

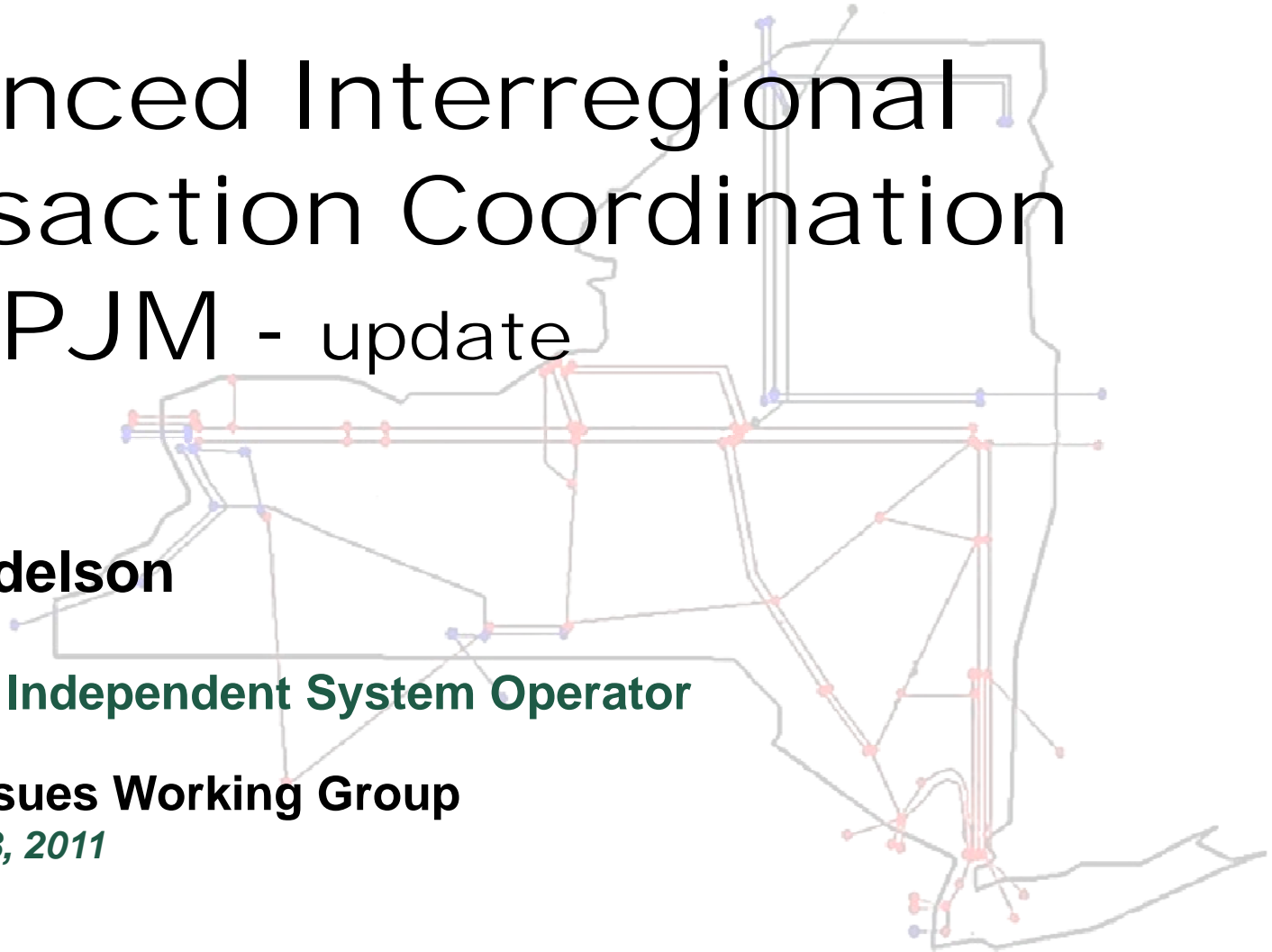
Enhanced Interregional Transaction Coordination with PJM - update

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Background

Enhanced Interregional Transaction Coordination permits the scheduling of inter-Balancing Authority transactions involving the NYISO on a more frequent basis than once-per-hour. This is a multi-phase effort that is being rolled out on an interface-by-interface basis for energy transactions.

The NYISO completed the software implementation of phase 1 (15-minute scheduling with HQ) on May 17th *. That implementation included the majority of functionality necessary to coordinate 15-minute energy transaction scheduling with PJM as well.

For design and concept details, please refer to the EITC Concept Update presented to MIWG on June 07, 2010:

http://www.nyiso.com/public/webdocs/committees/bic_miwg/meeting_materials/2010-06-07/Agenda_04_EITC_Scheduling_Pricing_Concept.pdf

For tariff details, see the tariff filing from December 28, 2010 and subsequent compliance filing on April 13, 2011:

http://www.nyiso.com/public/webdocs/documents/regulatory/filings/2010/12/NYISO_205_EITC_Filing_12-28-10.pdf

http://www.nyiso.com/public/webdocs/documents/regulatory/filings/2011/04/EITC_Compliance_Filing_FINA_L_04_13_11.pdf

* The actual begin date of the 15-minute scheduling at the HQ-Chateaugay interface was July 2011.

