

August 14 –17 Emergency Draft Settlement Rules

BAWG Meeting

8/26/03

Discussion Process

- Brief overview of proposed rules
 - Clarifications and additions
- Benefits of this approach
- Open Discussion – Q/A

Settlement Terms Summary

- Emergency covers the period HB16 of 8/14 thru HB 23 of 8/17 – Thursday thru Sunday
- TEP provides that NYISO has the authority to establish prices under such conditions
- “as close as reasonably practicable but for “
- **These terms are unique to this emergency. They are not necessarily applicable to any future emergency.**

Emergency DAM Operation

- Remained in effect during the emergency
- Was run normally
 - Transmission outages reflected only scheduled outages
 - Generation scheduled as bid – some units bid out but nearly normal response
 - Load nearly normal for the period
 - AMP was operational
- Bid prices looked normal – no evidence of opportunism

Emergency Real-time Market Operation

- Suspended for the entire emergency period
- Infeasible conditions until Saturday afternoon
 - Insufficient resources or infeasible network conditions prevented valid BME or SCD prices
- Testing proceeded thru Sunday night

Emergency Real-time Market Prices

- NYISO proposes to use DAM prices for RT prices for the entire emergency period.
- Approach is consistent with the “but for” direction of the Tariff.
- Saturday and Sunday DAM prices may reflect some effects of the emergency but level is not of substantial consequence.

Additional Terms

- **External Transactions – No Market**
Participant transactions flowed during the emergency period
 - All interchange with neighbors was emergency energy purchases and sales
 - Emergency exchange levels and payments will be provided once they are tabulated
 - All CSC exchange is emergency with ISONE

Additional Terms

- **BPCG** – Normal Tariff provisions apply except:
 - Suppliers will be compensated for **all** actual starts

Additional Terms

- **Extraordinary costs** – costs not covered in DAM bids and incurred by suppliers in order to respond to ISO directions (get back up as soon as possible) will be considered for compensation.
 - Will require verification of cost by claimant
 - ISO needs clear qualitative descriptions of potential claims for reimbursement
 - ISO will respond with additional guidance on compensable categories
 - Extraordinary costs to be recovered through schedule 1 and assigned based upon **monthly** load ratio share

Additional Terms

- **Day-ahead Margin Preservation** –
 - Units forced off-line by the emergency will be eligible for DAMP when they returned on-line.

Additional Terms

- **Ancillary Services** – will be settled in a manner similar to energy and consistent with the tariff
 - Buy out of DAM obligation at RT prices for inability to supply (RT prices are DAM prices)
 - Units selected day-ahead will be paid DAM availability payments when actually available
 - No new RT ancillary services were purchased

Additional Terms

- **TCC's** – will be settled normally
- **ICAP**
 - No changes contemplated
 - Units tripped off by the emergency are not forced outages for EFOR-d calculation.

Additional Terms

- **Black Start** – The ISO will facilitate TO designation of “local” Black Start units and payment will be made pursuant to results of on-going working group discussions.

Additional Terms

- **Penalties** – Undergeneration will not be applied nor will energy payment be withheld for overgeneration during the emergency period

Additional Terms

- **SCR and EDRP** – Called entities that actually reduced load will be paid
 - Resource showing zero load must verify ability to consume (power was restored and available)
 - SCR resources will be paid LBMP and receive BPCG per their strike price if applicable
 - EDRP resources will be paid $>$ LBMP or \$500

Benefits of this Method

- **Tariff consistency** – Falls within the TEP authority and avoids the use of arbitrary assumptions
- **Fairness** – DAM participants that were knocked off in real-time settle with no loss
- **Speed** – Emergency period can be incorporated in the August bill

Benefits of this Method

- **Efficiency** – No additional software cost – no special one time software
- **Simplicity** – Everyone can understand the results, no new complexity
- **Acceptable** – to FERC and the NYISO Market Advisor