2011 Wholesale Markets Project Plan
Second Quarter Update

July 2011

Table of Contents

About the Update

ISO New England publishes an annual *Wholesale Markets Project Plan* (WMPP) that identifies key initiatives scheduled for the next three years. This quarterly update provides the latest information on projects identified in the WMPP and includes new initiatives the ISO will assess over the next three to twelve months.

For questions on these initiatives, please contact Christopher Parent, Manager, Market Development, at 413-540-4599 or Bob Laurita, Manager, Market Design, at 413-535-4398.

New Market Design Projects

This section summarizes new projects since the last WMPP and prior quarterly updates.

New Market Design Project Summary

Project	Estimated Start of Stakeholder Process[(a)]	Estimated Earliest Effective Date	Design Status[(b)]
Reopen Regulation Market Pilot	Q3 2011	Q1 2012	In development
Price-Responsive Demand: Capacity Market Changes	Q3 2011	April 2012	In development
Generation Auditing and Parameter Redeclaration Rules Review	Q4 2011	Q2 2012	In assessment
Net Regional Clearing Price Clarifications	Q4 2011	Q2 2012	In development
Wind Forecasting and Dispatch	Q4 2011	Q2 2012	In assessment
Privately-Financed Transmission Projects	Q1-2012	2013	In assessment

(a) This date indicates when the ISO expects to bring a formal proposal to stakeholder committee(s). Some projects may involve discussion with committees before a formal ISO proposal.
(b) The design status of "in assessment" means that the ISO is evaluating potential solutions; "in development" means that the ISO is preparing or has prepared a proposal for stakeholder committee(s).

Project Descriptions

Generation Auditing and Parameter Redeclaration Rules Review

Dispatching resources based upon accurate physical parameters ensures a reliable transmission system while enabling efficient markets. The ISO is assessing the rules governing auditing, submitting, and redeclaring of various physical parameters (e.g., Claim10/30 capability, seasonal claimed capability, ramp rate) to ensure that the values are accurate and updated appropriately. Based upon the outcome of this assessment, the ISO may propose modifications to these rules.

Changes associated to this review will likely be brought to stakeholder technical committees as multiple projects.

Net Regional Clearing Price Clarifications

The Net Regional Clearing Price (NRCP) is a blended rate for the cost of procuring capacity and is the rate charged to capacity load obligation. Beginning in the 2012/2013 commitment period, there are multiple capacity zones. A review of the NRCP calculation has identified minor clarifications to address the impacts of capacity supply obligation bilateral and reconfiguration auction activity that occurs between capacity zones.

Privately-Financed Transmission Projects

The ISO is evaluating operational and market impacts specific to new, privately-financed transmission projects. Unlike most transmission projects, these projects are not proposed as regional transmission solutions in response to a "needs assessment" pursuant to Attachment K of the *Open Access Transmission Tariff* (OATT)[1] and, consequently, their treatment may not be adequately specified in the tariff. This project will review the integration of these transmission projects and provide recommendations as required in several areas, including: interconnection queue procedures to improve study certainty, interconnection rights, new external interfaces created by these projects, and associated market rule changes.

Price-Responsive Demand (PRD): Capacity Market Changes

The PRD design requires changes to the Forward Capacity Market (FCM) for Real-Time Demand Response and Real-Time Emergency Generation resources. The ISO believes that at least the following areas will require modifications: qualification, rights and obligations, operation and dispatch, and payments, performance, and penalties.

Reopen Regulation Market Pilot

The Alternative Technology Regulation Pilot Program (ATRP) was closed to new entrants as of November 2009. The ISO has continued to receive inquiries and requests to participate in the ATRP.

Reopening the ATRP to new participants requires no incremental development effort by the ISO, and is not expected to be impacted by the Federal Energy Regulatory Commission (FERC) Frequency Regulation Compensation in the Organized Wholesale Power Markets Notice of Proposed Rulemaking (NOPR)[2].

