

The Trigger

A Proposal to Resolve the Choice of
Interface Market Rules under IRIS

Market Issues Working Group
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Proposed Resolution

- ◆ To resolve the split in approvals between CTS (approved in NY) and Tie Optimization (approved in NE), the ISOs propose additional action for stakeholder consideration and vote in each region.
- ◆ Action in New York precedes action in New England. If New York fails to act, or if New York approves but New England does not, the additional actions proposed in this presentation become moot.

Proposed Resolution

- ◆ The ISOs request that the concept of the proposal outlined here be approved by Stakeholders in each ISO in the August / September time frame.
 - *In New York this proposal would be presented to a special August BIC for a concept approval vote (as was done for the CTS/TO choice)*
 - *In New England, this vote would be included with a vote on CTS by the NEPOOL Participants Committee in September.*

- ◆ If this effort fails, the ISOs will meet again to review options. At the moment, however, there is no other plan on how to move a uniform interface scheduling improvement to FERC and the current proposal represents the best alternative identified by both ISOs and Dr. Patton.

Resolution Proposal

- ◆ The ISOs propose that the CTS FERC filing include, in the tariffs of each ISO, a four phase process:
 - *a required two-year review by Dr. Patton of interface scheduling under CTS;*
 - *a threshold and trigger to test the efficiency of CTS as an interface scheduling tool;*
 - *a one-year cure period to improve CTS if the threshold triggers after two years; and*
 - *a streamlined process to prepare tariff amendments to implement Tie Optimization if the threshold has triggered again after the cure period.*

The Two-Year Review

- ◆ Dr. Patton will describe the process he has developed for measuring the future scheduling efficiency of CTS.
- ◆ Dr. Patton will also describe the threshold and trigger he believes are appropriate for use in measuring the sufficiency of these savings.
- ◆ He will conduct this analysis using the first two years of post-CTS implementation data.
- ◆ The ISOs would determine whether the threshold has triggered, using Dr. Patton's data.

Improve CTS

- ◆ If the threshold has triggered:
 - *Dr. Patton would present recommendations for improving CTS.*
 - *After such improvements have been in place for one additional year, Dr. Patton would again measure the savings sufficiency of CTS.*
 - *If the ISOs determine, based upon Dr. Patton's data, that the threshold has again triggered, a streamlined stakeholder process to adopt Tie Optimization would begin.*
 - *If not, the ISOs continue with CTS.*

Streamlined Process in New York

- ◆ NYISO presents tariff amendments to implement Tie Optimization for MP review and comment
- ◆ NYISO considers comments
- ◆ NYISO presents final amendments to Board
- ◆ MPs provide requested revisions, if any, to Board for consideration
- ◆ MPs present verbal arguments, if any, to Board supporting their proposed revisions.
- ◆ After considering the amendments and any issues raised, the Board directs staff to file final tariff amendments, as appropriate
- ◆ A comparable process would commence in New England

Next Steps

- ◆ Seek stakeholder feedback and conceptual approval vote on the resolution proposal.
- ◆ This four phase resolution process would appear as amendments in each ISO's CTS tariff proposals.
- ◆ The CTS tariff approvals would follow the routine stakeholder process in each ISO. New York's CTS stakeholder process will be this fall