

Transaction Coordination with ISO-NE

Robert Pike
Director, Market Design
New York Independent System Operator

Market Issues Working Group
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Agenda

- ◆ Today: A high-level overview of the Broader Regional Market transaction scheduling opportunities with ISO-NE
 - *What's the problem?*
 - *Why is it worth fixing?*
 - *What fixes are we looking into?*
 - *When will we have more refined proposals for consideration?*
- ◆ ISO-NE has presented this topic at their NEPOOL Markets Committee on Sept. 15th.
- ◆ We would appreciate your input over the next few months.

Background

- ◆ Participants schedule energy transactions between NY and NE
- ◆ Many practical concerns with the scheduling system:
 - *Myriad rules – that differ between ISO-NE and NYISO*
 - *Cumbersome – ISOs require everything twice (once for each ISO)*
 - *Inflexibility – rigid schedules can't match fast-changing LBMPs*

What are the Consequences?

- ◆ Interties with ISO-NE are underutilized
 - *Ample transmission capacity to move more power across interface from low to high-cost ISO*

- ◆ Higher production costs than necessary
 - *Displacing higher-cost with lower-cost power is efficient*

Why is it worth fixing?

- ◆ Potomac Economics evaluated benefits for NY and NE, if NE-NY interties were efficiently scheduled:

Table 2: Estimated Benefits of Coordinated External Interface Scheduling
Interface Between Upstate NY and New England, 2006 – 2009

	2006	2007	2008	2009
Estimated Production Cost Net Savings (in Millions)	\$17	\$21	\$19	\$10
Estimated Consumer Net Savings (in Millions):				
New England Customers	\$61	\$22	\$25	\$64
New York Customers	\$59	\$177	\$127	\$65
Total for New England and New York Customers	\$120	\$199	\$152	\$129
During Reserve Shortage Hours	\$16	\$75	\$31	\$13

- ◆ Production cost savings are a pure efficiency gain, if the ISOs can fix the underlying problems.

Source: David Patton. "2009 Assessment of the Electricity Markets in New England." http://www.iso-ne.com/markets/mktmonmit/rpts/ind_mkt_advsr/2009_immu_report_final.pdf.

What fixes are we examining?

- ◆ New 'one-stop' transaction platform
- ◆ Higher frequency transaction scheduling
- ◆ Settlement revisions to reduce risk
- ◆ Improved congestion pricing

Next Steps

- ◆ This fall: Input from interested stakeholders
- ◆ Dec-Feb: Status report updates;
Review Market Design concepts
- ◆ June 2011: Achieve Market Design approval
- ◆ Fall 2011: FERC filings

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 provides comprehensive reliability planning for the state's bulk electricity system.

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