Wind Forecasting and Dispatch

The New England Wind Integration Study (NEWIS) found that a critical factor for the successful integration of wind resources into the region's electricity grid is accurate, detailed wind power forecasts. These provide system operators with situational awareness during significant weather events and allow the efficient and reliable use of wind power.

This project will identify the following:

- Wind power forecasting products that pair well with existing operational practices
- Appropriate changes in operating procedures, data requirements, and dispatch rules to make efficient use of wind resources while ensuring reliable system operation

[1] *ISO New England Open Access Transmission Tariff,* Section II, Attachment K, "Regional System Planning Process" (July 31, 2011), 319-326, http://www.iso-ne.com/regulatory/tariff/sect_2/oatt/section_ii-oatt.pdf.

[2] FERC, *Frequency Regulation Compensation in the Organized Wholesale Power Markets*, Docket No. RM11-7-000, AD10-11-000 (February 17, 2011), http://www.ferc.gov/whats-new/comm-meet/2011/021711/E-4.pdf

Existing Market Design Projects

This section summarizes projects identified in previous WMPPs, here revised to reflect current scope, schedule, and status. In the table below:

- *Italicized text* indicates a change from the last version of the WMPP.
- Starred "*" dates indicate a delay in the schedule from the prior version of the WMPP.
- Starred "*" project names indicate the project description has been substantially modified from the previous WMPP.

Existing Market Design Project Summary

Project	Estimated Start of Stakeholder Process[(a)]	Estimated Earliest Effective Date	Design Status[(b)]
Alternative Technology Regulation Market Pilot and Market Changes	TBD	2012	Pending FERC ruling (on NOPR)
Review of Defined Terms	Underway	*July, 1 2011*	*Pending FERC ruling (on filing)*
*Integration of Price-Responsive Demand	*Underway*	*Transition: June 2012* *Full Integration: June 2015*	*In development*
FCM Qualification of Unavailable Resources	*Underway*	Q4 2011	*In development*
Modification of DARD and ARD Size and Aggregation Implementation	Underway	**Q4 2011*	In development
FCM Rejected Delist Bid Follow-Up Actions	*Underway*	**Q1 2012*	In development
Review of Multi-zone NCPC Cost Allocation	*Underway*	*Q1 2012*	In development
Interregional Coordination with NYISO	Phase 1: Underway Phase 2: 2013	Phase 1: 2013 Phase 2: 2014	Phase1: In development Phase 2: Not started
FCM Capacity Transfer Rights	Q3 2011	*Q2 2012*	*In development*
FCM Supplemental Availability Bilateral Transactions	Q3 2011	*Q2 2012*	*In development*
*FCM Design Reforms	*Q3 2011*	*Q2 2012*	*In development*
Assessment of Demand-Resource Auditing	Q3 2011	*Q2 2012*	In assessment
Recommendations Regarding Load Reconstitution	Q3 2011	TBD	In development
Assessment of Rules and Requirements for Integrating Intermittent Resources	**Q4 2011*	TBD	In assessment

Project	Estimated Start of Stakeholder Process[(a)]	Estimated Earliest Effective Date	Design Status[(b)]
Evaluation of System Reserve-Constraint Penalty Factor Prices	*Q4 2011	*Q1 2012	*In development*
Evaluation of the Frequency of Calculating the FRM Threshold Price	*Q4 2011	*Q2 2012*	In assessment
Negative Incremental Energy Offers	*Q4 2011	2012	In assessment
Virtual Transaction NCPC Cost Allocation	*Q4 2011	2012	In assessment
Evaluation of FCM Resources That Do Not Clear in a Forward Capacity Auction	*Q4 2011	*2012	In assessment
Review of FCM Peak Energy Rent	Q4 2011	2012	In assessment
Changes to the Real-Time Reserve Requirement	*Q1 2012	2012	In assessment
Pricing Demand-Resource Activation	*Q1 2012	2013	In assessment
FCM Bilateral Transactions	*Q1 2012	*TBD	In assessment
Review of Defined Terms for Offers and Parameters in Energy Markets	*Q2 2012	*Q4 2012	In assessment
*Hourly Offers & Real-Time Reoffers	Q3 2012	2013/2014	In assessment
Enhancements to Energy Markets	Q4 2012	2013/2014	In assessment
Evaluation of NCPC Components	Q4 2012	2013/2014	In assessment
*FCM Resource Comparability[3]	TBD	2012	*Deferred*
Modifications of Rules for Congestion Pricing at External Nodes	*TBD	*TBD	*Deferred*
FCM Cost Allocation	TBD	TBD	Deferred
Alternative Technology Energy and Reserve Market Pilot	TBD	TBD	Deferred

