Settlements Issues Forum

Q4 2015 Meeting

Rachel Likover
Market Analysis & Settlements
Settlements Topics and Issues

Upcoming Settlement/Market Changes
- Coordinated Transaction Scheduling (CTS)
- Winter Reliability Program
- Net Commitment Period Compensation (NCPC) Revisions
- Do Not Exceed Dispatch (DNE)

Divisional Accounting Update

Informational Items
- Next meeting date
Upcoming Settlement/Market Changes

• Coordinated Transaction Scheduling (CTS)
• Winter Reliability Program
• Net Commitment Period Compensation (NCPC) Revisions
• Do Not Exceed Dispatch (DNE)
Coordinated Transaction Scheduling (CTS)

*December 15, 2015*

**Joint ISO-NE/NEPOOL FERC Filings**

- Joint effort with NYISO to improve the market efficiency of external transactions between the two regions
- Will be implemented for the NY Northern AC interface (Roseton*)
- New platform for transactions, hosted at NYISO
  - Joint Energy Scheduling System (JESS)
- Coordinated External Transactions (CET)

*Note: Roseton interface location ID is 4011*
Coordinated Transaction Scheduling (CTS)

High Level Overview of Settlement Changes

- Settlement Reporting Changes
  - Hourly Markets MIS report changes were issued Nov 3
    - Energy, NCPC, Regulation markets
    - Include new info and some existing field description updates
  - Monthly Markets MIS report changes were issued Dec 1
    - No new data fields; existing field description updates only

- More information on CTS project:
  - Q3 Settlements Forum
  - CTS Webinar – Presentation
  - CTS Webinar - Recording
Joint ISO-NE/NEPOOL FERC Filing

- Objective is to maintain reliability during the cold weather months
- Filing contains two proposals; ISO and NEPOOL
- FERC order selected NEPOOL proposal
- This winter program will be in effect for three seasons
  - 2015/16
  - 2016/17
  - 2017/18
- Program ends with Forward Capacity Market Pay for Performance (FCM PFP) implementation in June 2018
Winter Reliability Program

Program Details

• Offset carrying cost of unused firm fuel purchased by generators for winter period
  – Compensation for unused oil inventory
  – Compensation for unused LNG contract volume
• Demand Response program

<table>
<thead>
<tr>
<th>Set Rates for 2015/16 Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rule 1, Appendix K Calculation Posting *</td>
</tr>
<tr>
<td>Oil: $12.90/BBL</td>
</tr>
<tr>
<td>LNG: $2.15/MMBTU</td>
</tr>
<tr>
<td>DR: $1.29/kW-month</td>
</tr>
</tbody>
</table>

* Visit the Winter Program Payment Rate webpage for further details.
Winter Reliability Program

Updated Settlement and Billing Process Details

- Program charges for three months (December – February)
- Charges will be allocated pro-rata on Real Time Load Obligation (RTLO)*
- Estimated charges will be billed out monthly for three months, and then a true-up reflecting final actual unused inventories will be calculated and billed

* Excluding RTLO associated with Dispatchable Asset Related Demand pumping load and Coordinated External Transactions (CETs). (CET exclusion pending FERC approval.)
Winter Reliability Program

Updated Settlement and Billing Process Details

• Charge estimates based on 75% of eligible inventory on Dec 1st

Estimate of Dec 1 Eligible Inventory

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Oil</td>
<td>$38.25 Million</td>
</tr>
<tr>
<td>Gas</td>
<td>$2.75 Million</td>
</tr>
<tr>
<td>DR</td>
<td>$132 Thousand</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$41.1 Million</strong></td>
</tr>
</tbody>
</table>

75% of Total Inventory:  $30.8 Million

Charge Estimates for December – February:  
~ $10.3 Million per Month

• Payment to generators for unused fuel inventory will take place in one bill, issued on May 16, 2016
### Winter Reliability Program

**Program Settlement Calendar**

<table>
<thead>
<tr>
<th>CHARGES BILLING TIMELINE - OFFSET FOR UNUSED FUEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Month</strong></td>
</tr>
<tr>
<td>Dec 2015</td>
</tr>
<tr>
<td>Jan 2016</td>
</tr>
<tr>
<td>Feb 2016</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CREDITS BILLING TIMELINE - OFFSET FOR UNUSED FUEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Month</strong></td>
</tr>
<tr>
<td>Mar 2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHARGES AND CREDITS BILLING TIMELINE - DEMAND RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Month</strong></td>
</tr>
<tr>
<td>Dec 2015</td>
</tr>
<tr>
<td>Jan 2016</td>
</tr>
<tr>
<td>Feb 2016</td>
</tr>
</tbody>
</table>
# Winter Reliability Program

