

# The Trigger

## A Proposal to Resolve the Choice of Interface Market Rules under IRIS

Business Issues Committee

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Robb Pike

# Proposed Resolution

- ◆ To resolve the split in approvals between CTS (approved in NY) and Tie Optimization (approved in NE), the ISOs propose additional action for stakeholder consideration and vote in each region.
- ◆ Action in New York precedes action in New England. If New York fails to act, or if New York approves but New England does not, the additional actions proposed in this presentation become moot.

# Proposed Resolution

- ◆ The ISOs request that the concept of the proposal outlined here be approved by Stakeholders in each ISO.
  - *In New York this proposal is presented for a concept approval vote today (as was done for the CTS/TO choice)*
  - *In New England, this vote would be included with a vote on CTS at the September 9<sup>th</sup> NEPOOL Participants Committee.*
  
- ◆ If this effort fails, the ISOs will meet again to review options. At the moment, however, there is no other plan on how to move a uniform interface scheduling improvement to FERC and the current proposal represents the best alternative identified by both ISOs and Dr. Patton.

# Resolution Proposal

- ◆ The ISOs propose that the CTS FERC filing include, in the tariffs of each ISO, a five phase process:
  - *a required two-year review by Dr. Patton of interface scheduling under CTS;*
  - *a threshold and trigger to test the efficiency of CTS as an interface scheduling tool;*
  - *the adoption of appropriate CTS improvements, including the filing of tariff amendments, as necessary, using a compliance filing approach, if the threshold triggers in year two;*
  - *a one-year cure period to improve CTS; and*
  - *the filing of tariff amendments, as appropriate, to implement Tie Optimization, after appropriate thresholds have triggered, as compliance filings in the CTS docket. The CTS filing would include a request that the Commission direct such compliance filings.*

# The Two-Year Review

- ◆ Dr. Patton will describe the process he has developed for measuring the future scheduling efficiency of CTS.
- ◆ Dr. Patton will also describe the threshold and trigger he believes are appropriate for use in measuring the sufficiency of these savings.
- ◆ He will conduct this analysis using the first two years of post-CTS implementation data.
- ◆ The ISOs would determine whether the threshold has triggered, using Dr. Patton's data for the second year of post-CTS implementation results.

# Improve CTS

- ◆ If the threshold has triggered:
  - *Dr. Patton would present recommendations, if any, for improving CTS. If appropriate and necessary, tariff amendments to implement the improvements would follow the compliance filing approach.*
  - *After such improvements have been in place for one additional year, Dr. Patton would again measure the savings sufficiency of CTS.*
  - *If the ISOs determine, based upon Dr. Patton's data, that the threshold has again triggered, a compliance filing approach to adopt Tie Optimization would begin.*
  - *If not triggered, the ISOs continue with CTS.*

# Compliance Filing Approach

- ◆ NYISO presents tariff amendments to improve CTS, and / or to implement Tie Optimization, as appropriate
- ◆ Stakeholder review, revision and comment available on the proposed tariff amendments
- ◆ Stakeholder comments and issues shared with the Board for use in its deliberations
- ◆ Board direction to file appropriate tariff amendments, using a compliance filing
  - *In the CTS filing, the ISOs would request that the Commission direct CTS improvements or Tie Optimization market rules be filed, if appropriate thresholds have triggered, as compliance filings.*
- ◆ A comparable process would commence in New England

# Next Steps

- ◆ Seek stakeholder conceptual approval vote on the resolution proposal.
- ◆ Develop with stakeholders the tariff language, with this five phase resolution process as amendments, as part of the CTS tariff approval process.
- ◆ CTS tariff approval would follow the routine stakeholder process in each ISO. New York's CTS stakeholder process will be this fall