

NYISO Committee Proposal

<u>Seams Issues</u> High Priority Items	
Issues	Proposed Practice
1. Checkout	<p><u>Best Practices Proposal:</u></p> <p>A. Preference for ISOs to develop processes that will minimize transaction failures due to missing or mismatched data by:</p> <ul style="list-style-type: none"> • Allowing updates to NERC tag information in each ISO’s MIS. • Checking tag information prior to the hour-ahead evaluation. • Reviewing tag information in the OATI NERC tagging system and initiating contact with transaction owners to resolve discrepancies. <p>The Common Interface Tool (CIT) proposed by the MOU may address these issues and should be explored in more detail.</p> <p>B. <i>IN THE SHORT-TERM</i>, Operate separate day-ahead unit commitment and dispatch processes within each ISO but within a structured sequence that would enable the separate processes to operate much as if they were a single process.</p> <p><i>(BIC 2/15/01 Amendment)</i></p> <ul style="list-style-type: none"> • <i>A centralized checkout process for ISO to ISO transactions should be established allowing for a single contact point for the Northeast market.</i> • <i>Checkout should be coordinated better between Control Areas. Each ISO should check-out interchange transaction schedules with each other, rectify any inconsistencies, where possible, and then post the accepted schedules.</i> • <i>If the NYISO identifies data problems or mistaken entries during the check-out process and cannot rectify them, it should follow PJM’s practice of contacting the market participant and rectifying the error rather than rejecting the schedule.</i> <p><u>Advantages:</u></p> <p>A.</p> <ul style="list-style-type: none"> • Will minimize the failure of transactions to flow due to data or coordination errors. • Will minimize the number of system reliability issues that occur as a result of “scheduled” transactions not flowing on the hour. <p>B.</p> <ul style="list-style-type: none"> • Allows market participants to better manage their import and

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	<p>export schedules by sequencing the deadlines for bid submission and schedule posting among the neighboring ISOs.</p> <ul style="list-style-type: none"> • Avoids the complexity of implementing a single Northeast-wide day-ahead unit commitment and scheduling process <i>AT THIS TIME</i>. • This approach would enable market participants to submit consistent bids and schedules across the ISOs because they would know which schedules had been accepted in adjacent control areas. • Improved consistency of schedules in the day-ahead market. • Reduced withholding of capacity from day-ahead markets to hedge inter-control area arbitrage transactions. • Current SCUC/BME software accounts for ramping limitations simultaneously within the software and eliminates the need for a separate process. <p><u>Additional Details:</u></p> <ul style="list-style-type: none"> • Full implementation of this approach would extend the sequencing to the hour-ahead scheduling processes. • Add a combined auction for a single set of inter-regional financial transmission rights (IFTRs) between each of the adjacent control areas that would only hedge congestion across the external constraints.
<p>2. Ramping</p>	<p><u>Best Practices Proposal:</u></p> <ul style="list-style-type: none"> • Review the ability to allow Multiple schedule changes per hour. <p><i>(BIC 2/15/01 Amendment)</i></p> <ul style="list-style-type: none"> • <i>Neighboring ISOs should use the same Ramp Rates for common interfaces. The Ramp Rate selected should be the highest common Ramp Rate practicable to maximize use of interface transfer capability.</i> <p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Minimize transaction curtailments due to ramp constraints and improve reliability performance.

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3. Transaction Scheduling

Best Practices Proposal:

With regard to which fundamental system design is preferred, the NYISO market participants are divided regarding a financial bid-based system of transaction scheduling versus a physical rights system and cannot make a recommendation at this time.

With regard to the financial bid-based system that is currently in place in New York, we recommend that the BME posting occur 1 hour in advance of the hour and that ramp constraints considered in BME should be consistent with neighboring control areas. *(THIS PROVISION AND THE BIC AMENDMENT BELOW (SECOND BULLET) CONFLICT.*

Design Criteria:

- Needs to provide transmission access to those who value it most.
- Needs to prevent “hoarding” of transmission rights.
- The desired system should simplify transaction scheduling.

