

Settlement Issues Forum

Kick-off for Quarterly Meetings

WebEx Conference Broadcast
December 14, 2011

Settlements Topics and Issues



- Introductions and Overview
- Upcoming Settlement Changes
 - Multiple Region Net Commitment Period Compensation (NCPC) Cost Allocation
 - FTR Auction Revenue Rights
- ISO-NE Web Site: Understanding the Bill
- Brief Informational Items
- Discussion, Q&A, and Schedule for Future Meetings

Introductions and Overview

- ISO New England
 - Market Analysis and Settlements Department
- Forum for Settlements Issues
 - Upcoming Changes in Reporting or Billing
 - Review of Frequently Asked Questions
 - General Discussion, Q & A, and Concerns



Settlement Changes for January 2012

NCPC Costs for Multiple Regions

- Joint ISO New England/NEPOOL FERC Filing
 - ER12-213-000 (October, 2011)
- Net Commitment Period Compensation (NCPC)
- Revised allocation method for NCPC costs associated with resources committed to provide protection for more than one Reliability Region
 - Local Second Contingency Protection Resource (LSCPR)
 - High Voltage VAR (HV VAR) resource

Settlement Changes for January 2012

NCPC Costs for Multiple Regions (cont.)

- Current method divides costs equally between affected regions and then allocates pro-rata to Participants in each affected region
- Revised method allocates total costs pro-rata to Participants in the entire affected area

Settlement Changes for January 2012

Calculation Examples

- Example: LSCPR Resource for two regions
- Current Cost Allocation Method:
 - NCPC cost for this resource = \$100,000
 - \$100,000 cost is split 50/50 between two regions
 - Region 1 total daily load obligation is 50,000 MWh
 - Region 2 total daily load obligation is 25,000 MWh
 - Region 1 rate is $\$50,000/50,000 \text{ Mwh} = \$1/\text{MWh}$
 - Region 2 rate is $\$50,000/25,000 \text{ Mwh} = \$2/\text{MWh}$
 - Under current method, rate can vary between the regions



Settlement Changes for January 2012

Calculation Examples (cont.)

- Example: LSCPR Resource for two regions
- New Allocation Method:
 - \$100,000 LSCPR cost is allocated across two regions
 - Region 1 daily load obligation is 50,000 MWh
 - Region 2 daily load obligation is 25,000 MWh
 - Total daily load obligation for affected regions = 75,000 MWh
 - Rate is $\$100,000/75,000 = \$1.33/\text{MWh}$
 - New method ensures that all load is charged same rate for NCPC cost



Reporting Mechanics:

Multi-Region High Voltage VAR

- Current MIS report structure can accommodate the cost allocation revision for High Voltage VAR
 - SD_VARVCCHG; HV VAR Charge Details
 - Report is unchanged
- Content will reflect the new allocation method
- Allocator is Regional Network Load
- The total cost per Reliability Region will be the correct pro-rata share for that region
 - Rate will be same for all Network Loads in the entire affected region
- Standard Settlement for HV VAR reallocation will not be used; but Standard Settlement report will not be retired

Reporting Mechanics:

Multi-Region NCPC LSCPR

- Standard Settlement platform used for reporting NCPC LSCPR Multi-Region Cost Allocation
- Current MIS reports for NCPC are unchanged
 - Day-Ahead: SR_DANPCSTLSUM
 - Real-Time: SD_RTNCPC LSCPR, SR_RTNCPCSTL
- Standard Settlement reports provide additional settlement calculation and detail
 - Day-Ahead: SS_DANCPCLSCPRMRR
 - Real-Time: SS_RTNCPC LSCPRMRR

Reporting Mechanics:

Multi-Region NCPC LSCPR

- Day-Ahead and Real-Time NCPC line item totals on the invoice reflect the sum of the Settlement Report (SR) report values, plus any Standard Settlement values
- Standard Settlement values are also provided on the billing details report, which is published with the bill invoice report
- Detailed Standard Settlement mechanics training is posted on the ISO New England website

Real Time NCPC Reports: “SR” & “SS” Examples

Real Time Net Commitment ~~Period Compensation~~ Settlement Report

SR_RTNCPCSTL
Market Participant ABC

Date: 1/28/2012

Real Time NCPC Charges							
Total Real Time Economic NCPC Credits	Participant Real Time Increment & Import Deviation	Participant Real Time Load Obligation Deviation	Participant Real Time Generation Deviation	Participant Real Time Deviation	Total Pool Real Time Deviation	Participant Real Time Economic NCPC Charges	Participant Real Time LSCPR Charge
\$	MWh	MWh	MWh	MWh	MWh	\$	\$
60994.00		-130.00	-30.00	-160.00	62559.00	-156.00	0.00

