

# Broader Regional Markets Initiatives - updates

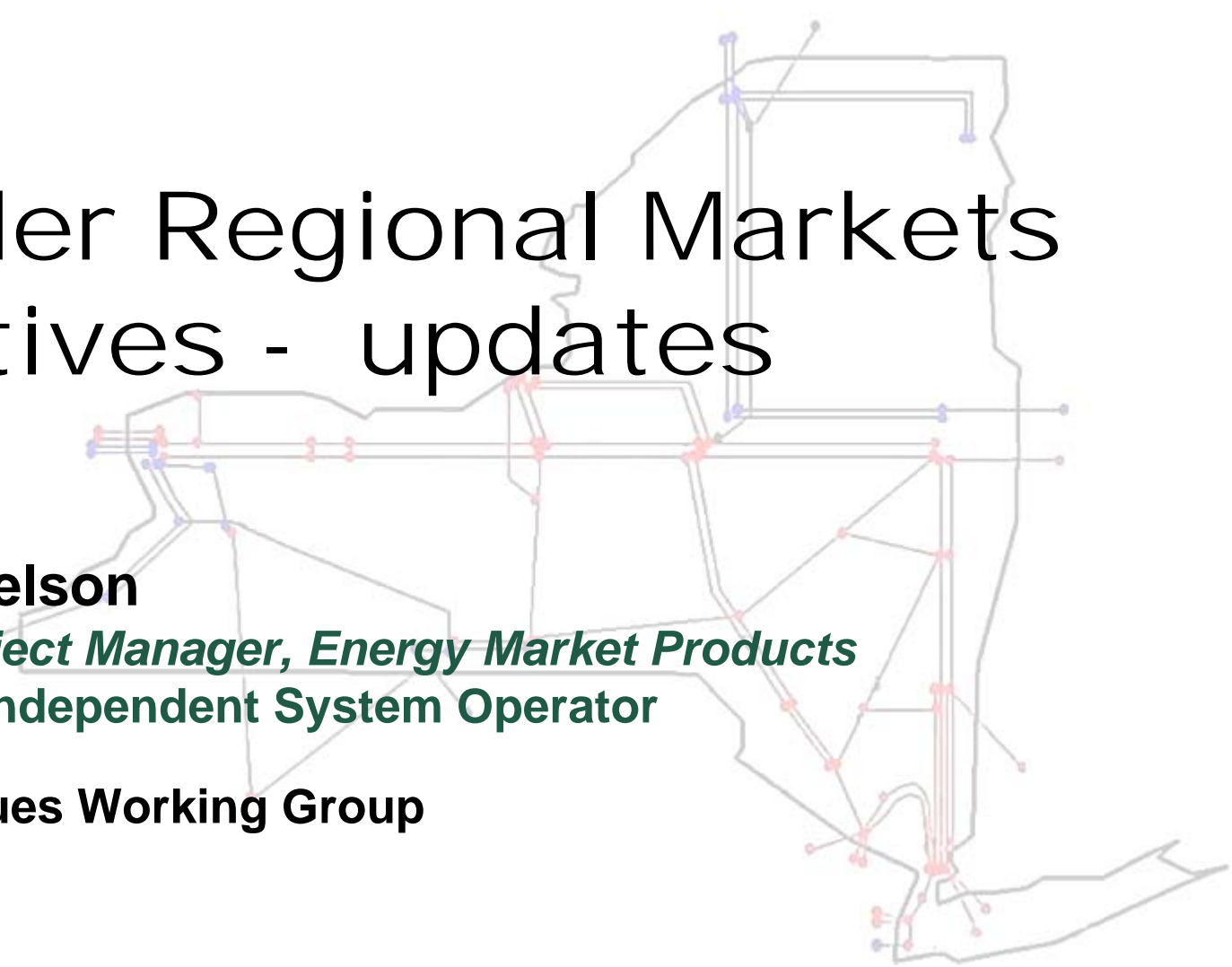
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# Background

In order to improve coordination of power transactions, enhance efficiency, and provide cost-savings to consumers, the NYISO, in conjunction with grid operators serving the Mid-Atlantic, Midwest, and New England regions of the United States and the Canadian province of Ontario, proposed a series of “Broader Regional Markets” initiatives to FERC in January 2010.