(BIC 2/15/01 Amendment)

- *The Supporting Parties do not, at this time, recommend either a financial system or a physical system as the Best Practice. Adjacent control areas must, however, agree on a consistent or coordinated set of transmission rights between the control areas. In the absence of (a) PJM converting to a financial system or (b) New York or New England converting to a physical rights system, a hybrid of the two approaches must be developed and implemented. Ultimately, a single system for managing inter-ISO transactions and allocating interface transfer capability must be developed. Both the interim hybrid and the end-state system must recognize a transmission customer’s right to schedule and depend upon firm transmission service in day-ahead and real-time energy markets.*
- *The ISOs should provide the same scheduling flexibility and have the same schedule submission deadline. Following PJM’s practice, each ISO should allow four (4) in-hour schedule changes. The scheduling deadline for real-time market transactions for all ISOs should be the same and as close to the beginning of the dispatch hour as practicable. Currently, PJM accepts changes 20 minutes before the hour and NYISO accepts changes 90 minutes before the hour. The NYISO should run evaluation software at the same frequency that schedule adjustments are permitted.*
- *Each ISO should model common control area interfaces in he*

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	<p><i>same way (e.g., as one zone or multiple zones). The modeling method chosen should accurately represent regional prices and actual interregional energy flow patterns.</i></p> <ul style="list-style-type: none">• <i>Each ISO must accept transaction block bids scheduled on an all-or-nothing basis similar to the manner in which the NYISO allows generators to designate blocks of energy through submission of a minimum run-time.</i>• <i>A common electronic system for tracking transactions should be established so information can be passed freely between control areas, duplicative data entry into multiple systems can be eliminated, and ISOs can be certain that they are reviewing the same information.</i> <p><u>Advantages:</u></p> <ul style="list-style-type: none">• Earlier posting of BME schedules will allow parties to transactions to take appropriate actions in the scheduling process of neighboring control areas.

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4. Transaction Curtailment	<p><u>Best Practices Proposal:</u></p> <ul style="list-style-type: none">• Recommend that a SRE-like approach be investigated to determine if procedures could be developed to allow the NYISO to pick-up counter-flow transactions in-hour to solve a constraint, when agreed upon with a neighboring control area.• Preference for phone notification to the transaction owner when curtailments occur.• The ability to use the call-in number at the ISO to resolve discrepancies needs review.• Desired ability for a BME-like process to minimize transient real-time problems that would result in curtailments.• Firm day-ahead transactions should be curtailed after non-firm and firm hourly transactions. <p><i>(BIC 2/15/01 Amendment)</i></p> <p><i>See BIC Amendments under Issues 1 (Checkout) and 3 (Transaction Scheduling).</i></p> <p><u>Advantages:</u></p> <ul style="list-style-type: none">• This method will reduce curtailments and accommodate ramp constraints.• Currently, the Hour-Ahead and Day-Ahead evaluation tools will schedule counter-flow transactions to solve DNI or ramp constraint, when such counter-flow are available and it is economic to do so. However, when an in-hour constraint is reached and SCD cannot redispatch the system to solve the constraint, the NYISO Operator must make a DNI change by curtailing transactions to affect relief on an internal interface. Rather than cutting a transaction in between BME runs to change the DNI, the in-hour process we propose could be a more market friendly approach that maximizes the use of the transmission system.
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5. ATC/TTC

Best Practices Proposal:

Enhance ATC/TTC posted data by posting additional information on:

- The aggregate total MWs of counter-flow bids at each proxy bus and a bid associated with those counter-flow bids.
- TTCs In and Out of each Control Area.
- The Transmission Reliability Margin (TRM) used in the TTC calculation, updated as it changes.
- Collectively, the ISOs should implement a process to coordinate the posting of ATC/TTCs on external interfaces so that neighboring control areas are posting the same numbers.

