Coordinated Transaction Scheduling (CTS):

Tariff Amendments

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November 9, 2011

DRAFT – FOR DISCUSSION PURPOSES ONLY

Agenda

- **CTS Concept Review**
- **Expected Production Cost and Consumer Savings**
- **Tariff Amendments**
- **Stakeholder approval**

CTS Concept

- **Objective: Improve interchange scheduling efficiency**
  - ***Underutilization of ties***
  - ***Counterintuitive flows***
- **How CTS achieves this objective:**
  - ***More frequent scheduling; 15-minute***
  - ***Coordinated market clearing between markets***
  - ***Eliminate cross-border fees***

Expected Production Cost and Consumer Savings

- **Expected Annual Production Cost Savings for 2008-2010**
  - ***$8.9 - $11.2 million across both regions***
- **Expected Annual Consumer Savings for 2008-2010**
  - ***$128.9 - $139.2 million across both regions***
  - ***$66 million to NY consumers***

CTS Interface Bids

- **A CTS Interface Bid is:**
  - ***An offer to simultaneously buy and sell at each side of the interface***
  - ***Consists of a price ($/MWh), quantity (MW), direction (NY->NE or NE->NY) ex: $4.00, 100 MW, NY->NE***
  - ***If the difference between the sink price minus the source price at the time of scheduling is greater than or equal to bid $ then the bidder is willing to be scheduled***

CTS Interface Bids - *continued*

- **Participants submit single CTS Interface Bid replacing separate RT bids submitted to each market (today)**
- **DAM transaction bidding and scheduling remain unchanged**
- **Tariff Impacts:**
  - ***Defined Terms***
  - ***MST 4.4.4 –Identifying the Pricing and Scheduling Rules That Apply to External Transactions***

CTS Transaction Scheduling

- **ISO-NE provides interface supply curve, updated every 15 minutes**
- **NYISO's RTC evaluates ISO-NE interface supply curve in conjunction with CTS Interface Bids**

CTS Transaction Scheduling *–continued*

- **CTS transaction schedules will be established 15 minutes prior to the start of the scheduled flow and reevaluated every 15 minutes**
- **Tariff Impacts:**
  - ***MST 4.4.1.4 –Posting Commitment/De-Commitment and External Transaction Scheduling Decisions***

LBMP Calculation at CTS Proxy Generator Bus

- **CTS transactions bare latency risk for price changes between time when schedule is set and actual flow**
  - ***Settled at RT LBMPs***
- **Proxy Generator Bus Constraint from RTC carried into the real time LBMP**
  - ***RT LBMPs will include the RTD prices, RTD losses, and RTD congestion for all constraints except the Proxy Generator Bus Constraint***

LBMP Calculation at CTS Proxy Generator Bus *–continued*

- **Congestion costs for the Proxy Generator Bus Constraint shared between the two ISOs, using allocation factor**
- **Tariff Impacts:**
  - ***MST Attachment B –LBMP Calculation***

Real Time Make Whole Payments

- **CTS imports will be ineligible for RT BPCG**
- **CTS imports will be ineligible for Import Curtailment Guarantee**
- **Tariff Impacts:**
  - ***MST Att. C –Bid Production Cost Guarantees (18.6.1.2.5)***
  - ***MST Att. J –DAM Margin Assurance and Import Curtailment Payments (25.6.1)***

CTS Fee Elimination

- **Reciprocal elimination of fees between ISO-NE and NYISO**
- **Removal of fees will lower barrier to economically efficient interchange**
- **NYISO fees being eliminated:**
  - ***DAM & RT BPCG, Residuals, DAM Margin Assurance, Import Curtailment Guarantee, RS 1 NYISO Cost of Operations, Non-ISO facilities charge, Dispute Resolution, Credit for financial penalties, Voltage Support, Operating Reserves***

CTS Fee Elimination *–continued*

- **Tariff Impacts:**
  - ***OATT RS1 –NYISO Cost of Operations and Other Non-Budget Charges and Payments***
  - ***OATT RS2 –Voltage Support***
  - ***OATT RS 5 –Operating Reserves***

CTS Threshold Trigger to Tie Optimization

- **MST Att. P (New) –identifies process for post implementation CTS performance review**
- **Threshold: Will trigger if foregone production cost savings from the implementation of CTS rather than the alternative solution of Tie Optimization exceed $3m and the specified ratio of benefits exceeds 60%**

