

Agenda Item #5

Regional Market Enhancements

Business Issues Committee

July 24, 2002

Major and Emerging Coordination Issues:

Transmission Service

Long-Term Transmission Service Availability to Support ICAP Transactions

Transaction Checkout Failure

Transaction Scheduling

Transaction Curtailment

Failure of Transactions due to Ramping of Control Area Interchange

ATC Differences

ATC Manipulation

Capacity Market

Transmission and Generation Interconnection Procedures

Export Charges (Pancaking)

Emerging Issues

SEAMS Project KEY	
BLUE	Completed projects
Yellow	Projects under way

Transmission Service		
Issue:	Seams Issues Chronology Reference	Status
Market Participants require consistent treatment of transmission service products across multiple control areas to reduce perceived market risk, scheduling confusion and uncertainty.	15 – NY Transactions Prescheduling	Complete (Feb. 2002)
	28 – NY Interconnection Agreement with HQ/TE	Sept. 2002
	29 – PJM/NY Coordination of Controllable Lines (Phase-Angle Regulators)	Dec. 2002
	30 – ISO-NE to Implement SMD 1.0	1Q 2003
	37 – NY TCC Options for External Interfaces	2003
	40 – NYISO to Implement SMD 2.0 (automated checkout and in-day prescheduling)	Dec. 2003

Long-Term Transmission Service Availability to Support ICAP Transactions		
Issue:	Seams Issues Chronology Reference	Status
Firm transmission reservation requirements to establish “Deliverability” as a requirement to buy external ICAP results in an economic advantage for internal suppliers and a barrier to market entry for external suppliers.	15 – NY Transactions Prescheduling	Complete (Feb. 2002)
	23 – NYISO Filing for ICAP Deliverability to PJM	Tariff changes awaiting FERC approval
	32 – NY RTS Implementation (In-Day Prescheduling)	4Q 2003
	33 – Regional ICAP Working Group Activity (ICAP deliverability and hoarding issues)	Near-term (Dec. 2002) and long-term (2004) objectives

Transaction Checkout Failure

Issue:	Seams Issues Chronology Reference	Status
Operators curtail transactions due to mismatched tag data, different MW volumes, etc. The curtailment of transactions due to data incompatibility is disruptive to both the marketplace and the reliable operation of the grid.	10 – NY Implementation of Transaction Scheduling Desk	Complete (June 2001)
	20 – Interim Transaction Checkout Between NYISO and ISO-NE	Complete (May 2002)
	38 – Open Scheduling System (OSS)	4Q 2003

Transaction Scheduling

Issue:	Seams Issues Chronology Reference	Status
Inconsistent information and market timing rules lead to uncertainty and risk that discourage the scheduling of some inter-regional transactions	5 – PJM Schedule Change Timing Requirements from 30 to 20 minutes	Complete (Jan. 2001)
	14 – PJM Modifies NYPP-E/NYPP-W LMP Definition	Complete (Jan. 2002)
	10 – NY Implementation of Transaction Scheduling Desk	Complete (June 2001)
	11 – PJM Implementation of Collaborative Scheduling System (CSS)	Complete (June 2001)
	17 – ISO-NE Rule Changes to Permit Short-Notice Transactions to NYISO	Complete (May 2002)
	19 – NY Hour-Ahead Closing Time Changed from 90 to 75 Minutes	Complete (May 2002)
	21 – IMO Scheduling Procedures	Complete (May 2002) – additional work in progress for 2002
	32 – NY RTS Implementation	4Q 2003

Transaction Curtailment		
Issue:	Seams Issues Chronology Reference	Status
Transaction curtailments for security may extend beyond the reliability need due to differences in market timing. Extended curtailments are disruptive to both the marketplace and the reliable operation of the grid.	1 – NY Emergency Transfer Agreement with PJM	Complete (May 2000)
	3 – NY Emergency Transfer Agreement with ISO-NE	Complete (Aug. 2000)
	6 – NY Reserve Sharing with ISO-NE	Complete (Feb. 2001)
	7 – NY Transaction Curtailment	Complete (Mar. 2001)
	9 – NY Emergency Transfer Agreement with Hydro Quebec	Complete (May 2001)
	18 – NY Transactions Reinstatement	Complete (May 2002)
	22 – NY Emergency Transfer Agreement with IMO	Complete (May 2002)
	25 – NY/PJM Implement Plan to Enhance Congestion Management	Complete (June 2002)
	26 - Area Control Error (ACE) Diversity Exchange between NY and ISO-NE	Complete (June 2002)
	35 – NY Lake Erie Emergency Redispatch (LEER) Implementation	June 2003
39 – External 30-Minute Reserves Participation in NYISO	2003	

