

Forward Capacity Market New Resource Qualification Forum Examples – Financial Assurance Hand Out

October 15, 2007

Example 1 – Financial Assurance Policy Requirements and Timing

Assumptions:

- This example applies to the following types of New Capacity:
 - New Capacity – General
 - New Capacity Demand Resource – “ All at Once” Project
- New Generator with a Capacity Rating of 100 MW
- Participation is for the Annual FCA 2011_2012

Example 1 – Financial Assurance Policy Requirements and Timing For FCA 2011_2012

Date	Description of Event		Cumulative Amt due and posted
8/01/08	New Capacity Determination Letters are sent out		
8/15/08	Deposit Financial Assurance Due	100 MW * \$2,000 per MW	\$200,000
12/01/08	Conduct Annual FCA 2011_2012		
12/04/08	FCA Winners Announced	You Won	
12/11/08	New Capacity FA (NCFA) amt due	100 MW * CONE (\$7.50/kw**)	\$750,000
09/16/09	2 nd Installment of NCFA due	100 MW * CONE (\$7.50/kw**)	\$2,250,000
10/01/09	Conduct Annual FCA 2012_2013		
04/15/10	3 rd Installment of NCFA due	100 MW * CONE (\$7.50/kw**)	\$2,250,000
05/01/10	Conduct Annual FCA 2013_2014		
06/01/11	Commercial Operations Declared and unit Tested and Start of Commitment Period for 1 st Annual FCA		
06/07/11	Release NCFA to Customer, who is now Existing Capacity	Refund Amount Includes interest of \$100,000	(\$2,350,000)

All dates contained on this slide are for illustrative purposes and are subject to change pending the filing of the Market Rules, ** Note – CONE for FCA 2011_2012 is not known at this time the \$7.50 is illustrative only

Example 2 – Financial Assurance Policy Requirements and Timing

Assumptions:

- Example 2 applies to the following type of New Capacity:
 - **New Capacity – Demand Resource “Ramp-Up” Customer**
- Capacity offered 10 MWs (Load Reduction)
- Participation is for the Annual FCA 2011_2012
- Milestones for Load Reduction
 - 12/15/2009 – Reduce Load by 3 MWs
 - 6/15/2010 – Reduce Load by 6 MWs
 - 6/1/2011 – Reduce Load by 10MWs

**Demand Resource “Ramp-up”
customer**

Example 2 – Financial Assurance Policy Requirements and Timing For FCA 2011_2012

Date	Description of Event		Cumulative Amt due and posted
8/01/08	New Capacity Determination Letters are sent out		
8/15/08	Deposit Financial Assurance Due	10 MW * \$2,000 per MW (\$2.00/kw)	\$20,000
12/01/08	Conduct Annual FCA 2011_2012		
12/04/08	FCA Winners Announced	<i>You Won</i>	
12/11/08	New Capacity FA (NCFA) amt due	10 MW * CONE (\$7.50/kw**)	\$75,000
9/16/09	2 nd Installment of NCFA due	10 MW * CONE (\$7.50/kw**)	\$150,000
10/01/09	Conduct Annual FCA 2012_2013		
12/15/09	Reduce Load by 3 MWs	Verified/Approved by ISO	
12/19/09	Release Financial Assurance	3 MWs * CONE (\$7.50/kw**) * 2= \$45,000	\$105,000

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Example 2 – Financial Assurance Policy Requirements and Timing For FCA 2011_2012

Date	Description of Event		Cumulative Amt due and posted
06/15/10	Reduce Load by a total of 6 MWs	Verified/Approved by ISO	
06/19/10	Release Financial Assurance	3 additional MWs * CONE (\$7.50/kw) * 2= \$45,000	\$60,000
04/15/10	3 rd Installment of NCFA due	4 MW * CONE (\$7.50/kw) (balance of load yet to be reduced)	\$90,000
05/01/10	Conduct Annual FCA 2013_2014		
06/01/11	Total Load Reduction reached and verified and Start of Commitment Period for 1 st Annual FCA		
06/07/11	Release NCFA to Customer, who is now Existing Capacity	Refund Amount Includes interest of \$4,000	(\$94,000)

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