(a) This date indicates when the ISO expects to bring a formal proposal to stakeholder committee(s). Some projects may involve discussion with committees before a formal ISO proposal.

(b) The design status of "in assessment" means that the ISO is evaluating potential solutions; "in development" means that the ISO is preparing or has prepared a proposal for stakeholder committee(s); "pending FERC ruling" means that the ISO is awaiting a FERC ruling or order before proceeding; "deferred" means that the ISO is no longer actively working on the item.

[3] While this project has been deferred, there are a number of other projects that are working on aspects of resource comparability; most notably Integration of Price Responsive Demand, Price Responsive Demand: Capacity Market Changes and Interregional Coordination with NYISO.

Project Descriptions

Alternative Technology Energy and Reserve Market Pilot

The ISO is proposing to develop a pilot program to assess whether new technologies (including demand response) that follow energy market dispatch instructions can provide real-time operating reserves. This program also will help the ISO evaluate and improve communication and monitoring systems needed for dispatching small, dispersed resources in the real-time energy and reserves markets.

Alternative Technology Regulation Market Pilot and Market Changes

For many years, conventional generation sources, such as fossil-fuel and pumped-storage hydroelectric power plants, have provided frequency regulation service. In November 2008, the ISO launched the Alternative Technology Regulation Pilot to determine how emerging technologies—such as grid-scale batteries, flywheels, and demand-side assets—can supply frequency regulation service. The ATRP includes an ongoing review of existing market rules that may need revision to provide new technologies the opportunity to compete equally in New England's Regulation Market. To serve this competitive objective, the ISO is using information from the ATRP program to develop permanent changes to the Regulation Market rules.

Assessment of Demand-Resource Auditing

A number of issues have been identified with the demand-resource auditing process. These include how the ISO uses audit results and how the results affect a market participant's ability to link demand-resource assets to capacity market obligations. The ISO has also received requests to enhance the current audit process. The ISO is assessing these elements to determine what changes may be appropriate and timeframes for implementation.

Assessment of Rules and Requirements for Integrating Intermittent Resources

The ISO is assessing potential modifications to the energy market rules and requirements that may be necessary to accommodate greater quantities of intermittent resources, such as wind power generation. Elements under evaluation include commitment requirements; energy price formation; and the effect of these resources on the capacity, reserve, and regulation markets.

Changes to the Real-Time Reserve Requirement

ISO New England is proposing to modify the reserve monitor and reserve calculations for the Unit Dispatch System (UDS) so that the real-time UDS appropriately reflects operator decisions to commit supplemental or replacement reserves when solving for reserve requirements and faced with an unusually large contingency exposure.

Enhancements to the Energy Markets

The internal and external market monitors have identified a number of issues and potential enhancements for pricing in the Day-Ahead and Real-Time Energy Markets. The objective of this project is to ensure that LMPs accurately reflect the incremental cost of supplying electric energy in these markets. The ISO is evaluating the following:

- Revisions to market rules that govern when a resource is eligible to set the locational marginal price (LMP)
- The economic logic and algorithm for incorporating the start-up costs of fast-start generation resources into the LMP
- Energy price formation when a generating resource is dispatched out of merit for reliability reasons
- Whether current failure-to-follow rules, including Net Commitment-Period Compensation eligibility provisions, provide appropriate incentives for resources to follow the ISO's dispatch instructions

Evaluation of FCM Resources That Do Not Clear in a Forward Capacity Auction

As part of the evaluation of a participant proposal, the ISO has identified a scenario where resources that never clear in a Forward Capacity Auction (FCA) as a "new" resource remain qualified and are able to acquire a capacity supply obligation for a limited time period. This creates a short-term resource that only exists from its commercial operation date through the end of the capacity commitment period of the FCA for which it qualified but did not clear; the resource is not qualified for future FCAs. The ISO is evaluating this scenario to understand potential impacts and determine whether design modifications are necessary.

