



# 2011 Wholesale Markets Project Plan First 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 the ISO is planning to assess over the next three to 12 months. In addition, a design status is noted for all market initiatives, indicating where initiatives are in the development process.

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

## Market Design Project Plan Update

### First Quarter Projects

Project	Estimated Start of Stakeholder Process <sup>(a)</sup>	Estimated Earliest Effective Date	Design Status <sup>(b)</sup>
FCM Qualification of Unavailable Resources	Q2 2011	Q4 2011	In assessment
Evaluation of FCM Resources That Do Not Clear in a Forward Capacity Auction	Q2 2011	2012	In assessment
FCM Capacity Transfer Rights	Q3 2011	2012	In assessment

### WMPP Projects

Project	Estimated Start of Stakeholder Process <sup>(a)</sup>	Estimated Earliest Effective Date	Design Status <sup>(b)</sup>
FCM Design Reforms	TBD	2011/2012	Pending FERC ruling
Alternative Technology Regulation Market Pilot and Market Changes	TBD	2012	Pending FERC ruling (on NOPR)
Evaluation of Virtual Transaction Submission Limits	Underway	Q2 2011	In development
Review of Generation Auditing	Underway	Q2 2011	In development
Start-Up and No-Load Cost Reoffer Changes	Underway	Q2 2011	In development
Modification of DARD and ARD Size and Aggregation Implementation	Underway	Q3 2011	In development
Review of Defined Terms	Underway	Q4 2011	In development
FTR Auction Enhancements	Underway	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

Project	Estimated Start of Stakeholder Process <sup>(a)</sup>	Estimated Earliest Effective Date	Design Status <sup>(b)</sup>
FCM Rejected Delist Bid Follow-Up Actions	Q2 2011	Q3 2011	In development
Evaluation of System Reserve-Constraint Penalty Factor Prices	Q2 2011	Q4 2011	In assessment
Review of Multizone NCPC Cost Allocation	Q2 2011	2012	In development
Enhancements to FCM Bilateral Transactions	Q2 2011	2012	In assessment
Integration of Price-Responsive Demand	Q2 2011	2012/2013	In assessment
Review of Defined Terms for Offers and Parameters in Energy Markets	Q3 2011	Q4 2011	In assessment
Assessment of Demand-Resource Auditing	Q3 2011	2012	In assessment
Evaluation of the Frequency of Calculating the FRM Threshold Price	Q3 2011	2012	In assessment
FCM Resource Comparability	Q3 2011	2012	In assessment
Negative Incremental Energy Offers	Q3 2011	2012	In assessment
Virtual Transaction NCPC Cost Allocation	Q3 2011	2012	In assessment
Evaluation of FCM Supplemental Availability Bilateral Transactions	Q3 2011	2012	In assessment
Changes to the Real-Time Reserve Requirement	Q3 2011	2012	In assessment
Assessment of Rules and Requirements for Integrating Intermittent Resources	Q3 2011	TBD	In assessment
Recommendations Regarding Load Reconstitution	Q3 2011	TBD	In development
Review of FCM Peak Energy Rent	Q4 2011	2012	In assessment
Pricing Demand-Resource Activation	Q4 2011	2012/2013	In assessment
Modifications of Rules for Congestion Pricing at External Nodes	Q4 2011	2013	In assessment
Enhancements to Energy Markets	2012	2013/2014	In assessment
Evaluation of NCPC Components	2012	2013/2014	In assessment
Real-Time Reoffers	2012	2013/2014	In assessment
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; "Completed" means that the development process is complete. "No action taken" means that the ISO has assessed the item and determined that no additional work is required.

## **First Quarter Market Design Project Summaries**

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Below are summaries of the new initiatives identified in this report. Please refer to the [2011 WMPP](#) for additional information on existing WMPP initiatives.

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

As part of an 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.

### **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 2013/2014 Capacity Commitment Period. Some minor changes to the market rules are required to ensure that the CTRs are properly settled.

### **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 inoperative to determine whether any modifications to the design are necessary.