NCPC – Real-Time ~~Multiple Reliability~~ Region LSCPR Charge

SS_RTNCPCLSPCRMR
Market Participant ABC

Date: 1/28/2012

Trading Date	Location ID	Location Name	Allocation					Comments
			Allocation Description	Total Allocation Factor	Customer Allocation Factor	Total Dollars	Customer Dollars	
Date	Number	String	String	Number	Number	\$	\$	String
1/28/2012	9008	R.NEMASS&BOST	RTLO per RR	-50000	-200	-10000.00	-40.00	RT LSCPR commitments

Bill Details and Bill Invoice Report Examples

Bill Details / Adjustment Report

BL_DETAILS

Market Participant ABC

Date: 1/28/2012

Daily Markets				
Trading Interval Date	DAY AHEAD NCPC Market	REAL TIME NCPC Market	DAY AHEAD NCPC Report Version Date	REAL TIME NCPC Report Version Date
Date	\$	\$	Timestamp	Timestamp
1/25/2012	-15.00	-50.00	1/29/2012	1/30/2012
1/26/2012	-20.00	-4.00	1/29/2012	1/30/2012
1/27/2012	-50.00	-300.00	1/29/2012	1/30/2012
1/28/2012	-100.00	-156.00	1/29/2012	1/31/2012
Total:		-510.00		

Bill Details / Adjustment Report

BL_DETAILS

Market Participant ABC

Date: 1/28/2012

Trading Interval Date	Trading Interval Hour	Description	Dollar Amount	Report Version Date
Date	Hour End	String	\$	Timestamp
1/28/2012	1	NCPC - RT LSCPR Mult Region	-40.00	1/31/2012

Invoice / Remittance Advice

BL_INVOICE

Market Participant ABC

Date: 1/28/2012

Line Number	Description	Bill From	Bill To	Net Amount
	String	Timestamp	Timestamp	\$
6	Real-Time NCPC	1/25/2012	1/29/2012	-550.00

Settlement Changes for January 2012

Financial Transmission Rights/Auction Revenue Rights

- Joint ISO New England/NEPOOL FERC Filing
 - ER11-3568-000 (May, 2011)
 - FTR Market Enhancements
- Phase 1, in January 2012, impacts the Auction Revenue Rights (ARR) process
- Phase 2, in January 2013, changes the format and structure of the FTR auctions

Settlement Changes for January 2012

Financial Transmission Rights/Auction Revenue Rights

- FTR Auction Revenues are distributed to Market Participants via Auction Revenue Rights (ARR)
 - ARR are allocated to Qualified Upgrade Awards (QUA) and Real Time Load Obligation (adjusted for certain contracts)
- FTR Market Enhancements for January 2012: QUAs are converted to Incremental Auction Revenue Rights (IARR)
 - IARR have source, sink, and MW values
 - IARR dollar value is calculated based on the FTR auction clearing prices
 - Joint effort between ISO and QUA/IARR owners

Settlement Changes for January 2012

Financial Transmission Rights/Auction Revenue Rights

- Settlement Report Changes
 - SR_ARRDIST Report updated to include IARR information; QUA information will be null
 - SD_ARRAWDSUM Report content cleanup; data elements for expired contract provisions are set to null. Decimal point precision changes for data values

Understanding the Bill

- ISO New England web site
- Initial roll-out in 2010
- Updated continuously to reflect new Market Rules and reporting, as applicable
- Entry points on Home Page
 - Left side navigation bar
 - Featured links; center - right

Understanding the Bill

Access information related to the Invoice and Remittance Advice, explanations of specific billable line items, descriptions of Reports, and Report Templates and Samples.



- **Invoice & Remittance Advice Item Descriptions**

An alphabetical listing of billable line items and links to more detailed information about them.

- **Report Descriptions, Templates & Samples**

An alphabetical listing of links to reports descriptions, templates, and sample files.

- **Sample Invoice & Remittance Advice**

Information related to the overall format of the Invoice and Remittance Advice and explanations of specific sections contained within both statements. Additional information listed relates to key dates associated with settlements and billing.

[Home > Understanding the Bill](#)

Informational Items

- FERC Electric Quarterly Report (EQR) format changes
 - Awaiting update on required format
- Financial Reporting Requirements
 - Presentation made to NEPOOL Budget & Finance Committee on December 2
 - Redline Tariff Changes on submittal requirements to B&F on January 18



Future Meetings

- Plan is for Quarterly meetings
- Proposal for meeting dates
 - First Wednesday on last month of each quarter?
- Formal name for group?

Contact Information

- Rachel Likover
Manager, Market Settlements
rlikover@iso-ne.com
- ISO New England Customer Support
413-540-4220
custserv@iso-ne.com



**Thank you for your participation!
The broadcast has ended.**