

Demand Curve Update

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Market Structures Working Group

DRAFT: For Discussion Purposes Only

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PROGRESS

Met with operations, project staff, LECG, MMU, David Patton to review and modify the demand curves. Some of the issues that were discussed included:

- Are the curves consistent with how operations would actually operate the system?
- Importance of the NYCA spinning reserve and Eastern 10-Minute Total constraints
- Do the demand curves make sense relative to the \$500 EDRP cost and the existing \$1,000 10-minute reserve shortage costs
- Slope in the demand curves not consistent with operations perspective on most requirements. The first MW of violation is just as important.

MODIFICATION OF THE DEMAND CURVES

If the demand curves result in reserves not being scheduled when those reserves are available operations may take action to create those reserves. When this occurs the following steps will follow:

- NYISO will review the market conditions that resulted in the reserve shortage and the implied cost of the reserves that were available but not scheduled and may recommend a set of modifications to the demand curves;
- The changes to the demand curves will be noticed to the market with some period of lag before application;
- The NYISO will file an exigent circumstances 205 filing containing the modified demand curves and then seek ratification of the modified demand curves from the Management Committee.

RESERVE DEMAND CURVES

Summary

The table below summarizes the regulation demand curve and the nine operating reserve demand curves that have been proposed as modified consistent with the internal meeting review.

	NYCA	East	LI
Spin	\$500	\$25	\$25
10-Total	\$150	\$500	\$25
30-Total	200 MW @ \$50, 200 MW @ \$100 and remainder @ \$200	\$25	\$300
Regulation	25 MW @ \$250 and remainder @ \$300		