Additional Tariff Changes

- **CTS Related:**
  - ***Defined Terms***
  - ***MST Att. F –Bid Restrictions***
  - ***OATT 16.3 –Transmission Service, Schedules and Curtailment***
- **Ministerial (non-CTS):**
  - ***OATT 16.2 –Accounting for Transmission Losses***
  - ***MST Att. F –Bid Restrictions***
  - ***MST Att. B –(17.1.5 & 17.1.6.6)***

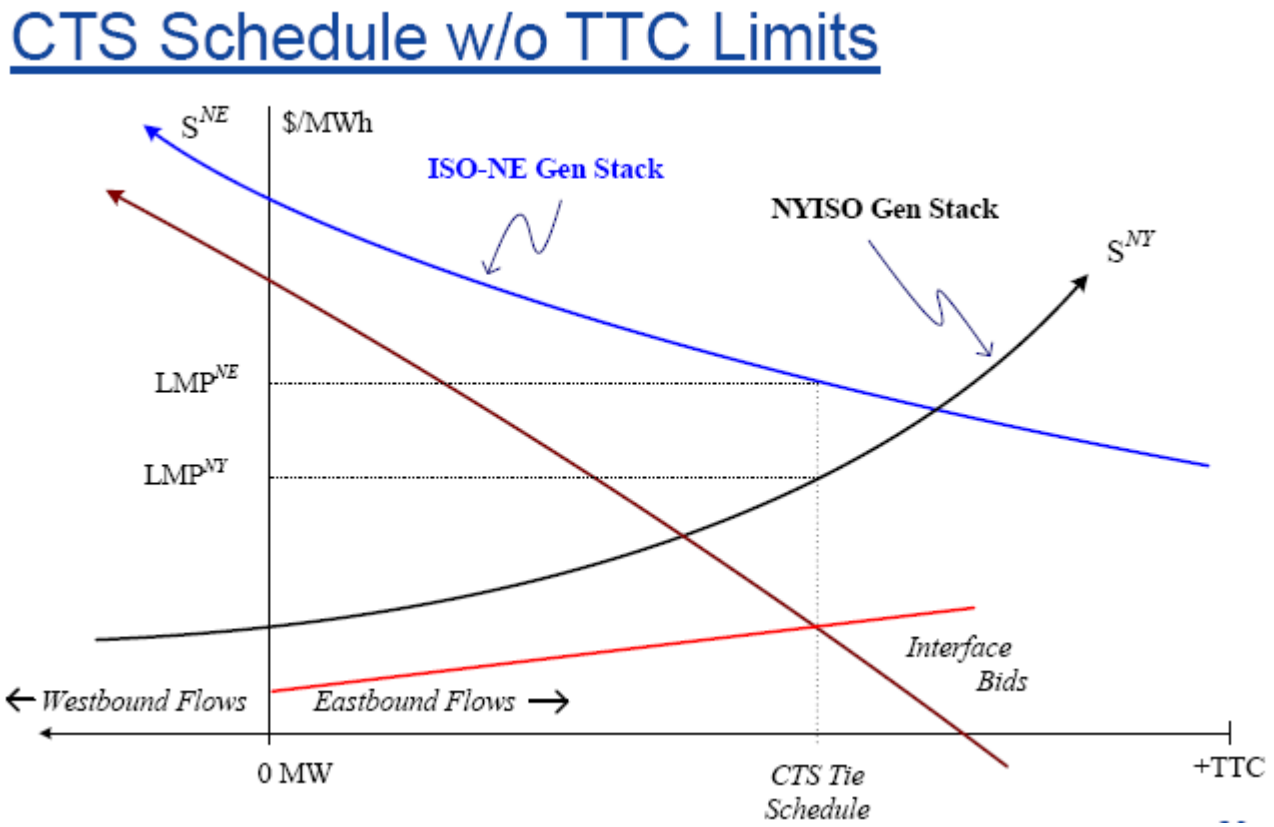
Next Steps

- **Stakeholder approval:**
  - ***November 9, 2011 -BIC***
  - ***November 29, 2011 -MC***
  - ***December 2011 -BOD***
- **December 2011 –File Tariff amendments**

