

New York Independent System Operator (NYISO)

NYISO Uplift: What is it?

“Uplift is the increased cost of generation beyond what has been scheduled by Security Constrained Unit Commitments (SCUC) and Balancing Market Evaluation (BME). The most common cause is the dispatching of uneconomic units to provide locational security or NYISO security. The backing down of a scheduled generating unit also creates uplift as that unit is entitled to receive a Bid Production Cost Guarantee (BPCG). In addition, a generating unit may be OOM (Out of Merit) during a Demonstrated Maximum Net Capability (DMNC) test resulting in uplift.”¹

NYISO Uplift: Why does it happen?

“Locational security is usually activated in the NYC area. Due to transmission constraints, it is not always possible to import the most economic energy across the various interfaces.” Some units needed for reliability, their “increased costs will be passed on to all LSE’s WITHIN the locality based upon their share of the load. Should the circumstances call for a unit outside the locality to be backed down as part of the locational security, that unit will receive a Bid Production Cost Guarantee (BPCG).”¹

NYISO Uplift: How is it allocated?

“Those costs will be considered NYISO security and passed on to all LSEs within the state as Statewide Uplift. These charges will be passed on to the LSE’s based upon their ratio share of the load. Uplift is a significant cost to the LSE’s in the New York Control Area (NYCA).”¹

NYISO Uplift: Any work to reduce?

“The NYISO, with input from the Market Participants, is investigating various ways to reduce the OOM requests. One such method to be implemented is for the NYISO to model the 138 kV transmission lines in NYC. With the 138kV transmission system modeled, generation will more accurately be scheduled and dispatched initially, thereby, decreasing the number of units called OOM. This will result in lower uplift charges.”¹

¹ Quoted directly from NYISO ([link](#)) on December 16, 2013

Midcontinent Independent System Operator (MISO)

MISO Uplift: What is it?

MISO employs two forms of make-whole payments to ensure resources cover their costs and have incentives to be flexible.

Revenue Sufficiency Guarantee (RSG)

RSG payments ensure that the total market revenue a generator receives when economically committed is at least equal to its as-offered costs over its commitment period.

Price Volatility Make Whole Payment (PVMWP)

PVMWP ensures that suppliers will not be financially harmed in hourly settlements by following MISO's five-minute dispatch signals. The PVMWP consists of: (1) Day-Ahead Margin Assurance Payments (DAMAP) and (2) Real-Time Offer Revenue Sufficiency Guarantee Payments (RTORS GP).²

MISO Revenue Sufficiency Guarantee (RSG): How is it allocated?

The calculation and allocation method is complex. For example, "the responsibility for paying for these credits is meted out to Market Participants' for their assets and schedules determined to be cost causative by any of 35 different calculations. 17 of these calculations pertain to causation for Constraint Management call-ons and 18 for Day-Ahead Deviation and Headroom call-ons."

MISO Revenue Sufficiency Guarantee (RSG): Any work to reduce?

Extended Locational Marginal Pricing was conditionally approved July 20, 2012. "MISO will compare LMP and ELMP results during parallel operations. Currently planned for mid-2014"³

² 2012 MISO State of the Market Report ([link](#)) page 32

³ MISO: Extended Locational Marginal Pricing ([link](#))

Electricity Reliability Council of Texas (ERCOT)

ERCOT Uplift: What is it?

Some generators may also receive uplift payments because of their specific reliability contributions, either as reliability must run, or through the reliability unit commitment.⁴

ERCOT Uplift: Why does it happen?

Unit parameters and constraints cause imperfect ability to dispatch.

ERCOT Uplift: How is it allocated?

Uplift costs are assigned market-wide on a load-weighted ratio basis to pay for charges associated with additional unit commitment for reliability and any reliability must run contracts.⁵

ERCOT Uplift: Any work to reduce?

None found.

⁴ 2012 ERCOT State of the Market Report ([link](#)) page xx

⁵ 2012 ERCOT State of the Market Report ([link](#)) page 2

New England Independent System Operator (NE-ISO)

NCPC: What is it?

Net Commitment Payment Compensation (NCPC) is a make-whole payment made to resources whose hourly commitment and dispatch by ISO-NE resulted in a shortfall between the resource's offered value in the Energy and/or Regulation Markets and the revenue earned from output over the course of the day. Typically, this is the result of some out-of-merit operation of resources occurring in order to ensure reliability and transmission security of specific locations or the entire control area.⁶

NCPC: What is it called?

1. **Voltage NCPC Payments (VAR):** Reliability costs paid to resources operated by the ISO-NE to provide voltage control in specific locations
2. **Distribution NCPC Payments (SCR- Special Constraint Resource):** Reliability costs paid to units dispatched at the request of local transmission providers for purpose of managing constraints on the low voltage (distribution) system. (Real-Time Market only)
3. **Second Contingency NCPC Payments:** Reliability costs paid to resources providing adequate capacity in constrained areas to respond to a local second contingency. They are committed based on 2nd Contingency protocols
4. **First Contingency NCPC Payments ("Economic"):** Reliability costs paid to eligible resources that are not providing 2nd Contingency, Voltage, or Distribution requirements. These resources may have been providing first contingency coverage (system-wide or locally).

NCPC: How is it allocated?

1. **Voltage NCPC Payments (VAR):** Allocated in Day Ahead Market and in Real Time Market to Network Load and OASIS Reservation
2. **Distribution NCPC Payments:** Allocated in Real-Time Market to the Transmission or Distribution Owners
3. **Second Contingency NCPC Payments:** Allocated in Day-Ahead Market to Regional Day-Ahead Load and in Real Time Market to the Regional Real-Time Load Obligation
4. **First Contingency NCPC Payments ("Economic"):** Allocated in the Day- Ahead Market to Day-Ahead Load Obligation (DALO) and in the Real Time Market to Real Time Deviations⁷

NCPC: Any work to reduce?

Currently there is a NCPC Payment Major Initiative Impact Analysis to create an alternate methodology to align with Energy Market Offer Flexibility changes. NCPC credit design becomes effective coincident with the energy market offer flexibility rules.

⁶ http://www.iso-ne.com/support/faq/ncpc_rmr/#faq1

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Other US Regional Transmission Organizations not currently discussed:

Southwest Power Pool (SPP)

California ISO (CAISO)

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