

External Transactions and Day-Ahead Schedules

Background:

- As required by the tariff, scheduling software will substitute internal NY energy for import energy serving transactions when it is economically advantageous to the supplier to do so. This applies to both day-ahead and balance market scheduling.
- Transactions scheduled day-ahead to be supplied externally and cleared day-ahead with neighboring control areas are subject to re-evaluation in the balancing market and are frequently rescheduled to be supplied from internal NY resources based upon hourly economics.
- A number of market participants complained about this scheduling process and requested that something be done to stabilize at least the transactions scheduled day-ahead. ISO staff proposed to the S&P working group to develop a means of treating external transactions scheduled day-ahead in such a way that they would not be rescheduled for supply by internal NY energy and would have in effect a priority over transactions bid into only the hour ahead market. The S&P working group asked that we examine the impact on schedule of making the priority treatment of a day-ahead transaction an option selectable on an individual transaction basis.
- Since the last discussion with the S&P working group PJM has written to the ISO stating that the frequent cuts to day-ahead transactions by NY is causing them sufficient grief that they are considering stopping the process of clearing day-ahead transactions with NY. ISONE has complained as well.
- The P&S working group reconsidered this issue in light of PJM's complaint and is recommending to the BIC the following course of action for review and approval.

Recommended Action

- P&S working group and ISO staff develop a detailed implementation methodology that will improve the schedule stability for transactions scheduled day-ahead and that will have the following characteristics:
 - ✓ Retain the comparable treatment for internal and external transactions that bid into the day-ahead market and for transactions that bid into the real-time market.
 - ✓ Minimize implementation time by retaining the economic evaluation nature of the BME process. This would be accomplished through some form of modification of the decremental bids of day-ahead transactions that will ensure their priority in the balance market over internal energy supply and hour ahead transactions.
 - ✓ Priority treatment of day-ahead transactions in the balance market would initially be mandatory. The S&P working group will subsequently determine if an optional implementation can be accomplished without unacceptable disruption of inter-control area scheduling processes.
 - ✓ In order to speed the availability of this change, if some external generation has more complicated bidding options that complicate the solution, then the implementation should be incremental.
- P&S working group and ISO staff will report the recommended methodology to the BIC including an assessment of Tariff implications.