Evaluation of NCPC Components

While many changes to the market design have been implemented since 2003, the market rules, procedures, and software used to calculate Net Commitment-Period Compensation (NCPC) have not been comprehensively revised during this period. Instead, incremental changes to NCPC have been made to support various market changes. An ISO review of the NCPC rules suggests the rules are unnecessarily complex. The ISO is planning to evaluate both the compensation and cost-allocation components of NCPC to simplify its application and clarify its economic purpose.

Evaluation of System Reserve-Constraint Penalty Factor Prices

The ISO is evaluating the current systemwide reserve-constraint penalty factor (RCPF) price. The RCPF price serves as a "cap" on the reserve price when the system reserve target is not satisfied in real-time operations. The purpose of this project is to ensure that the RCPF price correctly reflects the cost of redispatch actions executed by system operators to alleviate system reserve shortfalls in real-time operations.

Evaluation of the Frequency of Calculating the FRM Threshold Price

The ISO is evaluating an internal market monitor recommendation to allow the Forward Reserve Market (FRM) threshold price to be calculated using a daily fuel-price index. The FRM requires market participants to offer real-time reserve service at or above the FRM threshold price. The FRM threshold price currently is calculated monthly, based on a monthly fuel-price index. The internal market monitor observes that volatile fuel prices within a month can cause a supplier's daily fuel cost to differ from the static monthly threshold price, leading to inefficient resource offers.

FCM Bilateral Transactions

The ISO has received several requests from participants regarding bilateral reassignment transactions for capacity supply obligations and capacity load obligations. These include requests for additional flexibility regarding what information may be included in bilateral reassignment transactions, when these transactions can be submitted and confirmed, and when the ISO can review them.

FCM Capacity Transfer Rights

The ISO is developing software to implement the FCM Capacity Transfer Rights (CTR) functionality needed to support multiple capacity zones for the 2012/2013 capacity commitment period. Some minor changes to the market rules are required to ensure that the CTRs are properly settled.

FCM Cost Allocation

The ISO is evaluating modifications to the methodology for allocating FCM costs associated with meeting the Installed Capacity Requirement (ICR). The current methodology is based on a single peak hour of the summer. However, analyses show that the ICR is sensitive to consumption behavior in multiple hours during the summer. Therefore, the ISO is examining alternatives that better align the causation of capacity costs with consumption behavior by allocating capacity costs to hours that have the greatest impact on the ICR.

FCM Design Reforms

On April 13, 2011, FERC issued an order related to the FCM Redesign and Paper Hearing.[4] Based upon this order, the ISO is evaluating how to implement various components of the design and when they would become effective. The key design elements are the minimum offer price rule and the establishment of benchmark prices, capacity zone modeling and the elimination of the auction floor price, the FCM pivotal supplier test, and the use of cost of new entry (CONE).

FCM Qualification of Unavailable Resources

The ISO is evaluating the qualification standards for the Forward Capacity Auction and the third annual reconfiguration auction with specific attention to resources that have or will become permanently and completely inoperative to determine whether any modifications to the design are necessary.

FCM Rejected Delist Bid Follow-Up Actions

The ISO is proposing to add language to Attachment K of the OATT describing the treatment of de-list bids and non-price retirement requests rejected for reliability reasons.

