
Option 4 – Day-Ahead Energy Bidding

Terms and Conditions

The Authority’s Day-Ahead Energy Bidding Option (“*Energy Bidding*”) is governed in all respects by the New York Independent System Operator (“NYISO”) Day-Ahead Demand Response Program Manual (“DADRP Manual”), revised: July 2003, by any future revisions issued by the NYISO as of the NYISO’s effective date for such revisions, and by any other applicable requirements that may be issued by the NYISO. In addition to the requirements set forth in the DADRP Manual (http://www.nyiso.com/public/products/demand_response/day_ahead.jsp), the following terms and conditions apply to any Customer facility (“Facility”) enrolled with the Authority in the *Energy Bidding* Option.

1. Registration

By completing the Demand Response Appendix (“Appendix”), the Customer shall register the Facility as a DADRP Demand Side Resource and provide the contact information with respect to all administrative communications with the Authority concerning the *Energy Bidding* Option.

2. Customer-Owned Generation

Customer’s use of on-site or customer-owned generation is not permitted in the *Energy Bidding* Option.

3. Customer Bidding

To bid a Demand Reduction to be dispatched under the *Energy Bidding* Option, the Customer shall submit the Facility’s Demand Reduction Bid to the Authority by completing a Bid Curve in the format of Addendum 1, or in a similar format acceptable to the Authority. The Bid shall be submitted in 1 MW increments and in accordance with the NYISO DADRP requirements. The Customer’s Bid shall be submitted in accordance with the following scheduling guidelines:

Normal Daily Scheduling Guidelines

Schedules must be received by 12:00 noon two days before the scheduling day except for weekends and holidays.

Holiday and Weekend Scheduling Guidelines

Scheduling for weekends and holidays will be as follows:

Weekend

Deliver schedule by 12:00 noon Thursday for Saturday and Sunday.

Deliver schedule by 12:00 noon Friday for Monday and Tuesday.

If Friday is a Holiday

Deliver schedule by 12:00 noon Wednesday for Friday, Saturday and Sunday.
Deliver schedule by 12:00 noon Thursday for Monday and Tuesday.

If Monday is as Holiday

Deliver schedule by 12:00 noon Thursday for Saturday, Sunday and Monday.
Deliver schedule by 12:00 noon Friday for Tuesday and Wednesday.

If Thursday and Friday are Holidays

Deliver schedule by 12:00 noon Tuesday for Thursday, Friday, and Saturday.
Deliver schedule by 12:00 noon Wednesday for Sunday, Monday, and Tuesday.

All bids will be set to expire at 11:15 A.M. on the day before the Dispatch Day. After 11 A.M. on the day before the Dispatch Day, the NYISO will post on the NYISO's secured Market Information System (MIS) the acceptance or rejection of the Customer's Demand Reduction Bid. The Customer is responsible for contacting the Authority's designated representative to request the status of the Customer's Bid. The Authority will review the NYISO MIS and inform the Customer if its Bid was accepted, and if so, the amount of Demand Reduction and the hours committed to perform. Any Bid not accepted is deemed rejected. ***Once the Demand Reduction Bid is accepted the Customer is required to reduce its load as scheduled on the Dispatch Day to avoid any penalties for Non-Performance,*** as set forth in the DADRP Manual.

Customer shall identify Designees for weekend/holiday communications if these are different from the normal daily contacts. As the NYISO's rules for the DADRP change, Customer shall coordinate with the Authority to assure appropriate communication with Authority personnel.

4. Verification, Payment and Non-Performance Penalties (Customer Bid Accepted)

Payments will only be made for Customer Demand Reduction Bids submitted by the Authority and accepted (scheduled) by the NYISO. The Authority will calculate the Demand Reduction Performance in accordance with the NYISO DADRP approved method and submit it to the NYISO for payment. After receipt of the NYISO payment, the Authority will remit payment, net of any incentives and penalties (including but not limited to Non-Performance Penalties as set forth in the DADRP Manual), as a credit (or a charge as the case may be) on the Customer's monthly electric bill (if direct-billed by the Authority) or issue a check (or a bill), as selected by the Customer in the Demand Response Appendix. Additionally, the Authority's Net Losses, as described in Section 8, may be offset against any such credit (or charge) on the Customer's monthly electric bill or check.

In no event shall the Authority be liable for any payments to the Customer greater than the payment received by the Authority from the NYISO for the Customer's Demand Reduction, nor shall the Authority be liable for any penalties charged by the NYISO for Non-Performance. In the event there is a meter (or other equipment) failure, the Authority shall not be liable for any resulting penalties or loss of payment (as previously defined above and in the DADRP Manual).

The Authority will retain an administrative fee equal to 10% of the DADRP settlement payment, including any incentive payment, from the NYISO. In extraordinary cases, such as where the Customer is required to compensate the Authority for Net Losses, the Authority may elect to waive the Administrative Fee.