Implementation Approach

- ◆ Enable 15-minute transaction bidding and scheduling at the PJM Proxy Buses one Proxy Bus at a time
 - The Proxy Buses are Keystone (AC Interface), Neptune Scheduled Line, and Linden VFT Scheduled Line.
 - The order of the activations will be determined by operations staff of both NYISO and PJM.

- ◆ NYISO Market Participants will be provided notification two weeks before each PJM Proxy Bus is activated for 15-minute transaction bidding and scheduling.
 - NYISO anticipates being ready to activate the first PJM Proxy in late Q2 2012.

- ◆ Activation of the 15-minute scheduling at each Proxy Bus will be effectuated in the tariff via a compliance filing to update the table in section 4.4.4 of the MST
 - *4.4.4 Identifying the Pricing and Scheduling Rules That Apply to External Transactions*

Settlement/Tariff Changes

◆ Import Curtailment Guarantee

- *Guarantee payment given to import transactions that have been curtailed at the request of NYISO.*
 - Prior to EITC Phase 1, the calculation applied to the difference between the **RTC** Schedule and the **RT** Schedule
 - Since EITC Phase 1, the calculation is applied to the difference between **DAM** Schedule and **RT** Schedule.

- *The intention of this guarantee is to cover the importer's DAM margin when curtailed after real-time schedules are established. However, prior to EITC, this calculation used the RTC schedule instead of the DAM schedule. The result is that this calculation took into account if an import had been scheduled down from its DAM schedule in RTC before being curtailed for NYISO security.*

- *NYISO proposes to return the RTC schedule back into the equation by modifying the formula as follows:*

Current: $Max((RTL BMP_{ti} - Max(DA Dec Bid_{ti}, 0)) \times (DA En_{ti} - RT Den_{ti}) \times s_i / 3600, 0)$

Proposed: $Max((RTL BMP_{ti} - Max(DA Dec Bid_{ti}, 0)) \times Max(Min(DA En_{ti}, RTC En_{ti}) - RT Den_{ti}, 0) \times s_i / 3600, 0)$

NERC eTag submittal changes

- ◆ NERC eTags with a transaction type of “NORMAL” will be used for 15-minute transactions with PJM.
 - *NERC eTags with a transaction type of “DYNAMIC” are used for 15-minute transactions with HQ.*
- ◆ DAM – no changes to NERC eTag submittal or NYISO bidding processes will be made.
- ◆ HAM - NERC eTags must be submitted to the tagging authority prior to HAM close, 75-minutes in advance of the dispatch hour.
 - *RTC will only evaluate Transactions that have a valid NERC eTag submitted to a tagging authority by HAM Close.*
 - Valid NERC eTag means that the eTag’s Energy Profile matches the MIS bid’s Energy Profile MW for the upcoming dispatch hour.
 - *Any changes to the eTag Energy Profile (including new tags or withdrawal of an existing tag) that are initiated by the tag author (PSE) after HAM Close would be denied.*
 - Balancing Authority changes would not be denied
 - *Any changes to the eTag Transmission Profile that are initiated by the tag author (PSE) after HAM Close will be accepted.*

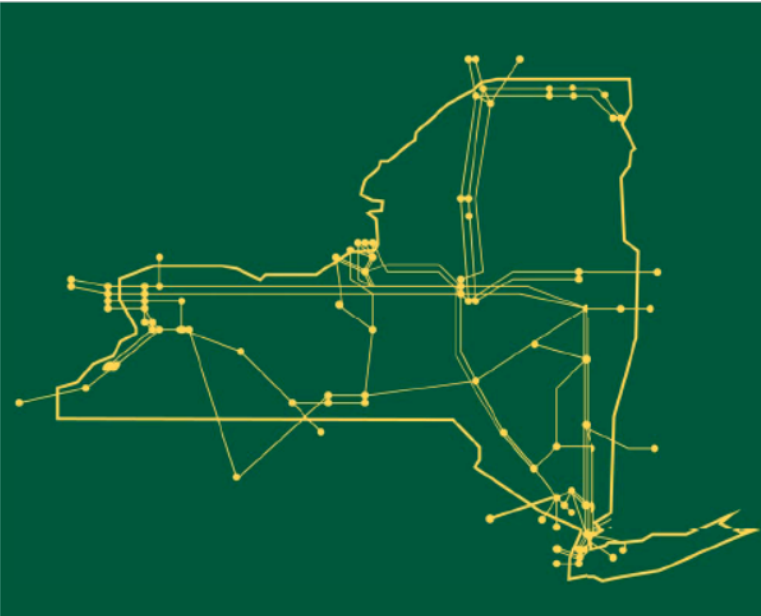
NERC eTag submittal failure mode

- ◆ In the event the NYISO is unable to verify the existence of a NERC e-Tag due to technical issues, the NYISO bid validation rules will assume that the Market Participant has properly submitted the NERC e-Tag and allow the MIS transaction offer to be economically evaluated by the scheduling software.
 - *It is always the responsibility of the MP to ensure that the NERC e-Tag is consistent with the associated MIS transaction offer*

Next steps

- ◆ *Tariff changes for Import Curtailment Guarantee brought to December 14th BIC*
- ◆ *Technical Bulletin #27 (NERC electronic tagging under NYISO Operations) updated in Q2 2012.*
- ◆ *Project deployment in late Q2 2012.*
- ◆ *At least two-week notice prior to enabling each NY-PJM Proxy Bus for 15-minute scheduling.*

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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