(BIC 2/15/01 Amendments)

- *Each ISO must clearly and consistently define and post TTC on OASIS. Each ISO must verify calculations of TTC at common border interfaces with the bordering ISO before posting the values. The values at interfaces of bordering ISOs must be equivalent and must be represented on each OASIS in the same manner. For example, where two ISOs calculate a different TTC for the same border interface, the TTC for both ISOs (unless both ISOs conferred, recalculated, and agreed upon the higher value or some value in between), would equal the lower TTC value. The ISOs must strive to achieve the highest TTC consistent with good utility practice. Each time bordering ISOs calculate different TTC values for the same interface, they must promptly post the original and final calculated values, and an explanation for the difference, on the OASIS.*
- *TTC should be changed only to reflect actual physical changes in the transmission equipment capacity and not for economic considerations such as reducing internal congestion, which should be addressed through generation redispatch. The conditions under which TTC will be changed must be proceduralized and common to all ISOs. When an ISO changes a TTC value, the reason, the value, and duration for such change must be posted on the ISO's OASIS at the time the change occurs.*
- *Each ISO must post and update, at a specific site on the OASIS, (a) bid amounts (megawatt amounts, not financial bids) and (b) scheduled and actual flow information for each boundary interface in real time in each direction. Posting only the net values is insufficient. For each interface, each ISO must post the following:*
 - a. All energy bid to be imported;*
 - b. All energy bid to be exported;*
 - c. All energy scheduled as imports;*
 - d. All energy scheduled as exports;*
 - e. Scheduled Desired Net Interchange values and updates;*

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f. Actual energy flows in real time.

Each ISO must list the above values separately as either firm or non-firm. Wheel-through transactions must be listed separately

- *Each ISO should post Transmission Outage Schedules as far in advance as possible and update the schedules as soon as schedule changes are identified. Each outage posting should include (a) any limiting circumstances that could cause changes in the outage schedule (e.g., cancellation due to inclement weather, dependence upon performance of other outages) and (b) where a change to a scheduled outage is requested and granted, the identity of the requesting party and the duration of the change.*

Advantages:

- The aggregate of counter-flow bids would provide the means for Market Participants to determine a more usable measure of available transfer capability by adding the posted ATC and the Proxy Bus MW supply number to give what amounts to a “Virtual ATC” number.
- Directional TTCs and the numbers that go into the calculation would provide the market with a clearer picture of the true transmission capability that is available.
- Coordination of TTC postings on the ties will minimize confusion due to conflicting information.

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6. Capacity Market	<p><u>Best Practices Proposal:</u></p> <p>There is a desire to develop consistent products, rules and requirements so that providers of capacity are held to the same level of responsibility across ISO Markets. Longer term alternatives should be considered as energy markets evolve.</p> <p><u>Advantages:</u></p> <ul style="list-style-type: none">• Ensures adequate resources are available to meet load and ensure reliability.• Allows for supply of capacity from both internal and external sources.• Provides economic signals that allow suppliers maximum flexibility in deciding whether to participate in the ICAP market, abstain entirely, or sell the capacity to other control areas.
7. ICAP Recall	<p><u>Best Practices Proposal:</u></p> <p>Establish a process that enables parties to import/export capacity, ensures that recalled energy is appropriately compensated, and that anticipated capacity shortages are communicated to neighboring control areas.</p> <ul style="list-style-type: none">• All Parties should be paid using the NY method of payment (or the NE cover cost method) when curtailments occur for a capacity shortage.• ICAP Recall should be initiated at “equivalent levels” across ISOs.• Drop (eliminate) out-service charges and reservation requirement for ICAP transactions.• Fix BME so that it cannot recall non-ICAP based transactions for reserve shortages. <p><u>Advantages:</u></p> <ul style="list-style-type: none">• Facilitates trading of capacity across control area boundaries.• Minimizes economic exposure of capacity resources sold outside their control area.• Enhances interregional reliability.

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8. Trading Hubs	<p><u>Best Practices Proposal:</u></p> <p>Establish trading hubs to provide locations that would facilitate and enhance trading activity in the New York Market.</p> <ul style="list-style-type: none">• Retain implementation of current zonal definitions.• The NYISO will effectively have 11 Zones that can truly act as hubs with the implementation of Virtual Bidding.• Consideration of adding additional hubs should be revisited when State Estimation capabilities are available in the NYISO. <p><i>(BIC 2/15/01 Amendment)</i></p> <p><i>Trading Hub development, although an important enhancement to markets, must await completion of short-term Seams Issues resolution.</i></p> <p><u>Advantages:</u></p> <ul style="list-style-type: none">• The NYISO recognizes that several zones are already being used as virtual trading hubs. Designating appropriate locations as trading hubs would allow Market Participants to conduct business at trading points that are integrated into the NYISO MIS.
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