



# Settlements Issues Forum

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*Q3 2013 Meeting*

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REVISION 2: NOVEMBER 5, 2013

# Settlements Topics and Issues



## Upcoming Settlement/Market Changes

- Winter 2013/14 Reliability Program
- Forward Capacity Market – Shortage Event Trigger
- Forward Reserve Market – Failure to Reserve Penalty Revision



## Implemented Market Changes – Update

- Regulation Market – Inclusion of Opportunity Costs in Regulation Clearing Price
- Net Commitment Period Compensation – Allocation of Generator Audit Uplift



## Reporting Enhancements

- FERC Electric Quarterly Reporting (EQR) Update



## Divisional Accounting Update



## Settlement Summary – Proposal for Report Discontinuation



## Discussion, Q&A



## Informational Items

# UPCOMING MARKET CHANGES

- Winter 2013/14 Reliability Program
- Forward Capacity Market
- Forward Reserve Market



# Winter 2013/14 Reliability Program

## *September, 2013\**



- Joint ISO-NE/NEPOOL FERC Filing
- Objective is to maintain reliability during the cold weather months of December – February

**Joint ISO-NE/NEPOOL FERC Filing**  
*Winter 2013/14 Reliability Program*

[\*ER13-1851-000\*](#)

[\*ER13-1851-000 amendments\*](#)

[\*Bid Results filing\*](#)



*\* FERC acceptance pending*



# Winter 2013/14 Reliability Program



- Winter 2013/14 Reliability Program is an interim solution to address risks related to region's reliance on natural gas fired generation and resource performance during stressed conditions
  - Appendix K to Market Rule 1
- Other solutions have been implemented or are in progress
  - Include Day-Ahead Market Acceleration, Generator Audit Revision, Hourly Offer Flexibility, Forward Capacity Market incentives



# Winter 2013/14 Reliability Program






- Assessment of upcoming winter period identified need for solution to avert threat to system reliability
- Under cold weather conditions, New England region could need about 2.4 Million MWh of oil fired generation
- Concern that dual fuel and oil-only resources will not have sufficient fuel to allow for reliable operation during extended or repeated periods of cold weather



# Winter 2013/14 Reliability Program







-  Winter Reliability Program has four components
  - Oil Inventory Service
  - Incentives for Dual Fuel Units
  - Demand Response Program
  - Market Monitoring Changes
-  To provide service under the program, Market Participants submitted bids to the ISO
  - Final bids were due on August 19th
-  ISO reviewed all bids
  - Bids to be paid as offered; no clearing prices for this program
  - Proposes to accept bids for 1.995 Million MWh
  - \$78.8 Million

# Winter 2013/14 Reliability Program

## *Settlement Considerations*



-  Program costs for three months (December – February)
-  Costs will be allocated to Regional Network Load; settlement is on monthly intervals 
-  The Financial Assurance Policy will not apply to the Winter Reliability provisions (Appendix K)
  - A payment default would be allocated to payees, not socialized to all Market Participants
  - Charges and credits will not appear on same bill
  - Charges will be collected, and then credits paid out

 ***What does this mean for the settlement?***



***\* Revisions will be detailed at the December 11, 2013 Settlements Issues Forum***



# Winter 2013/14 Reliability Program Settlement Considerations



- Charges will be billed on a monthly basis
  - Regional Network Load **REVISÉ** allocator results in one month billing lag
- Credits will be paid on a monthly basis, one month subsequent to the charge collection
- Standard Settlement MIS reporting for details on charges and credits in Monthly Bills



Program Month	Program Charges Billing Month	Program Credits Billing Month
December 2013	February 2014	March 2014
January 2014	March 2014	April 2014
February 2014	April 2014	May 2014

*\* Revisions will be detailed at the December 11, 2013 Settlements Issues Forum*

# Winter 2013/14 Reliability Program

## Settlement Considerations



- Dual fuel units will be eligible for Net Commitment Period Compensation (NCPC) for fuel switch demonstration test
  - Demonstration period starts after FERC approval
- This NCPC will be charged to Regional Network Load, with credits paid in following month
- Standard Settlement MIS reporting for details on charges and credits in Monthly Bills



Fuel Switch Demonstration Month	NCPC Charges Billing Month	NCPC Credits Billing Month
September 2013	November 2013	December 2013
October 2013	December 2013	January 2014
November 2013	January 2014	February 2014
December 2013	February 2014	March 2014

*Note: September – December is the limit of the demonstration period.  
There may be NCPC charges in some or all of these months.*