The effort was in response to a FERC directive to develop and submit a report on a long-term, comprehensive solution to address issues that affect grid operators and market participants in the region. The NYISO collaborated extensively with Ontario’s Independent Electricity System Operator (IESO), the Midwest Independent Transmission System Operator (MISO), PJM Interconnection (PJM), and ISO New England (ISO-NE) in developing the proposals. The proposals submitted in the filing with FERC include both market-based and physical solutions.

# Communications

## ◆ Joint Stakeholder Technical Conferences

- October 29, 2009 - NY
- December 15, 2009 – Indiana
- Early Q3 2010 - TBD
  - *Planning for a 3<sup>rd</sup> conference to review latest details of each proposal, with emphasis on Buy-through of Congestion concepts*

## ◆ FERC Filings

- January 12, 2010 – filed NYISO Report on Broader Regional Markets
  - *FERC has not acted on the NYISO's report or on any of the comments submitted in response thereto*
- Planning for a Q3 2010 filing updating FERC on the progress made with the various proposals

## ◆ NYISO Project Updates

- Various initiatives are being coordinated under formal NYISO projects, the progress of which are communicated via the normal stakeholder channels for project updates
  - *Interregional Transaction Coordination*
  - *Parallel Flow Visualization (a.k.a. NERC IDC)*

# Six distinct Broader Regional Markets (BRM) initiatives in FERC filing

- ◆ *Interface Pricing Revisions*
- ◆ *Regional PAR Coordination Operating Guide*
- ◆ *Parallel Flow Visualization*
- ◆ *Buy-through of Congestion*
- ◆ *Market-to-Market Coordination*
- ◆ *Enhanced Interregional Transaction Coordination*

# Interface Pricing Revisions

## ◆ Description

- The proposal will address existing seams between markets that can impede efficient regional power transfers. Efficient and compatible interface proxy bus prices will improve the interconnected markets' ability to efficiently transfer power within the four ISO/RTO regions.

## ◆ Timeline proposed to FERC

- Concept Design of NYISO Revisions without PARs – Q2 2010

## ◆ Status

- NYISO Concept Design presented to MIWG April 12, 2010 to review NYISO Interface Pricing revisions without Michigan/Ontario PARs in operation.
- Inter-ISO/RTO team met on March 3-4 to review proposed interface pricing methodologies with PAR controls. Discussions are ongoing.
- Joint Inter-ISO/RTO design activities expected to continue through 2010, with stakeholder reviews occurring 1<sup>st</sup> half of 2011.

## ◆ Next steps

- Latest NYISO Concept Design on Interface Pricing revisions proposal will be reviewed again at today's MIWG (without PAR Controls).
- Effort to implement NYISO Concept Design will be included in 2011 budget year project proposals.

# Regional PAR Coordination Operating Guide

- ◆ Description
  - This initiative will identify PARs and other controllable devices capable of influencing Lake Erie loop flows and study the potential reliability and market impacts of better coordinated operation. Upon completion of the analysis and necessary updates to the existing Commission-accepted PAR operating protocols, regional operating guide recommendations will be developed and implemented by the ISOs/RTOs to better manage Lake Erie loop flow through the coordinated operation of the identified significant controllable devices.
- ◆ Timeline proposed to FERC
  - Initiate Regional Study – Q2 2010
- ◆ Status
  - Each ISO/RTO has designated resources to participate on Inter-ISO/RTO study team.
  - Midwest ISO is coordinating the Inter-ISO/RTO study.
  - Study is expected to occur from July 2010 through Q1 2011.
- ◆ Next steps
  - Kickoff study (end of June 2010)

# Parallel Flow Visualization

## ◆ Description

- NERC contracted with OATI to build a parallel flow visualization tool to provide NERC reliability coordinators with better visibility on the sources of parallel flow. In order for NERC to implement this tool according to its desired schedule, NYISO and others need to provide specific current hour and next hour data to NERC.

## ◆ Timeline proposed to FERC

- Evaluate the NERC solution viability – Q2 2010
- Begin parallel operations with NERC's solution – Q4 2010

## ◆ Status

- Presented at 1/5/2010 MIWG (with Mkt-to-Mkt Coordination).
- Presented at 3/18/2010 BPWG for MP concurrence as 2010 project addition in support of Broader Regional Markets.
- The ISOs/RTOs have received/reviewed NERC's designs for Parallel Flow Visualization tool and are continuing with development activities in support of the tool's data requirements.
- NYISO software development involves internal data collection as well as interface development to send the data to the Parallel Flow Visualization tool. The NYISO software development is planned for completion in Q3 2010.

