

# **Follow-Up on Issues Identified During the Billing and Accounting System Review**

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## Introduction

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- ◆ In the January 25, 2007 BAWG/MIWG meeting, the NYISO presented eight issues identified during its billing and accounting system (“BAS”) software review.
- ◆ Please consult the presentation materials circulated for the January 25 BAWG/MIWG meeting for a detailed summary of the BAS review and issues previously discussed.
- ◆ In further examining those issues, the NYISO identified several follow-up issues.
- ◆ The NYISO also investigated issues raised by MPs during the BAWG/MIWG meeting.

## **ISSUE 1:**

# **Additional Clarification Regarding Bilateral Transactions**

# 1: Additional Clarification Regarding Bilateral Transactions

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- ◆ In the January 25 BAWG/MIWG meeting, the NYISO discussed with MPs an ambiguity in Section 4.0 of Attachment J of the OATT relating to the allocation of certain costs related to bilateral transactions. That issue relates to the need to better identify the “Transmission Customer” that will pay if the supplier that is party to a bilateral is not scheduled in the DAM to supply the MWs associated with the bilateral transaction.
- ◆ In reviewing the appropriate tariff revisions, the NYISO has identified an additional drafting error in the same Section 4.0.
- ◆ Section 4.0 provides that if the supplier of energy associated with a bilateral transaction is scheduled hour-ahead to produce less than the MWs associated with the bilateral transaction, then the supplier will be required to cover the shortfall with energy from the LBMP market.

# 1: Additional Clarification Regarding Bilateral Transactions

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- ◆ The NYISO has appropriately applied this general rule, but the general rule fails to provide that PURPA units, units producing electricity in connection with the supply of steam to New York City, and intermittent units are effectively exempted from this rule.
- ◆ The exemption language was erroneously included in Section 5.0 of Attachment J, but is nonetheless applicable to the rule in Section 4.0 described above.
- ◆ The NYISO proposes to move the language from Section 5.0 of Attachment J (sheets 471 and 472 of the OATT) to Section 4.0 of Attachment J (sheet 467 of the OATT).
- ◆ The NYISO proposes to make identical changes in Section 3.5 and 3.6 of Attachment B of the Services Tariff.

# 1: Additional Clarification Regarding Bilateral Transactions

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- ◆ The relocated provision would provide: “[T]o the extent that it has not purchased sufficient replacement Energy in the Day-Ahead Market, the Supplier of Energy for the Bilateral Transaction, if it takes service under the ISO Services Tariff, shall pay the Real-Time LBMP price, at the Point of Injection for the Transaction, for any additional replacement Energy (in MWh) necessary to serve the Load. Notwithstanding the foregoing, the amount of Transmission Service scheduled hour-ahead in the RTC for Transactions supplied by one of the following Generators shall retroactively be set equal to that Generator's actual output in each RTD interval: (i) Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule; (con't.)

# 1: Additional Clarification Regarding Bilateral Transactions

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(ii) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 499 MW of such units; and (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 1000 MW of such Generators. This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.” (emphasis added to show relocated language)

## **ISSUE: 2:**

# **Additional Clarification Regarding BPCG Payments**



## 2: Additional Clarification Regarding BPCG Payments

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- ◆ In the January 25 BAWG/MIWG meeting, the NYISO proposed to clarify the formulas for the Real Time Bid Production Cost guarantee (“RT BPCG”) payments in Subsections B and C of Attachment C of the Services Tariff so that the formulas function with schedule imports.
- ◆ Upon reviewing these formulas further, the NYISO identified two clarifications that will enable the formulas to function as intended.
- ◆ First, the NYISO proposes to revise variable “N” in Subsection B so that it not only excludes large event reserve pickup or maximum generation pickup but it also excludes the three RTD intervals following the termination of the large event reserve pickup or maximum generation pickup. This is consistent with language already in the Services Tariff. See Section 4.10 (“Any Supplier that provides Energy during a large event reserve pickup or a maximum generation event . . . shall be eligible for a Bid Production Cost guarantee payment . . . for the duration of the large event reserve pickup or maximum generation pickup and the three RTD intervals following the termination of the large event reserve pickup or maximum generation pickup.”) (emphasis added).

## 2: Additional Clarification Regarding BPCG Payments

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- ◆ Second, the NYISO proposes to revise the variable “N” in Subsection B to exclude any RTD intervals where “ $E_{gi}^{RT}$  is less than or equal to  $E_{gi}^{DA}$ .” This is how variable “N” was calculated prior to SMD2, and it is clear from presentation materials that no changes were intended. Currently, the Billing and Accounting Manual is consistent with the “less than or equal to” approach.
- ◆ Including the proposed changes, “N” will be defined as follows: “except for imports, the number of eligible RTD intervals in the 24-hour day excluding any maximum generation pickups or large event reserve pickups, excluding the three RTD intervals following the termination of the large event reserve pickup or maximum generation pickup (which are addressed separately in subsection I.3 below), and excluding any RTD intervals where  $E_{gi}^{RT}$  is less than or equal to  $E_{gi}^{DA}$ . For imports, the variable N is the number of eligible RTD intervals in the 24-hour day excluding any RTD intervals where  $E_{gi}^{RT}$  is less than or equal to  $E_{gi}^{DA}$ .” (emphasis added to show revised language).

