

Virtual Regional Dispatch Pilot Project Discussion

Business Issues Committee

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Presentation Overview

- Alternatives
- Objectives of VRD Pilot
- Overview of Pilot
- Proposed Timeline of Pilot

Alternatives to Proposed VRD

- The ISO will support examination of alternatives to VRD that rely on intra-hour MP transactions.
- The objective of VRD, or alternatives, is to produce an efficient use of the transmission system between NY and NE, as called for by the BOD and the Market Advisor to both markets
- As an early effort over the next few months, the ISO will pursue a satisfactory alternate solution in cooperation with Market Participants.

Alternatives and VRD Pilot

- The VRD Pilot will evaluate processes that are common to any method of utilizing short notice transactions to improve price equilibration between markets, including alternatives that rely on intra-hour MP transactions.
- VRD Pilot is necessary before the ISO can implement either VRD or alternatives to VRD that rely on intra-hour MP transactions.

VRD Pilot Objectives

- Identify operations issues associated with intra-hour short term exchanges of energy
- Evaluate tools and data needed to facilitate intra-hour exchanges
- Observe the effect of intra-hour energy exchanges on all Proxy Bus prices
- Collect information and issue reports on Pilot tests
- Evaluate information in the context of any future activities related to intra-hour energy exchanges

Overview of Pilot

- Pilot Test 1
 - Test 1 (Section 3 of the Whitepaper) will verify the ability to evaluate and schedule intra-hour transactions and will be used to identify any operational issues with scheduling.
 - Test 1 will not attempt to converge prices between the Control Areas.
- At the conclusion of Test 1, ISOs will resolve any operational issues and issue a Report to the Markets.
- Further tests will build on results of Test 1.

Overview of Test 1

- Test 1 will encompass at least two test sessions.
- Each test session will be conducted over two consecutive days.
- Each test will schedule specific MW transactions at defined time intervals from one Control Area to the other.
- Tests are designed to verify operational processes and minimize impact on operations and markets.
- Transactions will be settled in a manner similar to Emergency Energy Transactions.

Analysis Prior to Test 2

- After Test 1, ISOs will identify any issues and propose resolutions based on Test 1.
- ISOs will issue a Report and discuss Test 1 results with MPs.
- Further test plans, including procedures for Test 2, will be developed with MP input and concurrence.

Overview of Test 2

- Test 2 may be structured to move prices toward convergence at the NY/NE Proxy Busses using real-time intra-hour transactions.
- Specific details of Test 2 will be developed based on information gained from Test 1.
- At completion of Test 2, additional Reports will be generated and shared with Market Participants.

Tariff and Schedule

- Pilot Project will require Tariff changes for the VRD transaction settlements; proposing RS 1 treatment for net revenues or costs from tests
- ISO staff brings this issue to BIC for approval of attached tariff language and a recommendation to proceed with the Pilot
- MC and BOD approval will be sought in September
- Test 1 is planned to be conducted in December and January