Northeast Power Markets Seams Action Plan

## **Northeast Power Markets Seams Action Plan**

Prepared by: New York Independent System Operator ISO New England PJM Interconnection

**October 9, 2002** 

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**Topics Covered:** 

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 Differences ATC Manipulation Capacity Market Transmission and Generation Interconnection Procedures Export Charges (Pancaking) Emerging Issues

| Transmission Service             |  |                             |
|----------------------------------|--|-----------------------------|
| Issue:                           | Seams Issues Chronology Reference                | Status                      |
| Market Participants require      | 15 – NY Transactions Prescheduling               | Complete (Feb. 2002)        |
| consistent treatment of          | 28 – NY Interconnection Agreement with HQ/TE     | Complete (Oct. 2002 – Orig. |
| transmission service products    |  | Date Sept. 2002)            |
| across multiple control areas to | 29 – PJM/NY Coordination of Controllable Lines   | Dec. 2002                   |
| reduce perceived market risk,    | (Phase-Angle Regulators)                         | Currently in settlement     |
| scheduling confusion and         |  | discussion with FERC ALJ    |
| uncertainty.                     | 30 – ISO-NE to Implement SMD 1.0                 | 1Q 2003                     |
|                                  | (new) 35a – Maritimes become participants in ACE | Summer 2003                 |
|                                  | Diversity Interchange Process                    |                             |
|                                  | 37 – NY TCC Options for External Interfaces      | 2003                        |
|                                  | 40 – NYISO to Implement SMD 2.0 (automated       | 1Q 2004 (Orig. Date 2003)   |
|                                  | checkout and in-day prescheduling)               |                             |

| Transaction Checkout Failure   |  |  |
|--|--|--|
| Issue:   | Seams Issues Chronology Reference                          | Status   |
| Operators curtail transactions due to mismatched tag data, different                                     | 10 –NY Implementation of Transaction Scheduling Desk       | Complete (June 2001)   |
| MW volumes, etc. The curtailment of transactions due to  | 20 – Interim Transaction Checkout Between NYISO and ISO-NE | Complete (May 2002)  |
| data incompatibility is disruptive<br>to both the marketplace and the<br>reliable operation of the grid. | 38 – Open Scheduling System (OSS)                          | Early market trials of some<br>functionality for transactions<br>between NY and PJM<br>scheduled for OctNov. 2002.<br>On-going through 1Q 2003 |

| Export Charges (Pancaking)   |  |  |
|--|--|--|
| Issue:   | Seams Issues Chronology Reference  | Status   |
| Control-area specific export<br>charges remove incentives to<br>transact business when | 13a - ISO-NE and NYISO announce plan in January 2002 to<br>develop common markets – NERTO filing calls for<br>elimination of pancaking on Day 1. | 2003/2004  |
| transaction margins are of the same magnitude or less than the                         | 14a - PJM – MISO announce plan in January 2002 to develop<br>a joint common market.  | 2005   |
| prevailing export charges. Such  | 15a - PJM and Allegheny System form PJM West   | Complete (April 2002)  |
| charges include transmission and ancillary service components.                         | 23a - ISO-NE, NYISO, IMO enter agreement in June 2002 to harmonize market rules and develop larger markets.                                      | Recommendations on<br>export-charge eliminations<br>due March 2004 |
|  | Address transmission tariff "through and out" service requirements   | Awaiting FERC and state<br>PUC direction                           |

| Transaction Scheduling   |  |  |
|--|--|--|
| Issue:   | Seams Issues Chronology Reference  | Status   |
| Inconsistent information and<br>market timing rules lead to<br>uncertainty and risk that | 5 – PJM Schedule Change Timing Requirements from 30 to 20 minutes        | Complete (Jan. 2001)   |
| discourage the scheduling of   | 14 – PJM Modifies NYPP-E/NYPP-W LMP Definition                           | Complete (Jan. 2002)   |
| some inter-regional transactions   | 10 –NY Implementation of Transaction Scheduling Desk                     | Complete (June 2001)   |
|  | 11 – PJM Implementation of Collaborative Scheduling<br>System (CSS)      | Complete (June 2001)   |
|  | 17 – ISO-NE Rule Changes to Permit Short-Notice<br>Transactions to NYISO | Complete (May 2002)  |
|  | 19 – NY Hour-Ahead Closing Time Changed from 90 to 75<br>Minutes         | Complete (May 2002)  |
|  | 21 – IMO Scheduling Procedures   | Complete (May 2002) –<br>additional work in progress<br>for 2002 |
|  | 32 – NY RTS Implementation   | 1Q 2004 (Orig. Date 2003)  |

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| Transaction Curtailment                                     |  |                       |
|---|--|-----------------------|
| Issue:  | Seams Issues Chronology Reference                                      | Status                |
| Transaction curtailments for security may extend beyond the | 1 – NY Emergency Transfer Agreement with PJM                           | Complete (May 2000)   |
| reliability need due to differences                         | 3 – NY Emergency Transfer Agreement with ISO-NE                        | Complete (Aug. 2000)  |
| in market timing. Extended                                  | 6 – NY Reserve Sharing with ISO-NE                                     | Complete (Feb. 2001)  |
| curtailments are disruptive to both                         | 7 – NY Transaction Curtailment   | Complete (Mar. 2001)  |
| the marketplace and the reliable                            | 9 – NY Emergency Transfer Agreement with Hydro Quebec                  | Complete (May 2001)   |
| operation of the grid.                                      | 18 – NY Transactions Reinstatement                                     | Complete (May 2002)   |
| operation of the gra.                                       | 22 – NY Emergency Transfer Agreement with IMO                          | Complete (May 2002)   |
|   | 25 – NY/PJM Implement Plan to Enhance Congestion<br>Management         | Complete (June 2002)  |
|   | 26 - Area Control Error (ACE) Diversity Exchange between NY and ISO-NE | Complete (June 2002)  |
|   | (new) 27a – NPCC Enhancement/Expansion of Lake Erie                    | Complete (Sept. 2002) |
|   | Emergency Redispatch   |                       |
|   | 29a – PJM to implement spinning reserves market                        | December 2002         |
|   | 35 – NY Lake Erie System Redispatch Implementation                     | June 2003             |
|   | 39 – External 30-Minute Reserves Participation in NYISO                | 2003                  |
|   | (new) 39a – Expansion of Regional Reserve Sharing                      | 2003                  |

