



# 2010 Wholesale Markets Project Plan Third Quarter Update

## Introduction

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Each year, ISO New England publishes the Wholesale Market Project Plan (WMPP), which identifies key initiatives scheduled for the next three years. The quarterly updates to the WMPP provide a high-level overview of new initiatives the ISO is planning to assess over the next three to twelve months.

For questions on these initiatives, please contact either [Christopher Parent](#) (413-540-4599) or [Bob Laurita](#) (413-535-4398).

## Market Design Project Plan

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### New Initiatives

DemandResource Auditing
Demand Resource Seasonal Peak Hour Definition
FCA Qualification Deadline Changes
FCM Resource Comparability
FTR Auction Enhancements
Generation Auditing
Load Reconstitution
Planned Maintenance Hour Exemptions under FCM
Start-up/No-Load Reoffer
Tie Benefits Calculation Methodology Review

### WMPP Initiatives

Alternative Technology Regulation Pilot and Market Changes
Changes to the Real-Time Reserve Requirement
FCM Design Reforms
Integration of Wind Resources
Interregional Coordination with NYISO
Net Commitment-Period Compensation Restructuring
Price-Responsive Demand
Pricing of Congestion at External Nodes
Pricing of Demand-Resource Program Activation & Nonmarket Operator Actions
Real-time Reoffers
Revisions to Failure-to-Follow Procedures

## **Market Design Project Summaries**

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Below are summaries of the new initiatives. Please refer to the [2010 WMPP](#) for additional information on existing WMPP initiatives.

### **Demand-Resource Auditing**

A number of issues have been identified during the implementation of the demand-resource auditing process. Specifically, how the audit results are used and how audit results affect the ISO's decision to approve or reject a market participant's request to "map" or "unmap" assets to a demand resource. The ISO has also received requests from market participants to enhance the current audit process. These requests include the ability to audit individual assets; the current process is designed only to audit an entire demand resource. The ISO is assessing these items to determine where changes may be appropriate and the timeframe changes could be implemented.

### **Demand Resource Seasonal Peak Hour Definition**

Export transactions are included in the total load value used to determine if an hour is a seasonal peak hour. The ISO is assessing whether export transactions should be excluded in this determination.

### **Forward Capacity Auction (FCA) Qualification Deadline Changes**

For FCA6, several milestones and deadlines fall in the December 2011 holiday period, including the requirements to provide financial assurance and the ISO's FCA informational filing with the Commission. The ISO is assessing changes to these deadlines.

### **Forward Capacity Market (FCM) Resource Comparability**

FCM includes three major resource types: generation, demand, and import. Each have further subtype distinctions. The ISO is evaluating where differences in treatment across resource types and subtypes is appropriate.

### **Financial Transmission Rights (FTR) Auction Enhancements**

A participant proposed modifications to FTRs to provide additional auction functionality. The ISO is evaluating this proposal and considering increasing the number of auctions and re-auctions to provide greater liquidity and forward price discovery. The ISO is presenting a number of options to the Markets Committee.

### **Generation Auditing**

In the first quarter of 2010, several proposals to modify generation auditing rules were raised during the process of conforming the manuals for the FCM. The ISO is reviewing these proposals, which include changes to audit duration and frequency, in the context of the market design and operational reliability requirements.

### **Load Reconstitution**

ISO-NE stakeholders have set an internal deadline of September 2011 for efforts to implement a load reconstitution methodology, with the understanding that ISO-NE will file its recommendation whether to institute a load reconstitution methodology with the Commission on or before February 1, 2012, to become effective for the Sixth Forward Capacity Auction on April 2, 2012.

### **Planned Maintenance Hour Exemptions under FCM**

The ISO is seeking to incorporate language in Manual 20 to provide details on how the planned maintenance hour exemptions for generation resources are used in the FCM settlement process.

### **Start-up/No-Load Cost Reoffer**

The ISO is evaluating changes to provide resources the flexibility to modify start-up and no-load costs during the reoffer period.

### **Tie Benefits Calculation Methodology Review**

The tie benefits methodology discussions at the Reliability Committee may identify market issues related to the FCM to be evaluated and discussed at the Markets Committee.