

MOTION REGARDING BID CAP RULES—June 5, 2000

The Management Committee requests the NYISO to file as soon as possible with FERC under Section 205 of the Federal Power Act for authority to impose bid cap rules as described below.

The Management Committee requests the NYISO Staff to immediately begin developing any procedures and to take any actions necessary to implement these bid cap rules.

I. Duration

These Bid Caps shall expire October 31, 2000.

II. Markets

Caps will apply both to the Day-Ahead Market, Ancillary Services, and the Real-Time Market.

III. Levels

A. Energy

Bids will be capped at \$1000/MWh.

B. Ancillary Services

1. For 10-minute and 30-minute reserves, combined payments for availability and lost opportunity costs in total are capped as for energy.

2. For regulation, combined payments are capped at 1,100 \$/MWh.

IV. Other Features

A. All bids are subject to the cap, both internal and external.

B. Emergency External Purchases will not be subject to the bid caps. Payments for such purchases, however, will not set market clearing prices.

C. Recall bids are capped. ICAP Suppliers to NY not selected in the DAM will be able to make non-firm energy sales, subject to NYISO recall at capped recall bids.

- D. Bid Production Cost Guarantees (BPCGs) will be suspended for a supplier which bids minimum generation levels, start-up costs, or minimum run times when LBMP at the supplier's bus averages \$200/MWh or more per day. In addition, total payments including BPCGs may not exceed \$24,000/MW per day.
- V. Increased Price Sensitivity Load Capability (not to be included in the FERC Filing)

By the fourth quarter of calendar year 2000, the NYISO will develop specifications for metering, telemetry, business rules and software that would allow and encourage the development of widespread price sensitive load with comparable treatment. The objective would be to have this Section V proposal adopted by the BIC at its January meeting and, if required, the MC at its February meeting. Early action is required to allow the loads to be metered and allow for NYISO software development.

The specifications should allow loads to bid a specific amount of load levels at a specific price. The software should accommodate multiple loads at different prices at the same bus and should accommodate implementation at many load busses.

The specifications should initially have provisions for load to be committed and dispatched in the day-ahead market. The software should also have provisions similar to the pilot program that allows Hour Ahead scheduling of price sensitive load.

The NYISO should develop a work plan that would allow the NYISO software to accept price sensitive load bids by June 1, 2001.

In addition and in the previous time frame, the NYISO will organize and staff a Market Participant task force to address aggregating customer load for the purpose of participating in bidding Price Sensitive Load.