**\* Revisions will be detailed at the December 11, 2013 Settlements Issues Forum**

# Forward Capacity Market:

## *Shortage Event Trigger*



**November 3, 2013:**

- Joint ISO-NE/NEPOOL FERC Filing
- Objective is to expand the definition of FCM Shortage Event trigger

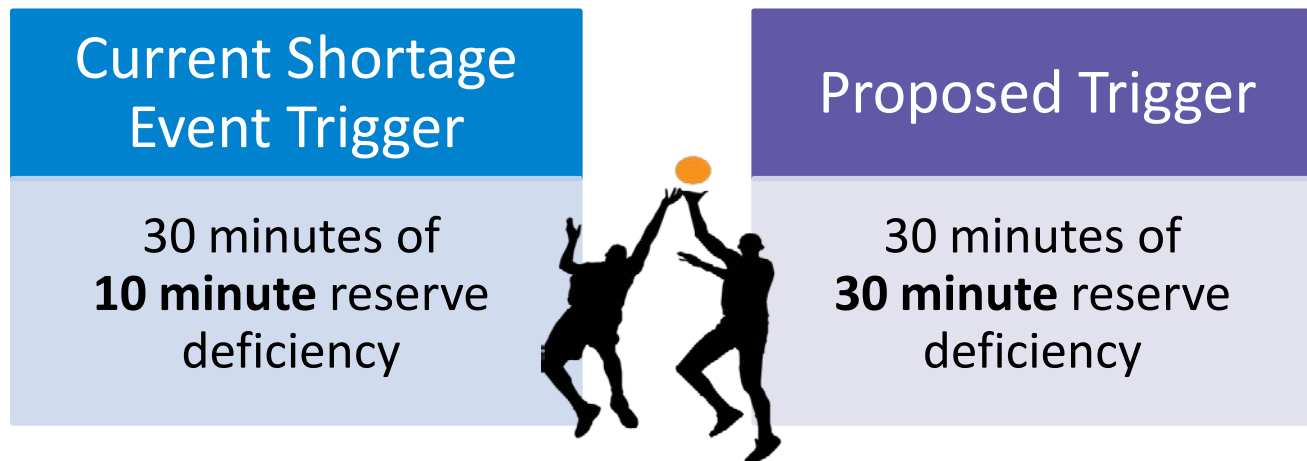
**Joint ISO-NE/NEPOOL FERC Filing**  
*Forward Capacity Market – Modification  
of Shortage Event Definition*

**[ER13-2313-000](#)**

*\* FERC acceptance pending*

# Forward Capacity Market

## *Shortage Event Trigger*



- ISO and NEPOOL have filed different proposals for the implementation date of this change
  - ISO: November 3, 2013
  - NEPOOL: June 1, 2017
- FERC “Jump Ball” Decision
- Any future shortage events reflected in settlements
  - MIS report SD\_FCMPREAVAIL issued only for shortage events

# Forward Reserve Market

## *Failure to Reserve Penalty (Q2 Forum Recap)*



- New formula for Failure to Reserve penalty
  - Current penalty rate:  
 $1.5 \times \text{Forward Reserve Payment Rate}$
  - New rate:  
 $\text{Maximum}([1.5 * \text{Forward Reserve Payment Rate}],$   
 $[\text{Real Time Reserve Clearing Price} - \text{Forward Reserve Payment Rate}])$
- New evaluation of Thirty Minute Operating Reserve (TMOR) activation
  - Evaluate when 10 minute reserve requirement binding or activated
- Implementation date is October 1, 2013

# RECENT MARKET CHANGES – UPDATE



- Regulation Market
- Net Commitment Period Compensation – Generator Audits



# Regulation Market Changes

*July, 2013 – Energy Opportunity Costs in RCP*



- Include generator energy opportunity costs in the Regulation Clearing Price (RCP) determination
- New method better reflects marginal cost of providing regulation service in the clearing price
- Better price signal for all regulation providers including Alternative Technologies Regulation Pilot Program resources



# Generator Audit Revisions

*September 1, 2013*



- ISO-initiated audits are eligible for Net Commitment Period Compensation (NCPC)
- NCPC costs will be allocated to Real Time Load Obligation (RTLO), excluding Dispatchable Asset Related Demand pumping load