## Settlement and Billing Reference Guide

<table>
<thead>
<tr>
<th>MIS File Name</th>
<th>MIS Report Name</th>
<th>Invoice Line Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS_WRGENUIMC</td>
<td>Winter Reliability - Gen Unused Inventory Monthly Charges</td>
<td>Winter Gen Unused Inv Chrg</td>
</tr>
<tr>
<td>SS_WRGENUIP</td>
<td>Winter Reliability - Gen Unused Inventory Payment</td>
<td>Winter Gen Unused Inv Pymt</td>
</tr>
<tr>
<td>SS_WRDRRMP</td>
<td>Winter Reliability - DR Monthly Payments</td>
<td>Winter DR Monthly Pymt</td>
</tr>
<tr>
<td>SS_WRDRMC</td>
<td>Winter Reliability - DR Monthly Charges</td>
<td>Winter DR Monthly Chrg</td>
</tr>
<tr>
<td>SS_WRDREP</td>
<td>Winter Reliability - DR Energy Payments</td>
<td>Winter DR Energy Pymt</td>
</tr>
<tr>
<td>SS_WRDREC</td>
<td>Winter Reliability - DR Energy Charges</td>
<td>Winter DR Energy Chrg</td>
</tr>
<tr>
<td>SS_WRGENCECC</td>
<td>Winter Reliability - Commissioning Excess of Cap Charges</td>
<td>Winter Comm Exc Cap Chrg</td>
</tr>
<tr>
<td>SS_WRGENCECR</td>
<td>Winter Reliability - Commissioning Excess of Cap Refund</td>
<td>Winter Comm Exc Cap Refund</td>
</tr>
<tr>
<td>SS_WRGENFMOC</td>
<td>Winter Reliability - Commissioning Failure to Meet Obligation Charges</td>
<td>Winter Comm Obl Failure Chrg</td>
</tr>
<tr>
<td>SS_WRGENFMOR</td>
<td>Winter Reliability - Commissioning Failure to Meet Obligation Refund</td>
<td>Winter Comm Obl Failure Refund</td>
</tr>
</tbody>
</table>

- Invoice Line Items will be detailed in the Bill Job Aids for the monthly bills (Dec – Feb)
- Participants receive MIS reports as applicable, e.g.:
  - Gen Unused Inventory Monthly Charges issued to Participants with RTLO during the month
  - Gen Payments report will be issued to program Participants with unused inventory

Indicates MIS Report related to Dual Fuel Commissioning; Issuance triggered by exception case.
Net Commitment Period Compensation Revisions

February 1, 2016

Joint ISO-NE/NEPOOL FERC Filings

- Eliminate NCPC payment to cover commitment costs in Real-Time for generator committed in Day-Ahead Market (DAM)
- Eliminate potential to pay DA NCPC to Self Scheduled generator if LMP < -$150
- Minor MIS report revisions will be released by early January
Do Not Exceed (DNE) Dispatch

April, 2016

Joint ISO-NE/NEPOOL FERC Filings

• Improve dispatch of intermittent wind and hydro resources
  – Modified electronic dispatch method
  – DNE dispatch point; resource can operate between zero and DNE
  – Minimize manual curtailment

• Better price formation in local areas with limited transmission and high penetration of renewable resources

• Some Settlement MIS report revisions
  – Most changes will be updates to current data descriptions
Questions
Divisional Accounting

Project Update
ISO’s current settlement system provides one account for each Market Participant.

Market Participants requested a Divisional Accounting option.

ISO New England is phasing in software enhancements to fulfill this request:
- Settlement MIS reports augmented to show activity in Participant defined subaccounts.
- Subaccount activities “roll up” and total to the same values published in the current settlement reports.

For more information, download materials from the
- September 2012 (Q3) Settlement Issues Forum
- September 2015 (Q3) Settlement Issues Forum

* Bills and Financial Assurance determination remain unchanged
Implementation Plan - Projected Schedule

This schedule may be modified to accommodate competing priorities.

**Phase 1** (Q1 2014)
- CAMS Subaccount Management available

**Phase 2** (Q2 2014)
- Asset assignment to subaccounts in CAMS reflected in most Hourly Markets / Transitional Demand Response/Black Start Settlement reporting

**Phase 3** (Q4 2014)
- Asset assignment to subaccounts in CAMS reflected in NCPC settlement reporting

**Phase 4** (Q1 2015)
- Asset assignment to subaccounts in CAMS reflected in Regulation Market settlement reporting

**Phase 5** Q3 2015
- Most activity entry point assignments to subaccounts reflected in settlement reporting

**Phase 6** Q3 2015
- Subaccounts reflected in FCM settlement reporting

**Phase 7** Q1 2016
- Informational reporting on billing amounts by subaccount

**Phase 8** (TBD)
- Auction Revenue Right Holder credits/charges. External Transactions reflected in subaccounts. Subaccounts reflected in OATT and ISO Self-Funding Tariff settlement reporting
Questions
Additional Information

- *Settlement Issues Forum Dates for 2016*
- *Questions & Discussion*
Settlements Issues Forum Dates 2016

Q1
Thursday, March 10 at 10:00 AM

Q2
Thursday, June 9 at 10:00 AM

Q3
Thursday, September 8 at 10:00 AM

Q4
Thursday, December 8 at 10:00 AM