



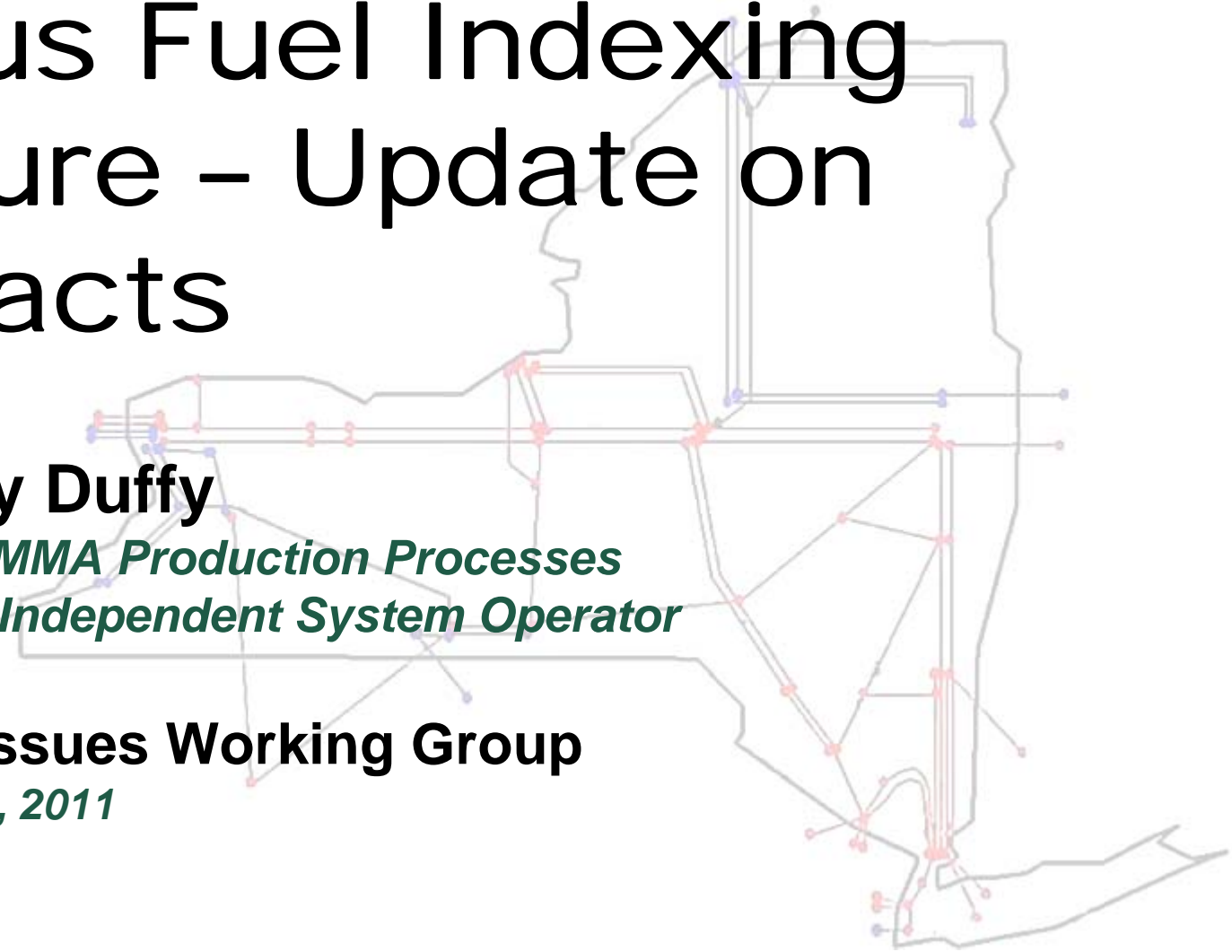
# Argus Fuel Indexing Failure – Update on Impacts

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## Background

- ◆ NYISO's process for retrieving updated fuel price information from its outside vendor, Argus, did not function as expected on the evening of December 6<sup>th</sup> due to site switching issues on the vendor's system
- ◆ Impacted RT (HB0-HB16 for Oil; HB10-HB16 for Natural Gas) for December 7<sup>th</sup> and DAM (all hours) for December 8<sup>th</sup>
- ◆ NYISO continued to use best available fuel index information, and no tariff violation occurred. However, due to potential market impacts, it was deemed to be a Market Problem (MST, Section 3.5.1).
- ◆ Preventive controls implemented to address similar circumstances going forward.
- ◆ NYISO has followed the tariff provisions pertaining to Market Problems in noticing the FERC, its MMU and its Market Participants.
  - Market Participants notified at MC on December 15<sup>th</sup>
- ◆ Final step in process is to develop and present estimates of market impact