5. Compatibility

The *Energy Bidding* Option is designed to be compatible with other demand response Options, such as the Authority's *Peak Reduction* Option (offered to customers within New York City), *Capacity & Energy* Option, and *Energy Only* Option. For Customer Facilities participating in both *Peak Reduction* and *Energy Bidding*, *Peak Reduction* events are separate from any *Energy Bidding* events, and thus only *Peak Reduction* events count towards the 15 possible annual *Peak Reduction* events. To the extent that there are additive payments for a Facility participating in multiple Options, the Customer will be paid under the terms of each Option. An *Energy Bidding* resource can also choose to participate in one of the alternative Options: *Capacity & Energy* or *Energy Only*. A participant can choose to participate in *Energy Only* and *Peak Reduction* and *Energy Bidding*; payments will be made under the guidelines of each Option (special restrictions may apply). Furthermore, an *Energy Bidding* participant cannot be paid for the same energy under multiple Options. A participant can enroll in both *Energy Bidding* and *Capacity & Energy*, however, if an *Energy Bidding* event is scheduled for the same time as a *Capacity & Energy* event, the participant is expected to fulfill its total *Capacity & Energy* commitment over its *Energy Bidding* schedule. The payment will settle the *Energy Bidding* bid first, and then any additional *Capacity & Energy* MW's will settle as a *Capacity & Energy* participant (pending performance during events. Customer is advised to inquire with the Authority before enrolling in any other external (non-Authority) demand response program(s) to ensure compatibility.

8. Liability for Authority's Net Losses (Customer Bid Not Accepted)

The Authority shall be entitled to recover any "Net Loss" the Authority sustains in each calendar month due to Customer's Energy bid(s) not being accepted. The Authority's Net Loss shall be determined as follows:

(i) For any hour the Bid was not accepted, the difference between the Customer's actual load and the Customer Base Line for that hour will be calculated; (ii) if that calculation results in a negative MWH value, such negative value is considered the "Excess Supply;" (iii) the Real-Time market price of such Excess Supply (for the bid hour) will be compared with the Day-Ahead price for that hour; (iv) the hourly price differentials (Real-Time price minus Day-Ahead price) for the Excess Supply in the calendar month will be aggregated to determine the net gain or loss to the Authority; (v) if the net result for the calendar month is a loss to the Authority, that will constitute the Authority's "Net Loss."

Notwithstanding anything in this Agreement to the contrary, the Authority agrees to cap its Net Loss for a calendar month at the total amount Customer is entitled to receive through the NYISO for its participation in DADRP events for such month, considering penalties and incentives.

Addendum 1: Bid Curve
DADRP Bid Curve for Customer Name
Input Data

 Today = 06/19/01 Tuesday
 CD + 2 = 06/21/01 Thursday

Generator Commitment Parameters

Minimum Run Time (Hrs)	6
Minimum Down Time (Hrs)	Always Blank
Max stops per Day	1
Start up Notification Time (Hrs)	1
Start up Notification Curve	Always Blank
Start-up Cost (First point in startup cost curve)	\$2,000.00

Generator Bid

Upper Operating Limit (UOL)	3	Point	
Minimum Generation mw	3	1	\$100.00
Minimum Generation \$	\$300.00	2	\$0.00
		3	\$0.00

HOUR	POINT #1		POINT #2		POINT #3	
	MW1	\$1	MW2	\$2	MW3	\$3
1	0	\$0.00	0	\$0.00	0	\$0.00
2	0	\$0.00	0	\$0.00	0	\$0.00
3	0	\$0.00	0	\$0.00	0	\$0.00
4	0	\$0.00	0	\$0.00	0	\$0.00
5	0	\$0.00	0	\$0.00	0	\$0.00
6	0	\$0.00	0	\$0.00	0	\$0.00
7	0	\$0.00	0	\$0.00	0	\$0.00
8	0	\$0.00	0	\$0.00	0	\$0.00
9	0	\$0.00	0	\$0.00	0	\$0.00
10	0	\$0.00	0	\$0.00	0	\$0.00
11	0	\$0.00	0	\$0.00	0	\$0.00
12	0	\$0.00	0	\$0.00	0	\$0.00
13	0	\$0.00	0	\$0.00	0	\$0.00
14	0	\$0.00	0	\$0.00	0	\$0.00
15	0	\$0.00	0	\$0.00	0	\$0.00
16	0	\$0.00	0	\$0.00	0	\$0.00
17	0	\$0.00	0	\$0.00	0	\$0.00
18	0	\$0.00	0	\$0.00	0	\$0.00
19	0	\$0.00	0	\$0.00	0	\$0.00
20	0	\$0.00	0	\$0.00	0	\$0.00
21	0	\$0.00	0	\$0.00	0	\$0.00
22	0	\$0.00	0	\$0.00	0	\$0.00
23	0	\$0.00	0	\$0.00	0	\$0.00
24	0	\$0.00	0	\$0.00	0	\$0.00