

23.5 Other Mitigation Measures

23.5.1 Facilitation of Real-Time Mitigation in Constrained Areas

To facilitate the application of the Real-Time mitigation measures specified in this Attachment H for Constrained Areas, all Generators located in a Constrained Area that are capable of doing so shall respond to RTD Base Point Signals, unless such a Generator is subject to contractual obligations in existence prior to June 1, 2002 that would preclude such operation.

23.5.2 Market Power Mitigation Measures Applicable to In-City Unit Commitments for Local Reliability

23.5.2.1 If an In-City Generator is scheduled in any hour in the Day-Ahead Market to meet the reliability needs of a local system, the ISO will set the In-City Generator's Start-Up Bid to the lower of the Bid or the applicable reference level, which may include a Start-Up reference level calculated in accordance with Section 23.3.1.4.4.3 of these Mitigation Measures. In each hour an In-City Generator is scheduled in the Day-Ahead Market to meet the reliability needs of a local system, the ISO will set the In-City Generator's Minimum Generation Bid to the lower of the Bid or the applicable reference level.

23.5.3 Market Power Mitigation Measures Applicable to Sales of Spinning Reserves

23.5.3.1 Local reliability rules require that specified amounts of Spinning Reserves be provided by In-City Generators. The Spinning Reserve-capable portion of each Generator located in New York City must be made available to the ISO for purposes of meeting the New York City Spinning Reserve requirement.

23.5.3.2 The market power mitigation measures applicable to Spinning Reserves will be implemented when the ISO's least-cost dispatch requires that one or more of the Generators located in New York City be committed to meet the In-City Spinning Reserve requirement. For any day that an In-City Generator is committed to meet the In-City Spinning Reserve requirement under circumstances where the Generator would not otherwise have been committed under the ISO's least-cost dispatch, the market power mitigation measures applicable to unit commitments, as described in Section 23.5.2, would apply.

23.5.3.3 In addition, In-City generators must Bid \$5.00 or less per MW~~zero (\$0)~~ for the availability portion of Day-Ahead Spinning Reserves Bids. The implementation of this mitigation measure will have no effect on the ability of a Generator located in New York City to recover the market-clearing price established by the ISO for the sale of Spinning Reserves.

Within seven months of the date the \$5.00 per MW Bid maximum, referred to in the first paragraph of this Section, becomes effective, the Market Monitoring Unit shall independently evaluate the competitiveness of the 10-Minute Spinning Reserve Market and issue a recommendation to the ISO to either maintain the \$5.00 Bid maximum, lower the \$5.00 Bid maximum (but not lower than \$0 per MW), or raise the \$5.00 Bid maximum to \$10.00 per MW. The Market Monitoring Unit shall present its recommendation to Market Participants for comment. The scope of the Market Monitoring Unit's evaluation shall include, but not be limited to, an analysis of: (i) the competitiveness of the 10-Minute Spinning Reserve Market and whether there is conduct that the ISO or the

Market Monitoring Unit determine constitutes an abuse of market power; and (ii) how an adjustment to the Bid maximum is expected to impact the convergence of day-ahead and real-time 10-Minute Spinning Reserve prices. The ISO will duly consider and, absent any material change in circumstances, implement the Market Monitoring Unit's recommendation in accordance with the schedule below. The ISO shall undertake best efforts to notice its Market Participants of its decision within two weeks after the Market Monitoring Unit presents its recommendation to Market Participants, but in no event later than one month. The ISO shall also provide contemporaneous notice of its decision to the FERC which, if such notice is to revise the Bid maximum, shall be accompanied by an appropriately revised Section 23.5.3.3. The ISO shall provide such notices at least two weeks in advance of the implementation of any revision to the \$5.00 Bid maximum.

Within six months of the date of the Market Monitoring Unit's last recommendation, the Market Monitoring Unit shall again evaluate the competitiveness of the 10-Minute Spinning Reserve Market and issue a recommendation to the ISO to maintain or adjust the Bid maximum, which recommendation shall be presented to Market Participants for comment. The scope of the evaluation shall include, but not be limited to, an analysis of: (i) the competitiveness of the 10-Minute Spinning Reserve Market and whether there is conduct that the ISO or the Market Monitoring Unit determine constitutes an abuse of market power; and (ii) how an adjustment to the Bid maximum is expected to impact the convergence of day-ahead and real-time 10-Minute Spinning Reserve prices.

The Market Monitoring Unit may recommend the then-effective Bid maximum be maintained at its current level, or raised or lowered in \$5.00 per MW increments. The Bid maximum may not be set below \$0 per MW and may only be eliminated after (i) it has been set at \$10.00 per MW, and (ii) the Market Monitoring Unit has recommended its elimination. The responsibilities of the Market Monitoring Unit that are addressed in this Section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O.

The ISO will duly consider and, absent any material change in circumstances, implement the Market Monitoring Unit's recommendation in accordance with the schedule below. The ISO shall undertake best efforts to notice its Market Participants of its decision within two weeks after the Market Monitoring Unit presents its recommendation to Market Participants, but in no event later than one month. The ISO shall also provide contemporaneous notice of its decision to the FERC which, if such notice is to revise the Bid maximum, shall be accompanied by an appropriately revised Section 23.5.3.3. The ISO shall provide such notices at least two weeks in advance of the implementation of any revision to the Bid maximum.

When the Market Monitoring Unit recommends, and the ISO implements, elimination of the Bid maximum, the ISO shall submit a compliance filing to the FERC, at least two weeks in advance of the implementation, that removes Section 23.5.3.3 from the Mitigation Measures and includes appropriate accompanying revisions to Section 30.4.6.2.12 of Attachment O.

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23.5.4 FERC-Ordered Measures

In addition to any mitigation measures specified above, the ISO shall administer, and apply when appropriate in accordance with their terms, such other mitigation measures as it may be directed to implement by order of the FERC.