FCM Resource Comparability

The FCM includes several different types of resources, including traditional generation facilities, demand-response assets, energy-efficiency projects, and capacity imports from other regions. Current FCM rules apply different performance, monitoring, bidding, and other requirements to different types of capacity resources. The ISO is evaluating whether these differences in the treatment of capacity resources are appropriate, necessary, and consistent with the FCM's design objectives.

Resource comparability is being addressed through a number of projects including the Integration of Price-Responsive Demand, Price-Responsive Demand: Capacity Market Changes, and Interregional Coordination with NYISO.

FCM Supplemental Availability Bilateral Transactions

Supplemental availability bilateral transactions allow generation resources that under-perform during an FCM shortage event to supplement their availability with another generation resource whose performance exceeded its capacity supply obligation. Presently, supplemental availability bilateral transactions can be executed only between generation resources within the same reserve zone. The ISO is evaluating this reserve-zone limitation.

Hourly Offers & Real-Time Reoffers

The ISO is evaluating energy market design changes allowing dispatchable resources to submit hourly energy offers and modify the commitment cost components (start-up and no-load costs) and the incremental energy-offer component during the operating day.

[4] FERC, *Order on Paper Hearing and Order on Rehearing*, Docket No. ER10-787-000, EL10-50-000, EL10-57-000, ER10-787-004, EL10-50-002, EL10-57-002 (April 13, 2011), http://www.iso-ne.com/regulatory/ferc/orders/2011/apr/fcm_%20redesign_order_april_13_2011.pdf.

Integration of Price-Responsive Demand

On March 15, 2011, FERC issued Order 745, *Compensation of Demand Response in Organized Markets*[5] that requires organized wholesale energy markets to pay demand-response providers the market price for electric energy for reducing consumption below expected levels, when doing so is cost effective and helps balance supply and demand.

The ISO is proposing two sets of changes to the market rules to meet the obligations of Order 745. First, the ISO will propose modifications to its existing Demand Response Programs that can be implemented in a relatively short time frame to meet the immediate requirements of Order 745. Second, the ISO will propose rules to allow for full integration of demand response into the energy markets, based upon the requirements outlined in Order 745.

Interregional Coordination with NYISO

ISO New England and the New York ISO are committed to creating a broader regional market and improving the efficiency of electricity trade between regions. In 2010, the two ISOs commenced a joint project to evaluate the economic and operating performance of energy flows across their interconnected transmission network. The project's two central objectives are to make the use of transmission ties between regions more economic and to leverage the regions' capabilities to minimize congestion.

This long-term project has two phases. Phase I seeks to improve the economic coordination between the two regions' electricity markets. Phase II will focus on coordinated congestion management and network modeling.

Modification of DARD and ARD Size and Aggregation Implementation

On April 21, 2010, the ISO and NEPOOL jointly filed a request with FERC to reduce the minimum-size requirement of an asset-related demand (ARD) or dispatchable asset-related demand (DARD) resource from 5 megawatts (MW) to 1 MW and to allow the aggregation of retail customers receiving electrical service from the same point. The market rule change is 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."[6]

The ISO is working with the meter readers at the New England transmission owners to identify necessary changes to the roles and responsibilities of the parties that support ARD and DARD registration and metering functions under the revised market rule.

---

[5] FERC, *Demand Response Compensation in Organized Wholesale Energy Markets, Order 745*, Docket No. RM10-17-000 (March 15, 2011), http://www.iso-ne.com/regulatory/ferc/orders/2011/mar/rm10-17-000_3-15-000_demand_resp_order.pdf.

[6] FERC, *Order on Compliance Filing*, Docket No. ER09-1051-000 (January 21, 2010), http://www.iso-ne.com/regulatory/ferc/orders/2010/jan/er09-1053-001-1-21-10_order_on_719_filing.pdf.

Modification of Rules for Congestion Pricing at External Nodes

The ISO does not set a congestion component in the LMP at an external interface. Instead, the ISO charges users of the external interface a different (NCPC) charge. As a consequence, the true cost of buying or selling power across an external interface is not transparent to market participants and cannot be easily hedged.

