

The relevant excerpts from the NYISO services tariff are shown below the discussion.

The following general observations need to be considered while reviewing this tariff language and while comparing it to the proposed Ontario RT transaction failure charge.

First, there is no day-ahead transaction failure charge in NY. Transactions that are scheduled day-ahead and not scheduled in the hour-ahead settle their RT imbalance at the RT clearing price. Transactions that are scheduled in the hour-ahead regardless of whether they are day-ahead and hour-ahead transactions or hour-ahead only transactions face the RT transaction failure charges described in the tariff excerpts below if they are scheduled by the hour-ahead market but do not flow in RT because of reasons assessed to be “within a Supplier’s or Transmission Customer’s control”.

It is also important to understand what the NY tariff really means when it talks about prices at external proxy buses. The Real-Time LBMP at the external proxy bus is determined by the RTD model when there are no interface ramp or capacity constraints. Importantly, RTD does not model external congestion. RTD takes the external transaction schedules passed to it by RTC as a given set of injections and withdrawals and determines locational prices at every location, both internal and external, to meet an incremental MW of load at all locations. The only resources that can be dispatched to meet load in RTD are internal resources. This means that the external proxy bus prices determined by RTD are effectively an “internal price” from the perspective that we were talking about them in the November 23 meeting.

The Real-Time LBMP at the external proxy bus is determined by the RTC model when there is a binding ramp or capacity limit on an external interface. Unlike Ontario, it is not the congestion component that is passed through into the RT price settlement database. Instead, it is the RTC clearing price that is passed through directly as the second settlement price for those transactions with net RT schedules. (There are some more complex alternative prices used as a part of the non-competitive proxy bus prices that we do not need to address here)

There is a very important distinction in the tariff between “the Real-Time LBMP” and the “RTD price” at external proxy buses. “The Real-Time LBMP” is the posted settlement price in RT that can come from either RTC or RTD models depending on whether ramp or capacity constraints are binding at external proxy buses in the hour-ahead RTC model as described in the previous two paragraphs. The “Real-Time LBMP” is used in all the energy settlement formulas.

The transaction failure charges as described in the tariff excerpts below use the difference between the RTC price at the external proxy bus and the RTD price at the external proxy bus. The RTC price includes the hour-ahead congestion whilst the RTD price includes only congestion associated with internal NYISO transmission constraints. As described above the RTD price is in essence the cost of meeting the next MW of load at the external proxy bus using only internal dispatchable resources, i.e., an “internal” price.

In terms of the Ontario constructs that were described in the November 23 meeting the NY transaction failure charge is equivalent to the difference between the Pre-dispatch unconstrained zonal price and the Ontario unconstrained Energy Market Price.

NYISO Services Tariff Excerpts

Section 4.5 C (2) for import failures on sheets 102, 102.00 and 102.01.01 of the services tariff

(2) Failed Transactions

If an Energy injection scheduled by RTC at a Proxy Generator Bus fails in the ISO's checkout process after RTC₁₅, the Supplier or Transmission Customer that was scheduled to make the injection will pay the Energy imbalance charge described above in subsection C(1). In addition, if the checkout failure occurred for reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below. The ISO's Market Monitoring and Performance Unit will determine whether the Transaction associated with an injection failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy injection at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy injection from the amount of the Import scheduled by RTC; multiplied by (ii) the greater of the difference computed by subtracting the RTC price from the RTD price in the relevant interval, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described below in subsection D(2).

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 1 of this ISO Services Tariff. In the event that the Energy injections scheduled by RTC₁₅ at a Proxy Generator Bus are Curtailed at the request of the ISO then the Supplier or Transmission Customer that is subjected to the Curtailment, in addition to the charge for Energy Imbalance shall be paid the product (if positive) of: (a) the Real-Time LBMP at the Proxy Generator Bus minus the higher of its real-time Bid and zero; and (b) the scheduled Energy injections minus the actual Energy injections at that Proxy Generator Bus for the dispatch hour.

Section 4.5 D (2) for export failures on sheets 102B and 102.C of the services tariff

(2) Failed Transactions

If an Energy withdrawal at a Proxy Generator Bus scheduled by RTC fails in the ISO's checkout process after RTC₁₅, the Supplier or Transmission Customer that was

scheduled to make the withdrawal will pay or be paid the energy imbalance charge described above in subsection D(1). In addition, if the checkout failure occurred for the reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below. The ISO's Market Monitoring and Performance Unit will determine whether the Transaction associated with a withdrawal failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy withdrawal at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy withdrawal from the amount of the Export scheduled by RTC; multiplied by (ii) the greater of the difference computed by subtracting the RTD price in the relevant interval from the RTC price, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described above in subsection C(2). All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 1 of this ISO Services Tariff.