| Failure of Transactions due to Ramping of Control Area Interchange  |  |                           |
|---|--|---------------------------|
| Issue:  | Seams Issues Chronology Reference  | Status                    |
| Desirable transactions between<br>control areas may be "blocked"    | 12 – PJM Coordinates Schedule Approval Process with NY to<br>Help Control Ramping Issues | Complete (June 2001)      |
| from access to the grid due to<br>insufficient dispatch capacity to | 13 – NY Multi-Hour Block Transactions  | Complete (Dec. 2001)      |
| absorb large schedule changes<br>while maintaining energy/load      | 15 – NY Transactions Prescheduling   | Complete (Feb. 2002)      |
| balance within the control area.                                    | 32 – NY RTS Implementation   | 1Q 2004 (Orig. Date 2003) |

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| ATC Differences Issue:   | Seams Issues Chronology Reference   | Status  |
|--|---|---|
| Individual control areas determine<br>ATC for jointly operated<br>transmission interfaces.   | 24 – Post TTC/ATC for All Interfaces on NPCC Website  | Complete (NY, NE, HQ,<br>PJM and Maritimes - 2002)  |
| Differences in ATC calculations<br>can confuse the marketplace,<br>which may react by avoiding<br>transactions that would otherwise<br>be economic due to the<br>uncertainty and perceived risk. | <ul> <li>(new) – Improved TTC/ATC Posting with monthly and yearly ATC values to support prescheduling</li> <li>(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.</li> <li>(new) – Review accuracy and currency of TTC/ATC postings – identify as in-day or day-ahead values</li> <li>(new) – Consistency of assumptions</li> </ul> | Complete<br>Complete (ISO-MOU<br>presentations, March/May<br>2001)<br>ISO staffs to assess scope<br>and deliverables, review<br>with stakeholders<br>ISO staffs to assess scope |
|  | (new) – consistency of assumptions  | and deliverables, review<br>with stakeholders   |

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

| Capacity Market                   |  |                             |
|-----------------------------------|--|-----------------------------|
| Issue:                            | Seams Issues Chronology Reference                | Status                      |
| Differences in ICAP definitions,  | 16 – ISO-NE Changes to ICAP Rules                | Complete (May 2002)         |
| requirements, deliverability, and | 23 – NYISO Filing for ICAP Deliverability to PJM | Complete (Filed May 2002 /  |
| recall procedures have hampered   |  | FERC Acceptance July        |
| the ability of suppliers to sell  |  | 2002)                       |
| ICAP between Northeast ISOs.      | 31 – ISO-NE ICAP Implementation                  | 1Q 2003                     |
|                                   | 33 – Regional ICAP Working Group Activity        | Near-term (Dec 2002)        |
|                                   |  | deliverables on-track (see  |
|                                   |  | chronology history).        |
|                                   |  | Additional deliverables     |
|                                   |  | projected for 2003 and 2004 |
|                                   |  | (Orig. Date 2003)           |

| Issue:                             | Seams Issues Chronology Reference                 | Status                      |
|------------------------------------|---|-----------------------------|
| Firm transmission reservation      | 15 – NY Transactions Prescheduling                | Complete (Feb. 2002)        |
| requirements to establish          | 23 – NYISO Filing for ICAP Deliverability to PJM  | Complete (Filed May 2002 /  |
| "Deliverability" as a requirement  |   | FERC Acceptance July 2002)  |
| to buy external ICAP results in an | 32 – NY RTS Implementation (In-Day Prescheduling) | 1Q 2004 (Orig. Date 2003)   |
| economic advantage for internal    | 33 – Regional ICAP Working Group Activity (ICAP   | Near-term (Dec 2002)        |
| suppliers and a barrier to market  | deliverability and hoarding issues)               | deliverables on-track (see  |
| entry for external suppliers.      |   | chronology history).        |
|                                    |   | Additional deliverables     |
|                                    |   | projected for 2003 and 2004 |
|                                    |   | (Orig. Date 2003)           |

| Transmission and Generation Interconnection Procedures |   |                     |
|--|---|---------------------|
| Issue:   | Seams Issues Chronology Reference                   | Status              |
| Different and inconsistent                             | (new) – Standardize transmission and generation     | ASAP following FERC |
| transmission and generation                            | interconnection procedures consistent with FERC SMD | SMD NOPR            |
| interconnection procedures                             | NOPR.   |                     |
| 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.                       |   |                     |

| Emerging Issues |   |  |
|-----------------|---|--|
| Issue:          | Seams Issue Chronology Reference  | Status   |
|                 | (new) – Controllable line scheduling                                      | Concept of Operation being<br>developed for review by<br>Market Participants |
|                 | (new) – Inter-control area congestion management/parallel flow management |  |