

Forward Capacity Market (FCM) MW Proration

Web Conference
July 10, 2008

Topics to be Covered

- Objective
- Background on MW Proration
- Forward Capacity Auction #1 (FCA-1) Results
- MW Proration Designation Process
- MW Proration Rules
- ISO Review of Proration Elections
- MW Proration Election Timeline

Objective

- To communicate the details of the process for electing to prorate a resource's Capacity Supply Obligation received from the 2010_2011 FCA instead of receiving the reduced payment rate

Background on MW Proration

Background on MW Proration

- In the event that the Capacity Clearing Price Collar (Floor) condition is reached in the FCA, two proration options are available for Lead Participants of Resources with a Capacity Supply Obligation
 1. Maintain the full Capacity Supply Obligation with a reduced Payment Rate (Price Proration)
 2. Receive a reduced Capacity Supply Obligation with the full Capacity Clearing Price (MW Proration)
- The proration election chosen by resources will not have an effect on the total amount of money paid by load and received by a resource

Background on MW Proration (cont.)

- For FCA-1, all resources have been initially set to have its price prorated (i.e., reduced Payment Rate) as reported to Lead Participants in the initial FCA Auction Results MIS Report (SP_FCARESULT) distributed at the conclusion of the Forward Capacity Auction
- For New Capacity Resources, the Capacity Supply Obligation based on Price Proration of the Resource is considered as the basis for
 - Financial Assurance
 - Critical Path Schedule monitoring
 - Existing Capacity Qualification for the following FCA

FCA-1 Results

Summary of FCA_2010_2011

- The Net Installed Capacity Requirement (NICR) for 2010_2011 was 32,305 MW
 - NICR is the Installed Capacity Requirement (ICR) for the region, less the tie benefits associated with the Hydro Quebec Phase I/II Interface (HQICCs)
- The amount of capacity that received a Capacity Supply Obligation from the FCA was 34,077.250 MW*

* Reflects the 600 MW limit on Real-Time Emergency Generation

Summary of FCA_2010_2011 (cont.)

- The FCA ended at the floor price of \$4.500/kW-Month (0.6 times CONE)
 - This over-supply condition pro-rated the FCA payment rate to \$4.254/kW-Month*
 - The calculation is as follows
 - Floor Price X (Net ICR-Self Supply Quantity)/(Capacity Supply Obligation – Self Supply Quantity)
 - \$4.500/kW-Month * (32,305 MW – 1,593.262 MW) / (34,077.250 MW – 1,593.262 MW) = \$ 4.254/kW-Month

* Payment rate of \$4.254/kW-Month does not apply to Real-Time Emergency Generation

CONE – Cost of New Entry

MW Proration Designation Process

Election Overview

- MW Proration Election window will open on July 30, 2008
 - MW Proration elections will be made using the Forward Capacity Tracking System (FCTS)
- MW Proration Election window will close at midnight August 5, 2008
- After the window closes, ISO will perform the reviews necessary
- On August 20, 2008, ISO-NE will re-issue the FCA Results MIS Report (SP_FCARERESULT)
 - Training presentation on SP_FCARERESULT MIS report can be found at
http://www.iso-ne.com/support/training/courses/fcm/fca_results.pdf

FCTS Process Overview

- To make elect MW Proration
 - Locate Resource in FCTS
 - Click on MW Proration Tab
 - Ensure that 2010-2011 Capacity Commitment Period is elected
 - Click “Elect MW Proration” button
 - Confirm Proration Election when prompted
- To maintain Price Proration
 - Do nothing

MW Proration Election in FCTS

Welcome to ISO New England's Forward Capacity Tracking System
Forward Capacity Tracking System (FCTS)

Home
Capacity Resource
Commitment Period

Resource Information

Name GEN 106

Load Zone .Z.RHODEISLAND

Resource Type Generator

Resource ID 106

Lead Participant (ID) VIU2 (3)

Search
Search Results

Basic Info
Existing Qualification
New Qualification
Self-Supply
MW Proration

Period: CP 2010-11 | CP 2011-12 | CP 2012-13 |

Summary
Qualified Capacity
De-List Bid Details
Composite Offer

Summer Qualified Capacity MW 80.000

Winter Qualified Capacity MW 100.000

Load Zone .Z.RHODEISLAND

Intermittent Yes

De-List Bids

Permanent		
Segment	Price	Mw
1		
2		
3		
4		
5		
Total		0.000

Static		
Segment	Price	Mw
1		
2		
3		
4		
5		
Total		0.000


Export		
Segment	Price	Mw
1		
2		
3		
4		
5		
Total		0.000

Admin		
Segment	Price	Mw
1		
2		
3		
4		
5		
Total		0.000

Economic Min 1.000

Total De-List MW 0.000

Net MW 80.000



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Election MW Proration in FCTS (cont.)

