

Controllable Line Scheduling: CSC Project

Select Energy has proposed to the MSWG a process whereby controllable lines be treated as individual, isolated interfaces that should and can be scheduled separately from synchronous AC interfaces. This scheduling should consist of load bids at one end of the cable and generation bids at the other; once accepted DA, the minimum of the accepted load or gen bids would set the DA schedule. In day, hour ahead bidding could further refine the schedule and to the degree Participants had differences between ahead of and the final RT schedule they would buy out or sell back their positions. These bids would be considered by ISONE and NYISO separately as they make their market solutions.

Please note that at the April 2002 BIC meeting the end-state solution for scheduling over the CSC was to use a Proxy Bus model (see the PPT report).

At this time we propose that this be applied specifically to the Cross Sound Cable Project that is due in commercial service sometime this fall.

We offer the following benefits to this process:

- Most important, injections and withdrawals would be decided on each side in the separate markets that NY and NE run and would not rely on proxy representations of congestion (nor TCCs).
- No TCC allocations need to be made for this situation (or others like it).
- There is implicit, not explicit TTC added between NY and NE.
- There is no need to create proxy busses unique to the CSC to allow for scheduling of energy.
- If the proxy bus method was used, then in situations of ramp or transmission capacity constraint, proxy bus prices would rise (NY's or NE's view of congestion over the line) inviting use of counter-flow transactions to be consistent with other interfaces.

If there were only benefits and no problems Select wouldn't have to make any proposals. However, there are some issues that need to be dealt with.

- FERC's approval of the project came with a requirement for secondary scheduling rights on the line. This issue has held up the resolution more than anything else.
- LIPA, owner of the scheduling rights, has first use rights that complicate the proposal.
- Currently, the NYISO MIS does not allow for multiple generator bids at a single location while the proxy bus model allows for multiple bids from different parties.

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We offer the following for consideration by the NYISO (and LIPA). I would note that regardless of what we do there will be special handling for this type of project as each user has to be tracked if for no other reason than compensating LIPA for use of its scheduling rights.

- To address the MIS limitations:
 - That either the MIS be changed to allow multiple gen/load bids at a single location from multiple parties OR
 - Use of a composite bid curve based on the gen (and load) bids and then allow SCUC to choose what will be taken.
- To address LIPA's first rights of use and since these all allow for others to attempt to bid to schedule over the CSC would address FERC's concerns as well. Please note that the Proxy Bus model suffers the same issues with providing LIPA a first priority.
 - Have LIPA use DAM transaction Pre-Scheduling to allow them unfettered first use (however this likely exposes the to more price risk). This would not prevent LIPA from bidding for other use over the CSC, but those bids would compete with others.
 - Allow parties to bid load and generation as individual parties on both ends of the CSC. Depending on the outcomes of the NE and NY markets, there would be a financial clearing that would assure LIPA of its rights.

This path would require additional effort to decide how the financial arrangements would be settled. Most likely this would include some payment by LIPA to repurchase their position (only if needed) and an indication ahead of time as to how much they would be willing to pay to retain a scheduling position.

- Provide a bidding "carve out" that would ensure LIPA's proposed schedules be considered before others (this is akin – not identical - to the \$20K adder we used to force DA transactions to have priority)

The first two options here could be used in combination.