



2010 Wholesale Markets Project Plan Fourth Quarter Update

Introduction

Each year, ISO New England publishes the Wholesale Market Project Plan (WMPP), which identifies key initiatives scheduled for the next three years. Each quarterly update provides a high-level overview of initiatives not identified in the annual WMPP or prior quarterly updates that the ISO is planning to assess over the next three to 12 months. In addition, design status is noted for all market initiatives, indicating where initiatives are in the development process and whether they have been presented at a NEPOOL technical committee.¹

For questions on these initiatives, please contact either [Christopher Parent](#) (413-540-4599) or [Bob Laurita](#) (413-535-4398).

Market Design Project Plan Update

Fourth Quarter Initiatives

Initiative	Design Status	Discussed at Committee
Customer Baseline Calculation Clarification	In development	No
Defined Term Review	In assessment	No
DARD and ARD Size & Aggregation Implementation	In development	Yes
Energy Market Offer/Parameter Definitions	In assessment	No
FCM Bilateral Enhancements	In assessment	No
FCM Cost Allocation	In development	Yes
FCM Rejected Delist Bid Follow-up Actions	In development	No
FCM Supplemental Availability Bilaterals	In assessment	No
Virtual Transaction NCPC Cost Allocation	In assessment	No
Virtual Transaction Submission Limits	In assessment	No

¹ A design status of “in assessment” means that the ISO is evaluating the topic to determine potential solutions. “In development” means that the ISO is preparing or has prepared a proposal for the committee. “Completed” means that the development process is complete. “No action taken” means the ISO has determined, based upon its assessment, that no additional work is required on the item.

Third Quarter Initiatives

Initiative	Design Status	Discussed at Committee
Demand Resource Seasonal Peak Hour Definition	In development	Yes
Demand Resource Auditing	In assessment	No
FCA Qualification Deadline Changes	No action taken	No
FCM Resource Comparability	In assessment	No
FTR Auction Enhancements	In development	Yes
Generation Auditing	In development	Yes
Load Reconstitution	In assessment	No
Planned Maintenance Hour Exemptions under FCM	In development	Yes
Start-up/No-Load Reoffer	In development	Yes
Tie Benefits Calculation Methodology Review	In assessment	No

WMPP Initiatives

Initiative	Design Status	Discussed at Committee
Alternative Technology Regulation Pilot and Market Changes	In development	Yes
Changes to the Real-Time Reserve Requirement	In assessment	No
FCM Design Reforms	In development	Yes
Integration of Wind Resources	In assessment	No
Interregional Coordination with NYISO	In development	Yes
Net Commitment-Period Compensation Restructuring	In assessment	No
Price-Responsive Demand	In assessment	Yes
Pricing of Congestion at External Nodes	In assessment	No
Pricing of Demand Resource Program Activation & Nonmarket Operator Actions	In assessment	No
Real-time Reoffers	In assessment	No
Revisions to Failure-to-Follow Procedures	In assessment	No

Fourth Quarter Market Design Project Summaries

Below are summaries of the new initiatives identified in this report. Please refer to the [2010 WMPP](#) or [2010 WMPP Third Quarter Update](#) for additional information on existing WMPP initiatives.

Customer Baseline Calculation Clarification

The ISO would like to clarify how the customer baseline in the M-MVDR Manual for Real-Time Demand Response or Real-Time Price Response Assets participating in the Day-Ahead Load Response Program.

Defined Term Review

Section I.2.2 has become the central repository for all defined terms used within the Tariff. However, some terms have inaccurate or duplicative definitions or are used inconsistently within the Tariff. In addition, some defined terms have been included in the body of the Tariff, with no associated definition included in Section I.2.2. As a result, Tariff corrections are needed to update definitions and properly capture the defined terms used in Sections I through IV and the associated Schedules, Attachments, and Appendices. This effort will improve the use of Section I.2.2 as a resource and central repository for definitions and may facilitate the removal of ISO New England Manual 35.

The ISO will evaluate defined terms in each section of the Tariff, compare them to Section I.2.2, assess discrepancies, recommend changes, and discuss needed changes with Participants at the appropriate NEPOOL Committees.

Dispatchable Asset Related Demand (DARD) and Asset Related Demand (ARD) Size & Aggregation Implementation

On April 21, 2010, the ISO and NEPOOL jointly filed a request with the Commission to reduce the minimum size requirement of an ARD and DARD from 5 MW to 1 MW and allow aggregation of retail customers receiving electrical service from the same point or points of supply. The market rule change was in response to the Commission's January 21, 2010 Order requiring "an examination of the current rules that required a minimum 5 MW peak load size requirement and deny DARDs the ability to aggregate."

The ISO is working with the meter readers at the New England PTOs to identify any necessary changes to the roles and responsibilities of the parties responsible for supporting ARD and DARD registration and metering functions under the revised market rule.

Energy Market Offer/Parameter Definitions

The ISO has identified a number of definitions related to the energy market offers that should either be clarified or added to Section I.2.2. The ISO will evaluate the current list of defined terms for the energy market offer/parameters, identify missing terms, recommend changes and discuss needed changes with Participants at the relevant NEPOOL Committees.

Forward Capacity Market (FCM) Bilateral Enhancements

The ISO has received several requests from participants related to both Capacity Supply Obligation (CSO) and Capacity Load Obligation (CLO) Bilaterals. These include providing additional flexibility related to when these transactions can be submitted and confirmed and what information is included within the bilateral transaction.

FCM Cost Allocation

The ISO is evaluating modifications to the capacity cost allocation methodology, which currently focuses on just one peak hour of the summer, to better link capacity cost causation with consumption behavior and to create better incentives for consumers to reduce consumption during the hours that drive the Installed Capacity Requirement (ICR).

FCM Rejected Delist Bid Follow-up Actions

Section III.13 of the Market Rule requires the ISO to take explicit actions when it rejects a delist bid in the Forward Capacity Auction. The ISO is reviewing these provisions and its own internal procedures to determine if any changes are required.

FCM Supplemental Availability Bilaterals

Presently Supplemental Availability Bilaterals can only be entered between resources within the same reserve zone. With the addition of an export constrained capacity zone in the third capacity commitment period and the request of Participants for additional flexibility, the ISO is reevaluating the existing reserve zone limitations.

Virtual Transaction Net Commitment Period Compensation (NCPC) Cost Allocation

The ISO is evaluating whether it is appropriate to continue to allocate NCPC costs to virtual transactions cleared in the Day-Ahead Energy Market.

Virtual Transaction Submission Limits

As part of enhancements to be implemented in the eMarket software, the ISO is evaluating limiting the number of increment and decrement virtual transactions that can be submitted into the Day-Ahead Energy Market for a location and hour in an effort to improve the usability of the eMarket user interfaces.