Forward Capacity Tracking System (FCTS) Welcome to ISO New England's Forward Capacity Tracking System

Home **Capacity Resource** Commitment Period

Resource Information [Search](#) [Search Results](#)

Name GEN 106 Resource ID 106
Load Zone .Z.RHODEISLAND Lead Participant (ID) VIU2 (3)
Resource Type Generator

Basic Info Existing Qualification **New Qualification** Self-Supply MW Proration

Period: **CP 2010-11** | CP 2011-12 | CP 2012-13 |

Capacity Zone Rest-of-Pool

Capacity Obligation

Obligation Type	Summer MW	Payment Rate	MW Proration	Action
Existing Capacity Offer	80.000	4.254	No	Elect MW Proration

Ensure that the correct Capacity Commitment Period is selected

Election MW Proration in FCTS (cont.)

Forward Capacity Tracking System (FCTS)
Welcome to ISO New England's Forward Capacity Tracking System

Home
Capacity Resource
Commitment Period

Resource Information

Name GEN 106
Load Zone .Z.RHODEISLAND

Resource ID 106
Lead Participant (ID) VIU2 (3)

Capacity Zone Rest-of-Pool

Search
Search Results

Basic Info

Existing Qualification

New Qualification

Period: CP 2010-11 | CP 2

Obligation Type	Summer MW	Payment Rate	MW Proration	Action
Existing Capacity Offer	80.000	4.254	No	Elect MW Proration

Microsoft Internet Explorer

You're about to elect MW Proration.
Are you sure you want to continue?

OK

Cancel

Election MW Proration in FCTS (cont.)

Forward Capacity Tracking System (FCTS)
Welcome to ISO New England's
Forward Capacity Tracking System

Home
Capacity Resource
Commitment Period

Resource Information [Search](#) [Search Results](#)

Name GEN 106 **Resource ID** 106

Load Zone .Z.RHODEISLAND **Lead Participant (ID)** VIU2 (3)

Resource Type Generator

[Basic Info](#) | [Existing Qualification](#) | [New Qualification](#) | [Self-Supply](#) | [MW Proration](#)

Period: CP 2010-11 | CP 2011-12 | CP 2012-13 |

Message

- **Successfully elected MW proration**

Capacity Zone Rest-of-Pool

Capacity Obligation

Obligation Type	Summer MW	Payment Rate	MW Proration	Action
Existing Capacity Offer	75.627	4.500	Yes	Cancel MW Proration

Notice how the Summer MW Obligation and Payment Rate have been updated to reflect MW Proration Election

MW Proration Rules

MW Proration Rules

- Proration election will be entered by the Lead Participant of each eligible Resource
- Proration election can only be entered or changed while the Proration Window is open
- Only Resources that have a Capacity Supply Obligation from the Forward Capacity Auction are eligible for proration election

MW Proration Rules (cont.)

- Real-Time Emergency Generation Demand Resources may not elect MW Proration
- Prorating election made by an Intermittent Capacity Resource with non-zero Summer Qualified Capacity is automatically applicable to the Winter Capacity Supply Obligation of such Intermittent Capacity Resource

MW Proration Rules (cont.)

- Prorating election made by the Summer Partner in a Composite Offer is automatically applicable to the Capacity Supply Obligation of its Winter Partners
 - A Winter Partner of a Composite Offer CANNOT select the prorating method for their portion of the Capacity Supply Obligation

MW Proration Rules (cont.)

- The following components of a resource's Capacity Supply Obligation are not allowed to elect MW Proration
 - Self-Supply Capacity Obligation
 - Capacity Supply Obligation retained for reliability
 - Winter Capacity Supply Obligation of Intermittent Resource with zero Summer Qualified Capacity
 - Capacity Supply Obligation associated with the subsequent years (beyond the initial year) of a Resource's multi-year commitment period

MW Proration Rules (cont.)

- Resources will not be allowed to shift Capacity Supply Obligation MW from one Resource to another as part of this MW proration election
 - This type of transaction may be conducted at a later time through bilateral transactions
- “Customization” of Payment Rate is not allowed (All eligible Capacity Supply Obligation MWs are prorated or None)

ISO Review of Proration Elections

ISO Review of Proration Elections

- Resources requesting MW Proration are subject to a reliability review
- The reliability review will result in the approval or rejection of the full reduction
 - There will not be partial acceptance
- If a resource's MW Proration election is rejected for reliability, the resource retains its default Price Proration

MW Proration Election Timeline

MW Proration Timeline

- The functionality to elect MW proration will be enabled for a pre-specified window of time
- MW Proration election window for FCA_2010_2011 Capacity Supply Obligations
 - This window will be from July 30, 2008 through August 5, 2008
- MW Proration election window (when applicable) for Capacity Supply Obligations received in a future FCA will be opened shortly after the FCA concludes

MW Proration Timeline (cont.)

- On August 20, 2008 ISO-NE will re-issue the FCA Auction Results MIS Report (SP_FCARESULT)
 - Training presentation on SP_FCARESULT MIS report can be found at
http://www.iso-ne.com/support/training/courses/fcm/fca_results.pdf
- In the event that MW proration is elected for a resource, the Capacity Supply Obligation and payment rate listed in the MIS report will be adjusted to be the same shown in FCTS
- If MW proration is not elected for a resource, all values in the MIS Report will be the same as those in the prior report

Questions