To address this issue, the ISO is assessing modifications to enable congestion pricing at external interfaces. This will improve electric-energy price transparency and more closely align the calculation of LMPs at external interfaces with the ISO's standard congestion pricing design. Ancillary benefits include improving the ability of price signals to coordinate energy flows between regions and laying a necessary foundation for coordinated congestion management with New England's neighbors (see Interregional Coordination with NISO project).

Negative Incremental Energy Offers

Currently energy-market resources are not able to reflect in their supply offers a preference to avoid shutting down if the market clearing price is at zero. This can result in inefficient start-up and shutdown expenses for generators, particularly during minimum-generation conditions. The ISO is examining negative offers in the energy markets as a solution to this problem.

Pricing Demand-Resource Activation

A significant number of demand resources are serving as capacity in the FCM. If the ISO faces a capacity deficiency during the operating day, the ISO can call on these resources to reduce power demand in New England.[7] However, most of these resources are not dispatched within the ISO's energy-market clearing process. The ISO is evaluating alternative mechanisms to establish market-clearing prices that reflect the opportunity cost of activating these demand resources.

This project is dependent on the Integration of Price-Responsive Demand project.

Recommendations Regarding Load Reconstitution

The region's stakeholders indicated a desire to finalize by September 2011, a methodology for reconstituting load for purposes of FCM cost allocation. Load reconstitution involves increasing the projected load of a particular end-use consumer, or group of end-use consumers, by the amount for which they are compensated for demand response in the wholesale electricity markets. The ISO expects to file its recommendation with FERC on whether to institute a load-reconstitution methodology by February 2012, to apply to the sixth Forward Capacity Auction in April 2012.

[7] The ISO would follow Operating Procedure No. 4, *Action during a Capacity Deficiency* (June 1, 2010), http://www.iso-ne.com/rules_proceds/operating/isone/op4/index.html.

Review of Defined Terms

Section I.2.2[8] of the ISO's tariff is the central repository for all defined terms. However, some terms have inaccurate or duplicative definitions, or are used inconsistently within the tariff. In addition, some terms that appear in the body of the tariff should be defined within Section I.2.2. This project updated the tariff to clarify definitions and properly capture all defined terms used in Sections I through IV and associated schedules, attachments, and appendices. This effort improved Section I.2.2 as a resource and central repository for definitions, and may facilitate the removal of *ISO New England Manual 35*.[9]

Review of Defined Terms for Offers and Parameters in the Energy Markets

The ISO has identified a number of definitions related to offers in the energy markets that should be clarified or added to Section I.2.2. The ISO will evaluate the current list of defined terms for offers and associated parameters in the energy markets, identify missing terms, recommend changes, and discuss needed changes with stakeholders at the appropriate NEPOOL technical committees.

Review of FCM Peak Energy Rent

In 2010, NEPOOL and the ISO committed to undertake a stakeholder process to review the Peak Energy Rent (PER) component of the FCM. This review is expected to examine the market design, performance, economic purpose, and alternatives to the current PER mechanism.

Review of Multizone NCPC Cost Allocation

The current method for allocating NCPC costs for high voltage support requirements (VAR) and local second-contingency-protection resource (LSCPR) commitments across multiple reliability regions is a two-step process. First NCPC costs are allocated equally among the affected reliability regions. Second, these costs are allocated pro rata to regional network load for VAR and real-time load obligations for LSCPR in each of the reliability regions. The ISO is evaluating whether this approach should be modified to allocate costs directly to load across multiple reliability regions, rather than first splitting the costs between reliability regions.

The cost allocation rules for VAR are contained in Schedule 2 of the OATT[10], while the cost allocation rules for LSCPRs are detailed in Section III.6[11] and Appendix F[12] of *Market Rule 1.*

Virtual Transaction NCPC Cost Allocation

The ISO is assessing whether to continue to allocate real-time NCPC costs to virtual transactions that clear in the Day-Ahead Energy Market. This project includes evaluating the extent to which virtual transactions affect real-time NCPC costs, and whether the current real-time NCPC cost-allocation methodology accurately reflects how NCPC costs are incurred.