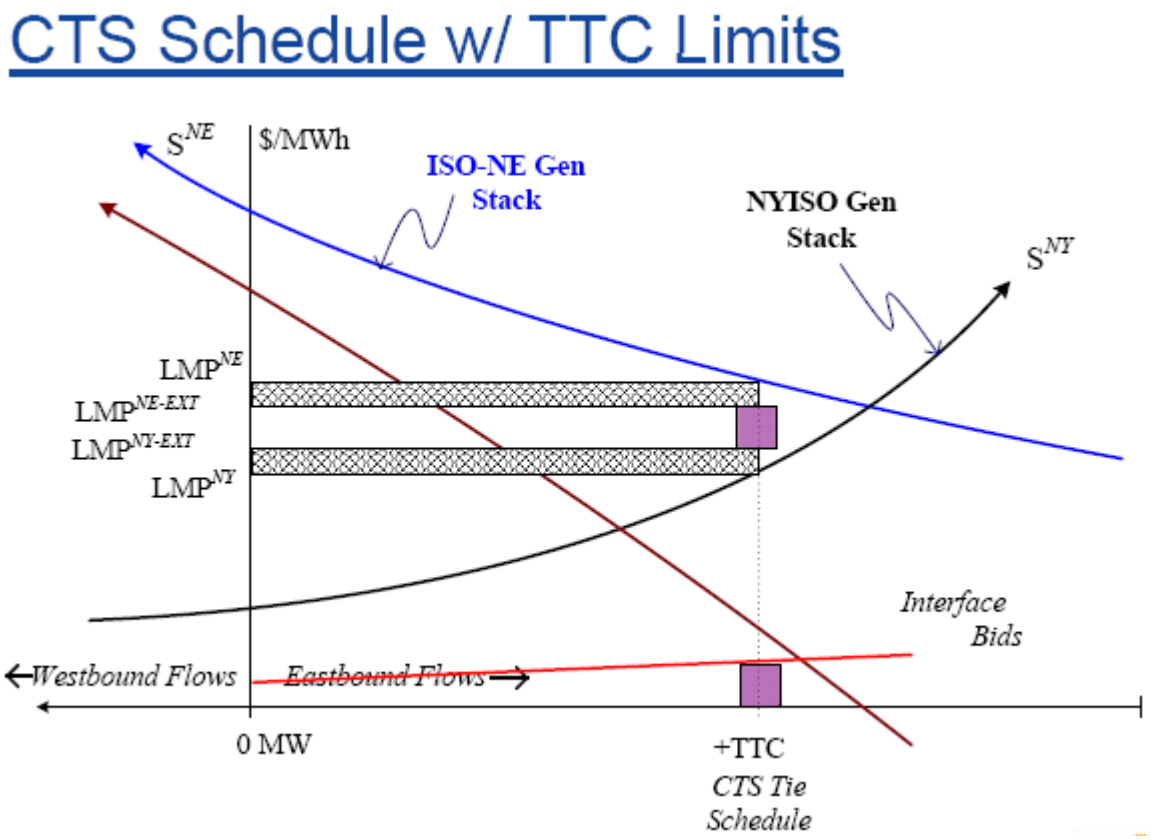
Appendix

- **CTS Clearing Examples**
- **CTS Proxy Gen LBMP Example**
- **CTS Fee Elimination Impacts**

