

# NY-NE Virtual Regional Dispatch Pilot

*Draft  
for discussion only*

MSWG  
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# What is VRD?

- Idea for optimizing electricity production and facility usage of the combined NY and NE control areas
- Maintains the independence of the control areas
- VRD presumes that the optimum, or near optimum, can be achieved by separately optimizing each control area while coordinating the transfer of energy between the two control areas.

# What is the VRD Pilot?

- The VRD Pilot is a first step of the joint NYISO and RTO-NE initiative to better manage their interchange of energy.
- Elements of the VRD Pilot are:
  - An analysis of historical data, possibly with dispatch simulations
  - Limited experiments to test VRD mechanics

# Why a VRD Pilot?

- Will provide an accurate assessment of efficiency gains that might be forthcoming from VRD.
- Will establish the protocols and procedures for NYISO and RTO-NE to:
  - Agree upon magnitude of the VRD transaction
  - Adjust interchange schedule, perhaps as often as every 15 minutes
- Can be implemented relatively quickly:
  - Avoids an investment in new automated optimization techniques until the efficiency gains of VRD have been fully quantified and verified.
  - Avoids development of new settlement rules and hedging instruments until the efficiency gains of VRD have been fully quantified and verified.

# What is a VRD experiment?

- A VRD experiment would be a live test of the processes, procedures, and protocols that would be used to adjust the exchange of energy between NYISO and RTO-NE under VRD
  - Each experiment would be scheduled for a time that would have minimal impact on markets
  - Markets would be given advanced notification of each VRD experiment
  - The experiment would consist of adjustments to a base level of energy flow that had been established through market mechanisms
  - Note effect on prices, among other things

# What about settlements?

- Market participant transactions will settle as they do today. No change is anticipated.
- Settlement of the VRD experimental transaction:
  - NYISO buys/sells at the real-time (RTD) price of the Sandy Pond proxy bus. ECA-B would not apply.
  - RTO-NE buys/sells at the real-time price of the Roseton proxy bus.
  - Revenue surplus (after ancillary service and export charges) would go to the source control area.
  - Revenue shortfall (after ancillary service and export charges) would go to the sink control area.
  - Surplus/shortfall allocated by each market through a schedule-1 like mechanism.

# When can the VRD Pilot start?

- This year, with luck and hard work

# What comes after the VRD Pilot?

- An automated optimization mechanism to establish the best interchange amount
- Expansion to include additional interfaces
- Point-to-point real-time transactions declared after-the-fact
- Cross border hedging instrument
- Congestion management