

Load Forecast Discussion for the Real-Time Commitment Process

ISO Market Structures WG

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Albany

Draft – For Discussion Only

Background

- **At the 11/7/05 Scheduling & Pricing WG meeting, it was reported that one of the potential reasons for average RTC clearing prices being higher than average RTD clearing prices was that the RTC load forecast is based on the highest of the three (3) applicable RTD load forecasts within a given RTC interval. For example, the load forecast for 0900-0915 RTC interval uses the greater of the five-minute forecasts for the 0900, 0905, 0910 RTD intervals.**
- **There was discussion as to whether this RTC load forecast treatment was consistent with prior ISO announcements on this subject, specifically with respect to the Concept of Operations document for RTC. The ISO has reviewed the Concept of Operations document and believes that the implementation of the load forecast for the RTC function is fully consistent.**

Background

- From 2/1/05 to 4/15/05, the initial SMD2 implementation approach for the RTC load forecast was to use the first of the three (3) applicable RTD load forecasts within a given RTC interval. For example, the load forecast for 0900-0915 RTC interval used the 0900 RTD interval forecast only.
- A change was implemented on 4/15/05 at Operations' request to the RTC load forecast treatment to be consistent with the legacy operational requirement that there must be sufficient resources available to meet forecast load requirements in the applicable commitment horizon, in this case for each 15-minute RTC interval. Under legacy operation, the Balancing Market Evaluator function, or BME, ensured that sufficient resources were available to meet forecast load requirements for a 60-minute BME interval.
- Unfortunately, while the NYISO was addressing issues related to the initial operation of SMD2, an oversight lead to this change not being communicated to Market Participants.

Legacy vs. SMD2 Implementation

- **In order to better understand the impact of the operational requirement to ensure that sufficient resources are available meet forecast load requirements in SMD2 RTC operation as compared with legacy BME operation, consider the following example.**
 - **For an 1100MW load pick up in a hour that the load changes from 20,000MW to 21,100MW, under legacy operation BME would have an average excess resource availability of 550MW or 2.6% of the forecast load demand.**
 - **In contrast, under SMD2 operation, RTC has only an average excess resource availability throughout the hour of 100MW or less than 0.5% of the forecast load demand. The graph on next page illustrates how the market impact of the operational requirement of using the highest forecast load within the commitment horizon is significantly reduced for RTC under SMD2 as compared to legacy BME.**

Legacy vs. SMD2 Implementation

RTC vs. BME Load Forecasts