CTS Clearing –Unconstrained



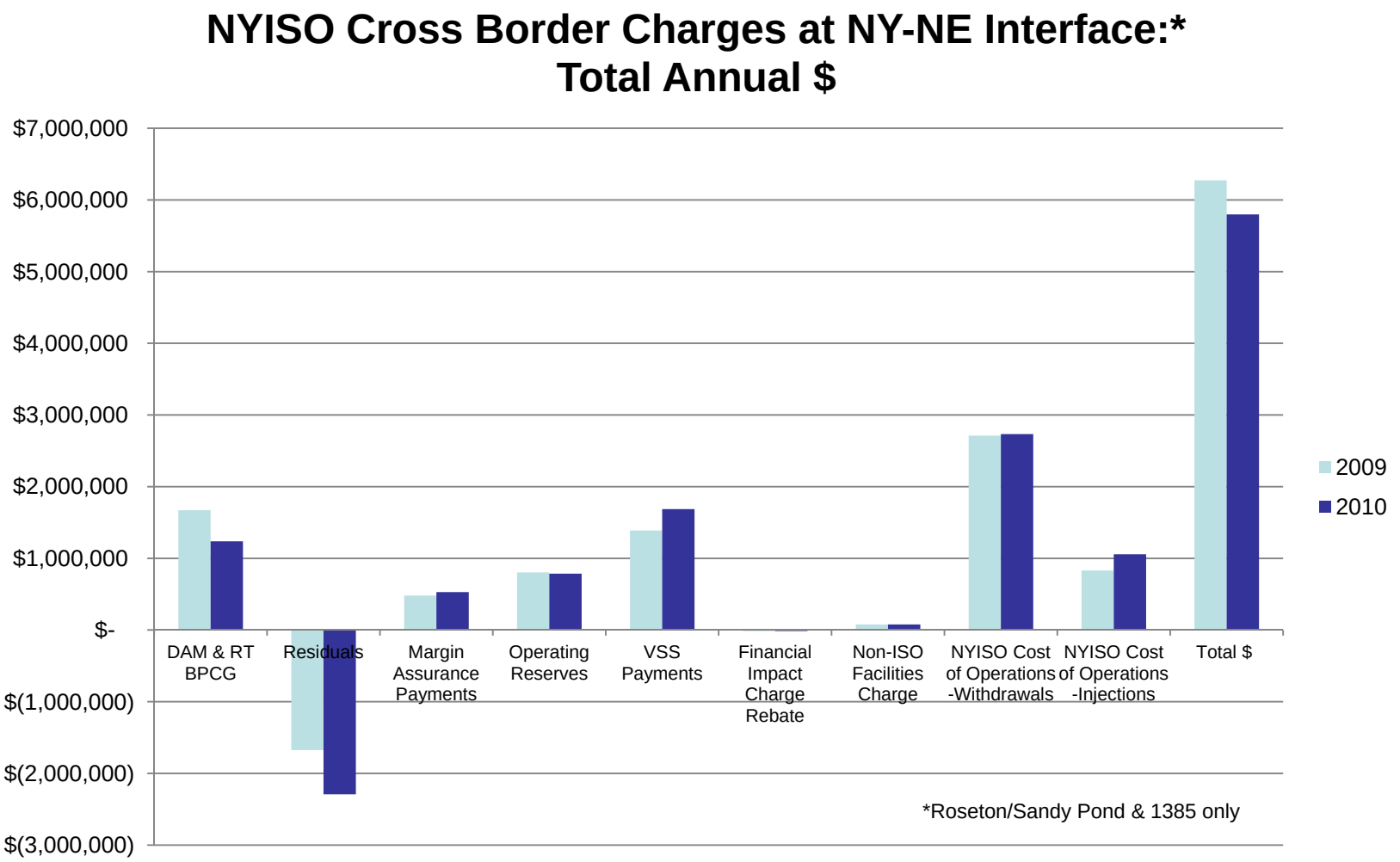
CTS Clearing –Constrained



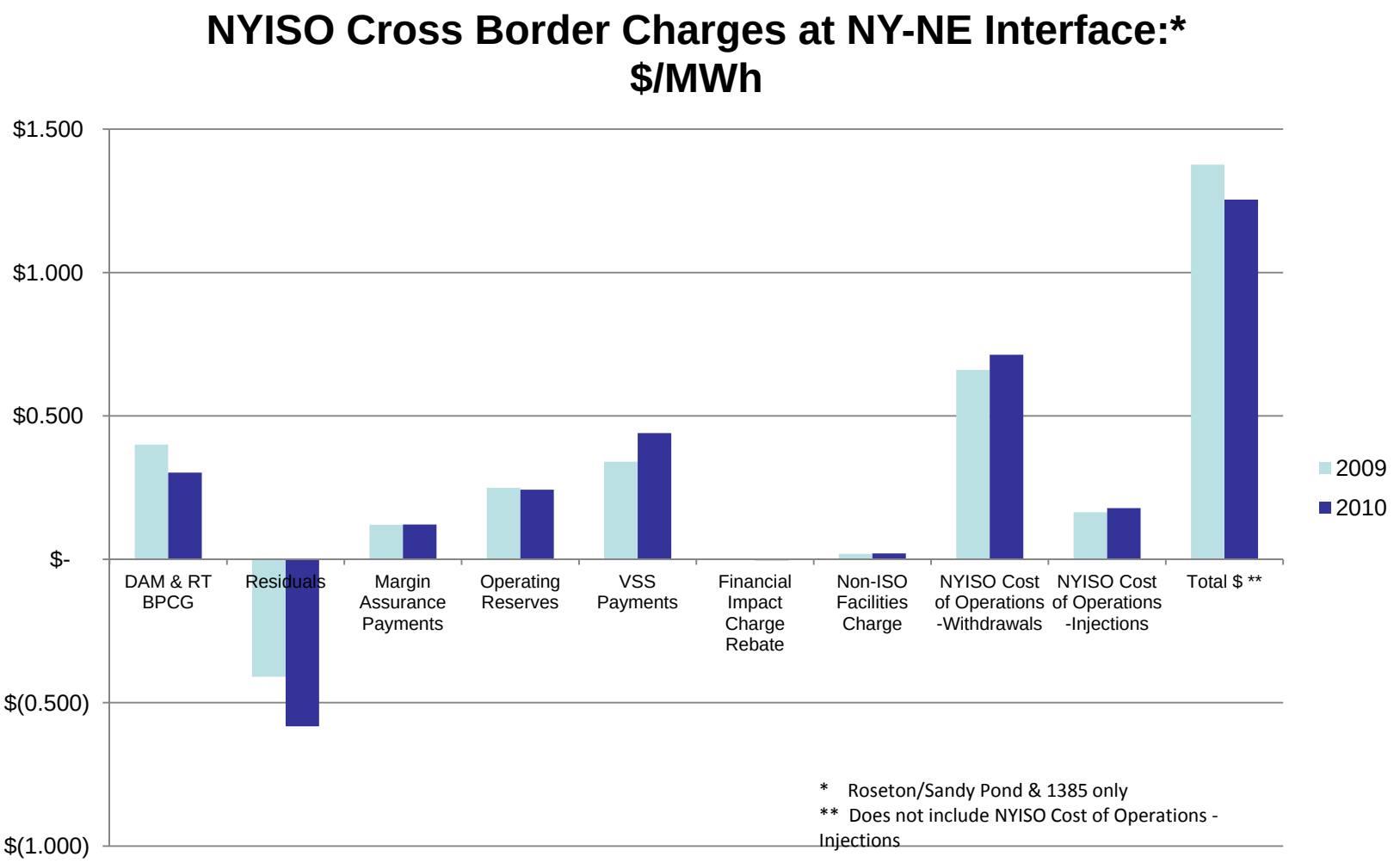
CTS Proxy Gen LBMP Example

	Proxy Gen Bus Constraint?	LBMP	Energy	Losses	NYCA Internal Constraint Congestion	Proxy Gen Bus Constraint Congestion (PConstraint)*
RTC 15	N	61	54	2	(5)	0
Rolling RTC	Y	74	63	2	(3)	(6)
RTD	N	71	65	2	(4)	0
RT LBMP		74	65	2	(4)	(3)

