

Uneconomic Production

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Agenda

- **Current Uneconomic Production Rules**
- **Limitations of Current Rules**
- **Opportunities for Enhancements**

Current Market Rules

Uneconomic Production

- **“Uneconomic production from an Electric Facility, that is, increasing the output of an Electric Facility to levels that would otherwise be uneconomic in order to cause, and obtain benefits from, a transmission constraint”**

- MST Attachment H: 23.2.4.1.3

MST Attachment H

- **Section 23.2.4.1.3**
 - Defines Uneconomic Production & Uninstructed Deviation
- **Section 23.3.1.3.1.1**
 - Defines thresholds for conduct
- **Section 23.3.2.1**
 - Defines thresholds for impact
- **Section 23.4.3.3.2**
 - Defines penalty for uninstructed deviation

Potential Enhancements

- **SOM Recommendation 2017-3**
- **Ensure mitigation measures appropriately address all uneconomic production situations**
- **Current limitation to the rules:**
 - Requires intent
 - Impact is limited to an increase in 200% or \$100
 - Additional detail and clarity could enhance the current mitigation measures

Opportunities for Enhancements

Conduct Test and Uninstructed Deviation

- **Current conduct threshold is sufficient**
 - Energy schedule at an LBMP that is less than 20% of the applicable reference level is sufficient
- **Uninstructed deviation conduct, impact, and mitigation measures are sufficient**

Enhancement to Definition

- Remove intent from the definition of uneconomic production (*i.e.*, “in order to cause, and obtain benefits from”)
 - More consistent with economic withholding and physical withholding
- Revision would describe uneconomic production as increasing the output of an Electric Facility to levels that would otherwise be uneconomic

Enhancement to Impact Test

- **Revise impact test for uneconomic production to account for the following:**
 - An increase or decrease in Energy prices
 - Increase in congestion cost
 - Increase in either BPCG or DAMAP

Enhancement to Mitigation Measures

- Provide language that clarifies the applicable mitigation measure for uneconomic production that fails conduct and has impact
 - Applying financial sanctions would be consistent with the mitigation measures for uninstructed deviation from base points
- Provide for consultation between NYISO and MP prior to applying mitigation

Next Steps

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- Return with proposed Tariff revisions to address the areas discussed
 - Definition
 - Impact threshold
 - Mitigation measures

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system



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