## Fuel Index Updates Not Reflected

- ◆ Due to the connectivity issues the fuel index updates were not reflected in supplier reference levels in RT (12/7) or DAM (12/8)
- ◆ Natural Gas indices increases:
  - *Transco Zone 6 NY (\$1.275/mmbtu or 24%)*
  - *Algonquin (\$1.135/mmbtu or 21%)*
  - *Iroquois Waddington (\$0.71/mmbtu or 14%)*
  - *Dominion North (\$0.22/mmbtu or 5%)*
  - *Dominion South (\$0.34/mmbtu or 6%)*
  - *Niagara (\$0.315/mmbtu or 6.6%)*
  - *Texas Eastern M3 (\$0.515/mmbtu or 11%)*
- ◆ Fuel Oil and Kerosene indices decreased less than 1%

## Real-Time Market Impacts: Complete

- ◆ Due to higher natural gas prices (not incorporated in reference levels), greatest potential would be for overmitigation of suppliers
- ◆ Review identified only one unit mitigated in real-time during the affected hours (HB10-HB15)
  - *Rest-of-State unit*
  - *Mitigated for its MinGen \$ bid*
  - *No impact on LBMPs*
  - *Unit has submitted consult request; RT BPCG could be increased, if appropriate*

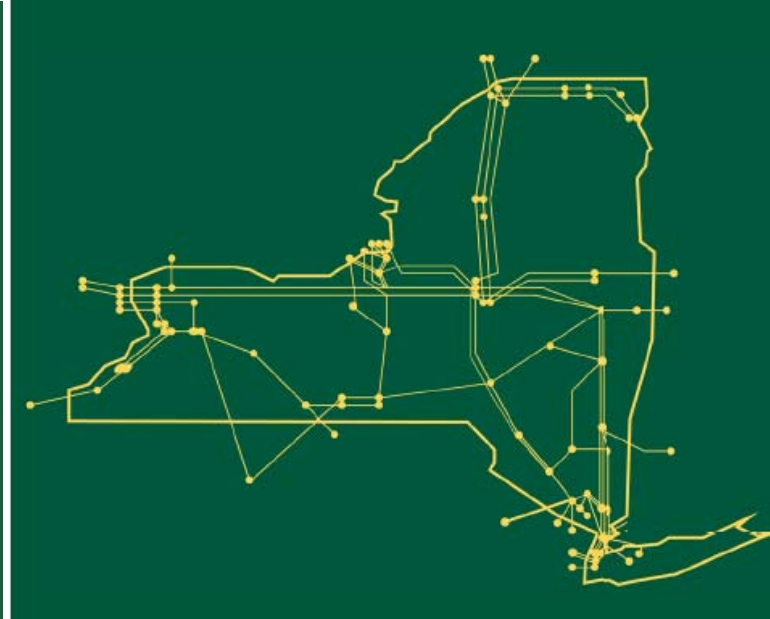
# Real-Time Market Impacts: Complete

- ◆ Due to only slightly lower fuel oil and kerosene prices (not incorporated in reference levels), significantly lower risk of undermitigation exists
- ◆ No impacts on RT LBMP
  - *AMP limited to NYC units*
  - *Reviewed RLS Fuel Types for all NYC units*
  - *No NYC fuel oil/kerosene units dispatched*
  - *Potential impact for units with fuel blends swamped by natural gas increase*
- ◆ No impacts on RT BPCG payments
  - *Reviewed fuel oil/kerosene units receiving RT BPCG payments (three, Rest of State)*
  - *Identified no impact on mitigation*

## Day Ahead Market Impacts: In Progress

- ◆ 13 units potentially overmitigated
  - *1 for Start-up \$*
  - *5 for Minimum generation \$*
  - *11 for Incremental Energy \$*
- ◆ Final impacts pending completion of DAM Model re-run with revised reference levels
- ◆ Results to be presented in subsequent MIWG

The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and conducts comprehensive planning for the state's bulk electricity system.



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