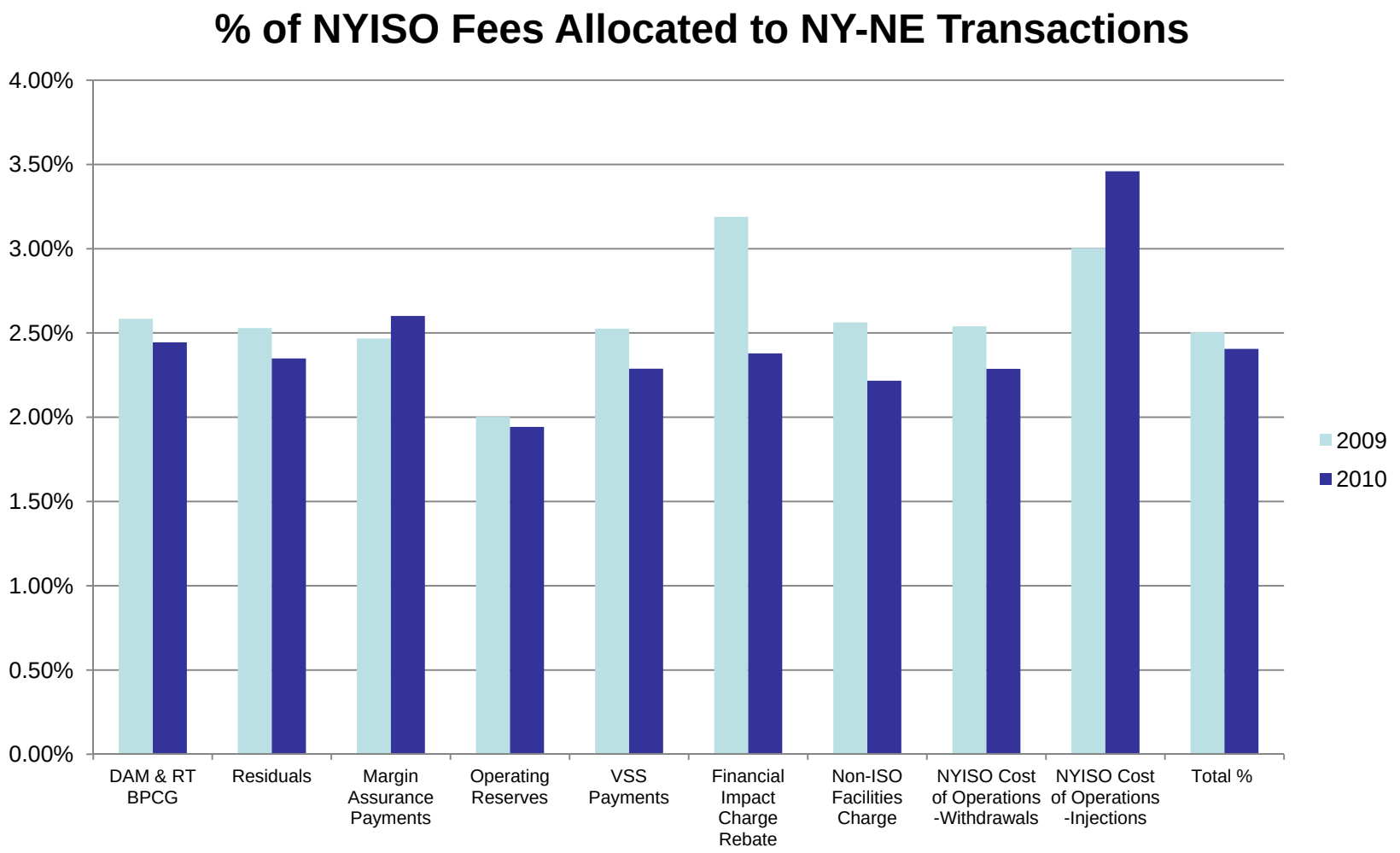
CTS Fee Elimination Impacts



CTS Fee Elimination Impacts



CTS Fee Elimination Impacts



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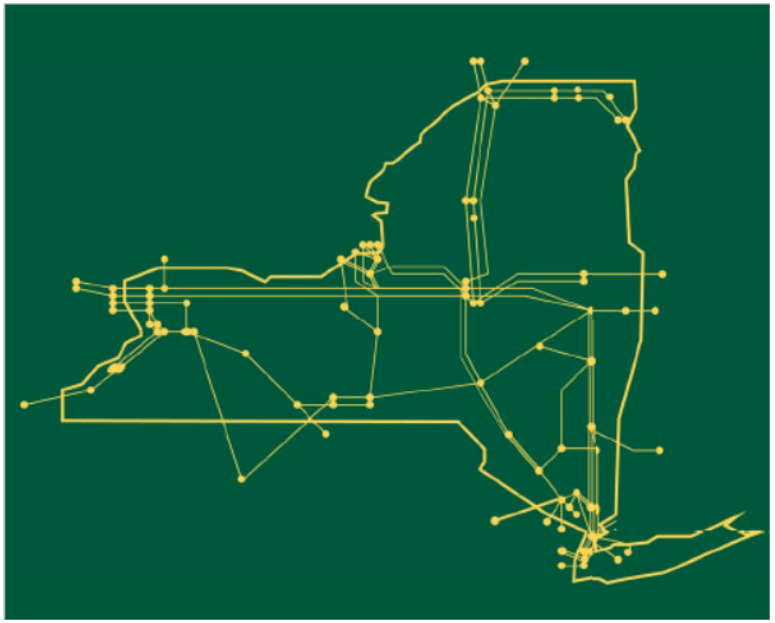

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