



NEPPA – FCM Seminar Generator Considerations

Presented By:
John J. Boudreau

April 24, 2007

Massachusetts Municipal Wholesale Electric Company



FCM-Generator Considerations

- Qualification
- Amount – Ratings
- Ratings Changes
- Payments
- Penalties
- Other



Generation Categories

- I. New Generating Capacity Resources
- II. Existing Generation Capacity
- III. Special Categories:
 - a. Intermittent Settlement Only
 - b. Intermittent Power Resources
 - c. Partially New and Partially Existing
 - d. Settlement Only Resources
 - e. Non-Intermittent Settlement Only
 - f. Self Supply Resources



Qualifications

New Generating Capacity Resources

- a. Show of Interest Form
- b. New Capacity Qualification Package
 - 1. Site Control
 - 2. Critical Path Schedule
 - 3. Willingness to be Rationed
 - 4. Elect Price Period – up to 5 years
 - 5. Miscellaneous other Decisions
- c. Evaluation by ISO
 - 1. Completeness
 - 2. Reasonableness
 - 3. Other
- d. Notification
 - a. \$2/kw-month Deposit due



Qualifications – (continued)

Existing Generating Capacity Resource

A.) ISO Notification

- Summer Rating
- Winter Rating

10 Business Day Appeal

B.) Submission of De-list Bids

- a. Permanent
- b. Static

C.) Existing Capacity Qualification Deadline



Capacity Ratings

New Capacity – Determined in Qualification Process from Engineering Data.

Existing Capacity – Determined in Qualified Process from Historical Data.

- a.) Seasonal Audits
- b.) Special Rules for Intermittent Resources

Note: Only the qualified summer rating is entered into the Auction.



Capacity Changes - Reduction

Lesser of 20% SSCC or 40 MW by Qualification
Deadline elect to:

1. Have set to most recent SSCC (default).
2. Submit a static or permanent de-list bid.
3. Show how it will be fixed.



Capacity Changes - Increases

Increases:

1. Increment may be treated as new capacity if meets certain conditions:
 - a.) 20% of SSCC or 40 MW
 - b.) Investment Thresholds
2. Can be added as an increment to Summer qualified capacity. Still need to meet new capacity qualification requirements.



Capacity Changes – De-Listing

A.) Permanent

- a.) > 1.25 cone
- b.) By existing Capacity Qualification Deadline
- c.) Market Monitor Review

B.) Static

- a.) > 0.8 cone
- b.) Entire Capacity Commitment Period
- c.) By existing Capacity Qualification Deadline
- d.) Market Monitor Review



Capacity Changes – De-Listing - (continued)

C.) Dynamics

- a.) During Auction < 0.8 cone
- b.) No Market Monitor Review

Subject to Reliability Review



Capacity Payments - Monthly

- 1.) Amount (Capacity Supply Obligation) Cleared in FCA Times Capacity Clearing Price.
- 2.) Summer/Winter rating used for Intermittent Resources.
- 3.) PER Adjustment
 - Reduced by “Extraordinary” Energy Revenue
- 4.) Non-Performance Penalties
 - Penalties are Capped



Penalties

- Based on Availability During Shortage Events in Month-per Event
 - No event no penalty
- Annualized $FCA * PF * (1 - \text{Event Avail Score})$
 - $Pf = .05 + .01$ for each hour above 5
- Caps
 - Per Day not more than 10% annualized FCA payments
 - Per Month not more that 2.5 times monthly FCA payment
 - Per Year not more than total FCA (less per adjustment)
 - Caps apply to resources designated self-supply?



Additional Ways of Recovering Capacity Payments

- 1.) Reconfiguration Auctions
- 2.) Bilateral Contracts
- 3.) Must be Qualified Capacity



Remember

- A.) Still need to audit units.
- B.) Existing Unit is in until it De-lists and Clears.
- C.) Decisions needs to be made well in advance of when the obligation begins.