

New York Independent System Operator
Extraordinary Corrective Action 20001006A:
DAM and HAM Bid Price Floor

Applicability

This Extraordinary Corrective Action (ECA) shall apply to bids submitted in the Day Ahead Market (DAM) and Hour Ahead Market (HAM) for all hours.

Rationale

On July 26, 2000, bid cap limitations for sales of energy in the DAM and HAM were imposed at a level of \$1000/MWh. This limit was imposed, with FERC approval, to allow market-clearing prices to reflect supply and demand balances up to \$1000/MWh, but to prevent supply and demand imbalances, caused primarily by operating limitations across the New York Control Area bulk transmission system (NYCA), from sending prices above this level.

During normal operation of the NYISO markets the price of energy in the DAM and HAM can and does become negative, as certain suppliers tend to bid at moderately negative prices during certain hours where they find it more economical to bid in this manner than incur the costs of taking their units off-line for short periods. Under certain operating limitations in the NYCA, supply and demand imbalances can cause the NYISO market clearing prices to become substantially negative. In these cases of system imbalances the NYISO is "buying load" at high cost, rather than purchasing free or negative cost energy. The effect of these substantially negative prices is thus the same as high positive prices, because it results in non-competitive price signals during system imbalance conditions.

To avoid interference with any prices that reflect competitive market forces, the NYISO is imposing a bid floor for bids in the DAM and HAM of negative one thousand dollars (-\$1000.00).

Implementation Rules

1. The NYISO bid box software shall be revised to refuse to accept any bid less than negative one thousand dollars per megawatt-hour (<-\$1000.00/MWh).

Issued: 6 October 2000, 3:00pm
Effective: 11 October 2000, Operating Hour Beginning 0000