
Tariff Revisions for Supplemental Supply in a Deficient ICAP Market

Business Issues Committee Meeting

June 10, 2003

Development of Revised Supplemental Supply Tariff Changes

- **FERC issued an order approving the ICAP Demand Curve on May 20, 2003 but rejected the treatment of Supplemental Supply Fee provisions.**
- **BIC and MC previously approved revisions intended to amend or supplement certain Supplemental Supply Fee provisions which have now been rejected.**
- **The ICAP WG met and proposes Tariff changes that are intended to address the concerns of FERC, certain market participants, and the NYISO Board.**
- **The proposed revisions are intended to replace previous proposals.**

Proposed Supplemental Supply **Tariff Changes**

- **Retains and documents the GT cost basis for the Demand Curves to be used through the 2005/2006 Capability Year.**
- **Replaces the concept a supplemental supply fee at 1.5 times the cost of a GT with a supplemental supply fee equal to the Market Clearing Price as determined in the applicable Spot Market Auction.**
- **The NYISO will use the supplemental supply fee to “shop” for qualified UCAP at a price not to exceed the Spot Market Auction Market Clearing Price.**

Proposed Supplemental Supply Tariff Changes (cont.)

- **Clarifies that any excess funds accumulated in the supplemental process will be rebated to LSEs in proportion to each LSE's minimum capacity requirement, by location.**
- **After-the-fact deficiencies (failure to deliver from external ICAP resources or failure to verify committed DMNC or load curtailments) will be penalized at 1.5 times the Market Clearing Price as determined in the Spot Market Auction.**
- **Removes certain extraneous provisions no longer applicable.**