## ◆ Next Steps

- Continue software development efforts in support of Parallel Flow Visualization tool.
- Begin parallel operations with the Parallel Flow Visualization tool in Q4 2010 and continue for approximately 18 months.

# Buy-through of Congestion

## ◆ Description

- Buy-through of Congestion requires that the congestion cost of a transaction be charged based on the physical flow of power, unlike the current settlement determination that is based only on the contract path. Under this proposal, a transaction scheduled from Ontario to MISO to PJM will be charged for the portion of that transaction that flows through New York.

## ◆ Timeline proposed to FERC

- Software Design – Q4 2010; Implementation – Q3 2011

## ◆ Status

- Inter-ISO/RTO design team is currently developing the concept design.
- The NERC Operations Reliability Subcommittee has been briefed on Buy-Through of Congestion concepts; the ISOs/RTOs were directed to work with Interchange Distribution Working Group (IDCWG) to develop the recommended changes.

## ◆ Next steps

- Finalize concept design, and begin detailed requirements effort.



# Market-to-Market Coordination

- ◆ Description
  - Market-to-Market Coordination is intended to more cost effectively utilize the region's collective assets to address constraints across multiple systems, resulting in lower congestion costs to consumers, and provide a more consistent pricing profile across markets.
- ◆ Timeline proposed to FERC
  - Implementation PJM/MISO/NYISO – Q3 2011
- ◆ Status
  - This effort is dependent on the implementation of NERC's Parallel Flow Visualization tool, for which the ISOs/RTOs are currently underway with software development. Once that effort is farther along, concept design for Market-to-Market coordination will begin.
- ◆ Next steps
  - None planned until at least the end of summer, 2010.

# Enhanced Interregional Transaction Coordination

- ◆ Description

- Enhanced Interregional Transaction Coordination will permit the scheduling of inter-Balancing Authority transactions involving the NYISO on a more frequent basis than the current hourly schedules. This is a multi-phase effort that will be rolled out on an interface-by-interface basis for energy transactions, and will also involve a proposal for scheduling of reserves between regions.

- ◆ Timeline proposed to FERC

- Implement with PJM – Q4 2011

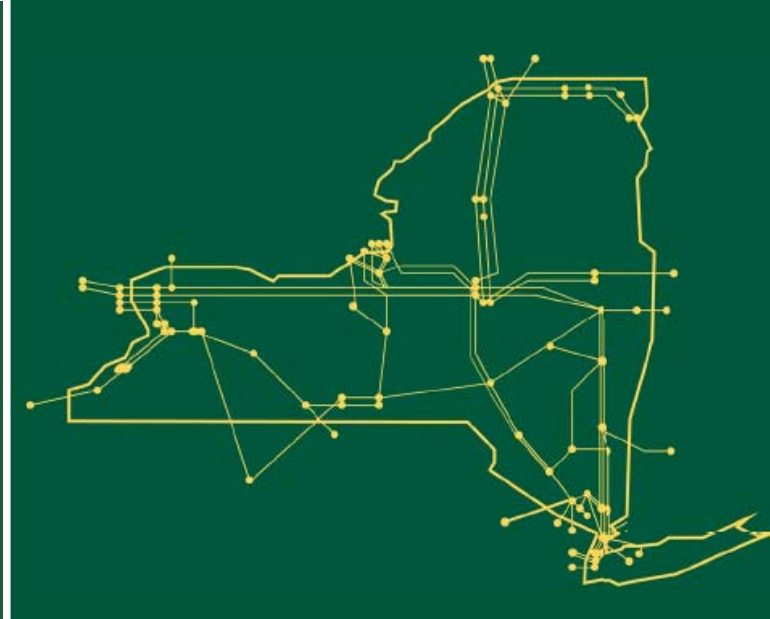
- ◆ Status

- Software design to support more frequent scheduling of energy transactions are currently underway.
- Proposal regarding e-tagging, pricing, and settlements have been presented to Market Participants throughout Q1 and Q2 2010.
- Rollout plan is to begin scheduling energy transactions on a 5-minute basis with HQ by Q1 2011, followed by PJM on a 15-minute basis in Q4 2011.

- ◆ Next steps

- Continue stakeholder process, including tariff modifications throughout Q3 2010.
- Software design activities continuing.

The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and conducts reliability and resource planning for the state's bulk electricity system.



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