Failure of Transactions due to Ramping of Control Area Interchange		
Issue:	Seams Issues Chronology Reference	Status
Desirable transactions between control areas may be “blocked” from access to the grid due to insufficient dispatch capacity to absorb large schedule changes while maintaining energy/load balance within the control area.	12 – PJM Coordinates Schedule Approval Process with NY to Help Control Ramping Issues	Complete (June 2001)
	13 – NY Multi-Hour Block Transactions	Complete (Dec. 2001)
	15 – NY Transactions Prescheduling	Complete (Feb. 2002)
	32 – NY RTS Implementation	Q4 2003

ATC Differences		
Issue:	Seams Issues Chronology Reference	Status
Individual control areas determine ATC for jointly-operated transmission interfaces. Differences in ATC calculations can confuse the marketplace which may react by avoiding transactions that would otherwise be economic due to the uncertainty and perceived risk.	24 – Post TTC/ATC for All Interfaces on NPCC Website	Complete (NY, NE, IMO - June 2002) PJM (Aug. 2002)
	(new) – Improved TTC/ATC Posting with monthly and yearly ATC values to support prescheduling	Complete
	(new) – ISOs to Define Basis of ATC Calculations and clarify how the values calculated by each ISO should be used to ascertain the ability of the interface to support transactions.	Complete (ISO-MOU presentations, March/May 2001)
	(new) – Review frequency and currency of TTC/ATC postings – identify as in-day or day-ahead values	ISO staffs to assess scope and deliverables, review with stakeholders
	(new) – Review calculation accuracy and consistency of base assumptions used by individual ISO/RTOs, and provide clarifications to stakeholders.	ISO staffs to assess scope and deliverables, review with stakeholders

ATC Manipulation		
Issue:	Seams Issues Chronology Reference	Status
Market Participants schedule transactions day-ahead and beyond with no intent to deliver energy. Cancellation in real-time by a Market Participant results in unused ATC, ramp capability that cannot be used by other Market Participants. Valuable transmission capability is left unused.	4 – NY Eliminates Gaming of Transaction Bid Production Cost Guarantees	Complete (Sep. 2000)
	21 – NY/IMO Seams Initiatives (financial incentives and Market Monitoring procedures)	Complete (May 2002)

Capacity Market		
Issue:	Seams Issues Chronology Reference	Status
Differences in ICAP definitions, requirements, deliverability, and recall procedures have hampered the ability of suppliers to sell ICAP between Northeast ISOs.	16 – ISO-NE Changes to ICAP Rules	Complete (May 2002)
	23 – NYISO Filing for ICAP Deliverability to PJM	Tariff changes awaiting FERC approval
	31 – ISO-NE ICAP Implementation	1Q 2003
	33 – Regional ICAP Working Group Activity	Near-term (Dec 2002) and long-term (2004) objectives

Transmission and Generation Interconnection Procedures		
Issue:	Seams Issues Chronology Reference	Status
Different and inconsistent transmission and generation interconnection procedures among control areas create barriers to market entry and may bias generation investment in an inconsistent manner with regard to the long-term market signals.	(new) – Standardize transmission and generation interconnection procedures consistent with FERC SMD NOPR.	ASAP following FERC SMD NOPR

Export Charges (Pancaking)

Issue:	Seams Issues Chronology Reference	Status
Control-area specific export charges remove incentives to transact business when transaction margins are of the same magnitude or less than the prevailing export charges. Such charges include transmission and ancillary service components.	(new) - ISO-NE and NYISO announce plan in January 2002 to develop common markets – NERTO filing calls for elimination of pancaking on Day 1.	2003/2004
	PJM – MISO announce plan in January 2002 to develop a joint common market.	2005
	PJM and Allegheny System form PJM West	Complete (April 2002)
	ISO-NE, NYISO, IMO enter agreement in June 2002 to harmonize market rules and develop larger markets.	Recommendations on export-charge eliminations due March 2004
	Address transmission tariff “through and out” service requirements	Awaiting FERC and State PUC direction

Emerging Issues

Issue:	Seams Issue Chronology Reference	Status
Consistent scheduling practices must be coordinated among adjacent control areas connected by controllable tie lines (HVDC, Phase Angle Regulators).	(new) – Controllable Tie line scheduling	ISO Staff to assess scope and deliverables, review with stakeholders.
Coordinated Management of inter-control area congestion and unscheduled parallel flows will lead to more efficient use of control area ties while avoiding un-intended cost shifting.	(new) – Inter-control area congestion management/parallel flow management	ISO Staff to assess scope and deliverables, review with stakeholders.