---

[8] *ISO New England Inc. Transmission, Markets, and Services Tariff*, Part I, Section 2.2 (2011), 8-93, http://www.iso-ne.com/regulatory/tariff/sect_1/sect_i.pdf.

[9] *ISO New England Manual for Definitions and Abbreviations,* Manual M-35, (October 15, 2010), http://www.iso-ne.com/rules_proceds/isone_mnls/m_35_definitions_and_abbreviations_revision_28_10_15_10.doc.

[10] *ISO New England Open Access Transmission Tariff*, Section II, Schedule 2, "Reactive Supply and Voltage Control Service" (January 31, 2011), 106-121, http://www.iso-ne.com/regulatory/tariff/sect_2/oatt/oatt.pdf.

[11] *ISO New England Market Rule 1*, *Standard Market Design*, Section III.6 "Local Second Contingency Protection Resources" (July 13, 2011), 230-235, http://www.iso-ne.com/regulatory/tariff/sect_3/sect_iii_app_f_12-1-10.pdf.

[12] *ISO New England Market Rule 1*, *Standard Market Design*, Section III, Appendix F, "Net Commitment Period Compensation Accounting" (July 13, 2011), http://www.iso-ne.com/regulatory/tariff/sect_3/Market_Rule_1/7-6-10_mr1-sect_1-12.pdf.

Closed Market Design Projects

This section summarizes projects defined in the WMPP that the ISO has closed, either through modification of the design and associated tariff and ISO manuals, or after determining no further action is required. Project descriptions provide a high-level overview of the final scope of changes.

Closed Market Design Project Summary

Project	Estimated Earliest Effective Date[(a)]	Design Status[(b)]
Review of Generation Auditing	June 1, 2011	Completed
Evaluation of Virtual Transaction Submission Limits	Q3 2011	Completed
Start-Up and No-Load Reoffer Changes	Q3 2011	Completed
FTR Auction Enhancements	January 1, 2012	*Changes to ISO Manuals required*

(a) This date indicates when the ISO expects to bring a formal proposal to stakeholder committee(s). Some projects may involve discussion with committees before a formal ISO proposal.
(b) The design status of "changes to ISO Manuals required" means that the ISO has completed the tariff changes, but must make conforming changes to the ISO manuals; "completed" means that the development process is finished;"No action taken" means that the ISO has assessed the item and determined that no additional work is required.

Project Descriptions

Evaluation of Virtual Transaction Submission Limits

As part of enhancements to the ISO's eMarket software suite, the ISO placed limits on the number of increment and decrement virtual transactions that can be submitted (per bidder) at each location in the Day-Ahead Energy Market to prevent software system overloads. The ISO also clarified the ISO Manuals to ensure that limits on supply offers and demand bids are consistent and clearly stated.

FTR Auction Enhancements

The ISO modified Financial Transmission Right (FTR) market design to allow for more frequent auctions and reconfiguration auctions, potentially improving FTR price discovery and providing greater opportunities for market participants to rebalance their FTR portfolios.

To ensure that conducting more auctions is administratively feasible, the ISO also simplified the process for allocating Auction Revenue Rights and is converting Qualified Upgrade Awards (QUAs) to incremental Auction Revenue Rights (IARRs). This process is used to award additional FTR Auction Revenue Rights when new transmission capacity is added in New England.

Review of Generation Auditing

The ISO reduced the required capacity auditing duration for certain types of generation resources. Other recommendations and discussion points that were raised during this review will be considered in future work, specifically in the Generation Auditing and Parameter Re-declaration Rules Review project.

Start-Up and No-Load Reoffer Changes

The ISO is providing resources that do not clear in the Day-Ahead Energy Market the ability to modify the start-up and no-load components of their energy supply offer during the reoffer period before each operating day.

This recommendation originated in the Hourly Offer and Real-Time Reoffer project, and moved forward as a separate item because of the ISO's ability to implement this software change before other components of the this project.