

# NYISO's Proposal

- Sometimes an In-City DARU mingen bid based on inaccurate fuel information will affect LBMPs. Unfortunately, those price effects cannot be reversed after the fact.
- NYISO proposes that revenues of such an In-City DARU Generator be adjusted to match those that would have resulted with accurate fuel cost information (consistent with the rule in Section 23.5.2).

# **NYISO's Proposal**

- 1. Any In-City DARU mingen bid that exceeds reference level is a candidate for mitigation, as required by section 23.5.2: Thus, the NYISO proposes a conduct threshold of zero for the inaccurate information tests applied to In-City DARU units.**
- 2. For two reasons, NYISO proposes to set an impact threshold of zero for these same inaccurate information tests for In-City DARU units:**
  - a. The LBMP impact threshold of zero is implied in section 23.5.2;**
  - b. An impact threshold of zero leaves this In-City DARU test essentially identical to the Real-Time LBMP impact test for inaccurate information (23.4.3.3.3.2.2)**



# Two Additions to Attachment H, to Implement NYISO's Proposal

- ◆ 1. Correct the omission of In-City DARU units in Section 23.3.1.2. That is, clarify that mitigation measures for In-City DARU units are discussed elsewhere in Attachment H.

- *This proposed addition to Attachment H reads:*

**23.3.1.2.4 For In-City Generators committed in the Day-Ahead Market for local reliability, Mitigation Measures are specified in Section 23.5.2.1. That section requires the ISO to set the In-City DARU Generator's Start-Up and Minimum Generation Bids to the lower of the Bid or the applicable reference level.**

# Two Additions to Attachment H, to Implement NYISO's Proposal

- ◆ **2. Correct the omission of In-City DARU units in Section 23.4.3.3.3 (“Day-Ahead Conduct and Impact Tests” for inaccurate fuel information). That is, explicitly reference in this section the implied conduct and impact thresholds of Section 23.5.2.1. As a result, revenues of an In-City DARU unit providing inaccurate information will revert to the level required by Section 23.5.2.**

- *This second proposed addition to Attachment H reads:*

**23.4.3.3.3.1.3 Consistent with Section 23.5.2 of these Mitigation Measures, the conduct and impact thresholds for a Day-Ahead Reliability Unit in a Constrained Area shall each be zero.**

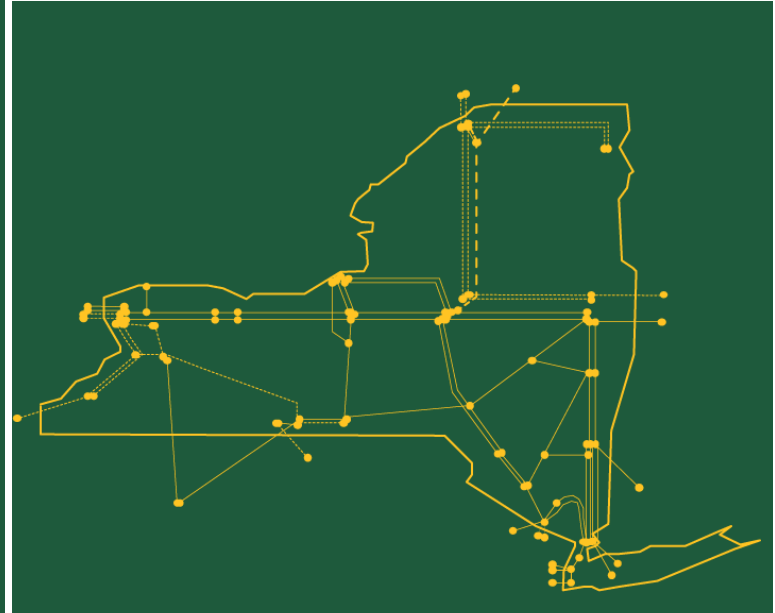
# Application of NYISO's Att. H Revisions

- ◆ Upon March 2014 roll-out of the new DAM capability, two existing boxes on the Generator Bid Screen (see slide 3) will become functional for DAM Bids: the boxes titled “Fuel Type” and “Burdened Fuel Price (\$/mmbtu)”.
- ◆ If an entry in one of these two boxes for a DAM Bid by an In-City DARU unit is determined to be inaccurate and is mitigated, then:
- ◆ After the Market Day, the NYISO creates a mingen “Bid Out Of Time (BOOT)” for the In-City DARU unit, as outlined in the Tariff and after consulting the MMU, equal to the higher of:
  - *the mingen reference prior to provision of inaccurate fuel cost information,*
  - *the adjusted mingen reference that reflects the In-City DARU unit's accurate fuel cost .*
- ◆ The Generator's Bill is adjusted: Payments to the Generator are changed to reflect the corrected Bid, per Section 24.3.3.3.3 of Tariff Attachment H.

# Next Steps

- ◆ **Implementation is in the 2014 IT prioritization process for a March deployment.**
- ◆ **Proposed schedule:**
  - *Introduce proposed tariff change MIWG 11/14/13*
  - *BIC Dec 11, 2013*
  - *MC Dec 18, 2013*
  - *FERC filing*
  - *IT updates and tests software to implement the new capability*
  - *March 2014 implementation*

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