## 2: Additional Clarification Regarding BPCG Payments

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- ◆ The NYISO proposes to make parallel changes to variable “M” in Subsection C of Attachment C of the Services Tariff.
- ◆ Including the proposed changes, “M” will be defined as the “number of eligible RTD intervals in the 24-hour day associated with maximum generation pickups or large event reserve pickups in the 24-hour day and the three RTD intervals following the termination of the large event reserve pickup or maximum generation pickup, but excluding RTD intervals associated with any maximum generation pickups or large event reserve pickups where  $EI_{gi}^{RT}$  is less than or equal to  $EI_{gi}^{DA}$ .” (emphasis added to show revised language).

## **ISSUE 3:**

# **Clarification in the Calculation of DAMAP**

### 3: Clarification in the Calculation of DAMAP

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- ◆ In response to MPs’ questions in the January 25 BAWG/MIWG meeting, the NYISO reviewed the proposed formula for calculating DAMAP.

- ◆ Existing formula:

$$CDMAPen_{iu} = \left\{ \left[ DASen_{hu} - LL_{iu} \right] \times RTPen_{iu} - \int_{LL_{iu}}^{DASen_{hu}} DABen_{hu} \right\} * \frac{Seconds_i}{3600}$$

- ◆ The NYISO will discuss proposed changes on February 5.

## **ISSUE 4:**

# **Defining Terms in the Voltage Support Lost Opportunity Cost Payment Formula**

## 4: Defining Terms in the Voltage Support Lost Opportunity Cost Payment Formula

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- ◆ In the January 25 BAWG/MIWG meeting, the NYISO proposed to define the term “Original Dispatch Point” as “equal to the Generator’s Economic Operating Point.”
- ◆ In response to an MP question in the January 25 BAWG/MIWG meeting, the NYISO has reviewed the question of whether a Generator could ever “flip” due to the way the LOC payment formula is written. The NYISO has determined that the introductory language for the LOC payment formula (see Services Tariff sheet 262) clearly indicates that LOC payments are only made when the New Dispatch Point is below the Original Dispatch Point, and Generators would not be eligible for payment/charge when the reverse occurs.

## 4: Defining Terms in the Voltage Support Lost Opportunity Cost Payment Formula

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- ◆ In addition to the formula change proposed at the January 25 BAWG/MIWG meeting, the NYISO proposes a parallel change in the introductory language of Section 2.0(b) of Rate Schedule 2 of the Services Tariff. Specifically, the NYISO proposes to replace the term “schedule” with the term “Economic Operating Point,” which is consistent with the proposed change to the variable “Original Dispatch Point.”
- ◆ The relevant provision will read: “A Supplier of Voltage Support Service from a Generator that is being dispatched by the ISO shall also receive a payment for Lost Opportunity Costs (“LOC”) when the ISO directs the resource to reduce its real power (MW) output below its Economic Operating Point in order to allow the resource to produce or absorb more Reactive Power (MVar) . . .” (emphasis added to show revised language).



## **ISSUE 5:**

# **Clarification that the NYISO Collects NTAC from All LSEs**

## 5: Clarification that the NYISO Collects NTAC from All LSEs

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- ◆ Because NYPA has no defined transmission area and only a small number of directly connected customers, FERC approved the collection by the NYISO and payment to NYPA of the NYPA Transmission Adjustment Charge (“NTAC”).
- ◆ Since start-up, the NYISO has collected NTAC from all LSEs. However, the provisions addressing collection of NTAC from LSEs divide LSEs into three categories:
  - Section 7B.4(ii) of the OATT states that “LSEs serving Load in the NYCA that is not part of a retail access program, such as municipal electric systems, shall pay an NTAC . . . based on all Actual Energy Withdrawals by the Load on whose behalf the LSE acts as scheduling agent.”

## 5: Clarification that the NYISO Collects NTAC from All LSEs

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- Section 7B.4(iv) states that Transmission Owners “shall pay an NTAC based on the sum of Actual Energy Withdrawals by bundled retail customers on whose behalf the Transmission Owner schedules Transactions.”
- Section 5.0 of Article II of Attachment H of the OATT states that “LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner’s retail access program.”
- ◆ The description of LSEs is not clear. To avoid any ambiguity, the NYISO proposes to eliminate any distinction among LSEs and to clarify that the NYISO collects NTAC directly from all LSEs serving Load in the NYCA based on the LSE’s Actual Energy Withdrawals.
- ◆ These changes do not affect how the NYISO collects NTAC from eligible customers that schedule Export or Wheel-Through Transactions.

# Next Steps

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- *BIC* *February 7*
- *MC* *February 21*

### Proposed Dates:

- *BOD* *March 12*
- *FERC Filing* *March 16*
- *FERC Response* *Early May*
- *PA Certification* *May*
- *Replace BAS* *Early June*