# REPORTING ENHANCEMENTS

*FERC Electric Quarterly Reporting (EQR) Update*



# FERC EQR Revisions

2013 Q3 & Q4



- **FERC Order 770** provides new web interface for data submittal, and optional use of XML data format.
  - The ISO will continue to deliver EQR data in CSV format.
- **FERC Order 768** requires certain changes in submittal information, effective for Q3 2013 data.
  - ISO NE provides and EQR MIS report for Market Participants to facilitate their FERC EQR submittals
  - First Q3 report, for July, was initially released in August
  - On review, report is being revised and will be re-released

# FERC EQR Revisions

## 2013 Q3 & Q4



### Bilateral Transactions

- ISO EQR originally aggregated all Day Ahead energy activity into one line item per hour, and all Real Time energy activity into one line item per hour
- ISO EQR MIS report now includes information on Bilateral Transactions
  - ISO does not have all of the requested information; certain EQR fields left blank
    - Trade date, Exchange/Brokerage Service, Type of Rate, Price\*
  - Note: There can be a large volume of records due to Hourly reporting type
  - ISO conventions for certain EQR fields
    - Increment Name = “H” for energy transactions, “M” for other transactions
    - Term Name = ST (Short term, < 1 year)
- Bilateral reporting is under review

\* **Exception:** For CSO Bilaterals: Type of Rate and Price are reported

# FERC EQR Revisions

## 2013 Q3 & Q4



### New Reporting for Capacity Market

- ISO EQR originally aggregated all Forward Capacity Market activities into one line item
- Revised reporting to disaggregate activities
  - FCA, Reconfiguration Auctions
  - PER, Demand Response penalties under review

# DIVISIONAL ACCOUNTING



# Divisional Accounting Recap



- ISO's current settlement system provides **one** account for each Market Participant.
- Market Participants have requested a Divisional Accounting option.
- ISO New England is working on an implementation plan to fulfill this request.



[Download materials from the September 2012 \(Q3\) Settlement Issues Forum](#)  
for a complete overview  
of this topic.

# Implementation Plan

## *Projected Schedule*



Q1 2014	Q2 2014	Q4 2014	Q2 2015	Q4 2015
CAMS Subaccount Management available	Asset assignment to subaccounts in CAMS reflected in settlement reporting	Activity entry point assignment to subaccounts reflected in settlement reporting	Subaccounts reflected in FCM settlement reporting	Subaccounts reflected in OATT settlement reporting

### ***This schedule:***

✓ *may be modified to accommodate competing priorities.*

# REPORTING CHANGE

*ISO New England Website – Proposed Report Discontinuation*

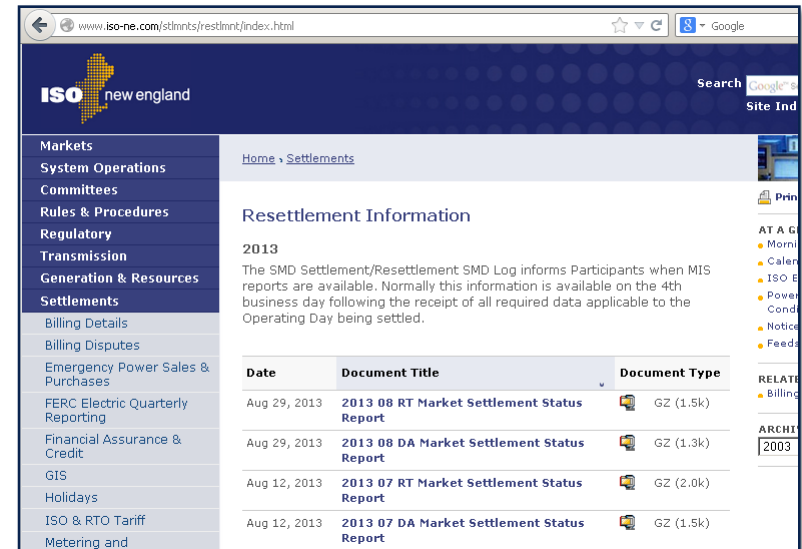




# Notice of Discontinuation



- Resettlement Information located at:  
Home > Settlements> Resettlement Information
- Due to limited use, the ISO would like to discontinue this page on October 1
- Questions or comments:  
[isoneinfocontact@iso-ne.com](mailto:isoneinfocontact@iso-ne.com)



# ADDITIONAL INFORMATION



# Next Settlements Issues Forum



- Q4 2013



***Wednesday, December 11***

***1:00 – 2:00 p.m.***

- Registration available in ISO-TEN at the end of October

# Questions & Discussion



# Thank you for participating!

Please take a moment to  
complete a training evaluation.

