New York Independent System Operator

Extraordinary Corrective Action 20000907A:

Market Design Flaw Regarding HAM Transactions Failing Checkout

Applicability

This Extraordinary Corrective Action (ECA) shall apply to:
- import and export transactions;
- that are scheduled for an operating hour in the Hour Ahead Market (HAM) by the Balancing Market Evaluation (BME); and
- that fail checkout for reasons within the control of the Market Participant, or that are cancelled at the request of said Market Participant.

Wheel-through transactions shall be treated as both an import and an export transaction, and the relevant Market Participant shall be billed the sum of both financial impacts, as provided below. This ECA shall not apply to import, export, or wheel-through transactions that fail checkout due to NYISO error or action, or neighboring control area operator error or action.

Rationale

Import Transactions: During the HAM resolution, BME reduces commitments for energy resources within NYCA to accept scheduled import transactions at a specific proxy bus indicated by the Market Participant. Where the scheduled import transaction fails checkout following BME, the real-time energy price at the proxy bus may be elevated above the HAM price due to the failed import transaction. The difference between the real-time price and the BME price at that proxy bus is currently charged to all purchasers in the real-time market. Under this ECA, this amount (when positive), multiplied by the number of megawatts of the transaction for that hour, shall be billed to the Market Participant that scheduled the failed import transaction as the financial impact of causing the failure to complete checkout of the transaction.

Export Transactions: During the HAM resolution, BME makes commitments for energy resources to supply scheduled export transactions up to the purchase price indicated by the Market Participant at the appropriate proxy bus. Where the scheduled export transaction fails checkout following BME, the real-time energy price at the proxy bus may be depressed below the HAM price due to the failed export transaction. The difference between the BME price and the real-time price at that proxy bus is currently charged to all loads as part of Schedule 1 costs. Under this ECA, this amount (when positive), multiplied by the number of megawatts of the transaction for that hour, shall be billed to the Market Participant that scheduled the failed export transaction as the financial impact of causing the failure to complete checkout of the transaction.

Wheel-Through Transactions: During the HAM resolution, BME includes scheduled wheel-through transactions up to the transmission congestion cost that equals the decremental bid indicated by the Market Participant. Where the scheduled wheel-through transaction fails checkout following BME, the real-time energy price at both the import and export proxy busses may be elevated or depressed, respectively, due to the effects on transmission congestion of the failed wheel-through transaction. Under this ECA, the effects of the import and export portions of the failed wheel-through transaction will be calculated separately, as though they were separate failed transactions. The sum of those impacts shall be billed to the Market Participant that scheduled the failed wheel-through transaction as the financial impact of causing the failure to complete checkout of the transaction.

Implementation Rules

1. An External Transaction for the delivery of energy to the NYCA at an external Proxy Generator Bus that is scheduled in BME but for which no energy is delivered to the NYCA in real-time, will be settled by the scheduling entity selling the amount of energy scheduled in BME into the LBMP Market at the scheduling entity's BME Bid Price, and buying the energy that was not delivered from the LBMP Market at the Real-Time LBMP prevailing at the external Proxy Generator Bus. No payment will be required of the scheduling entity if it is shown that the External Transaction was properly scheduled in each Control Area and the energy was not delivered due to an error or action by the NYISO or the delivering Control Area. No payment will be required of, or made to the Market Participant if the Real-Time LBMP at the external Proxy Generator Bus is lower than the BME Bid Price of the entity that failed to deliver scheduled energy.

2. An External Transaction for the receipt of energy from the NYCA at an external Proxy Generator Bus that is scheduled in BME but for which no energy is received from NYCA in real-time, will be settled by the scheduling entity buying the amount of energy scheduled in BME from the LBMP Market at the scheduling entity's BME Bid Price and selling the energy that was not taken into the LBMP Market at the Real-Time LBMP at the external Proxy Generator Bus. No payment will be required by the scheduling entity if it is shown that the External Transaction was properly scheduled in each Control Area and the energy was not taken by the scheduling entity due to an error or action by the NYISO or the receiving Control Area. No payment will be required of, or made to the Market Participant if the Real-Time LBMP at the external Proxy Generator Bus is higher than the BME Bid Price of the entity that failed to take scheduled energy.

3. An External Transaction for the delivery of energy to the NYCA at one external Proxy Generator Bus and the delivery of energy from the NYCA at a different external Proxy Generator Bus that is scheduled in BME but for which no energy is delivered to or received from the NYCA in real-time, will be settled by applying rules 1 and 2 of this ECA separately to the failed delivery of energy to the import Proxy Generator Bus and the failed receipt of energy at the export Proxy Generator Bus, and summing the total of the two amounts for payment by the scheduling entity. No payment will be required by the scheduling entity if it is shown that the External Transaction was properly scheduled in each Control Area and the energy was not taken by the scheduling entity due to an error or action by the NYISO or the delivering or receiving Control Area. No payment will be required of, or made to the Market Participant for the import or the export portion of the External Transaction if no payment would have been required had that portion of the transaction been a separate transaction under rule 1 or 2 of this ECA.

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