VRD vs QHr Scheduling

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VRD vs. QHr Scheduling

- Purpose:
  - Present a means to give participant transactions equal footing with VRD
    - Especially relevant to time related issues
  - Utilize VRD constructs – e.g. supply curves as part of the process
  - Allows a time period to see if participant actions sufficiently arbitrage the price spreads between NY and NE
    - ☞If it does not produce desired results then implement VRD…

VRD vs. QHr Scheduling

- Important note…
  - We have not yet discussed VRD in the context of NY's RTS/SMD2. So far a separate in-hour process was considered since BME ran once per hour and well ahead of time as well.
  - As this is written it presumes RTC (the commit component of RTS) schedules the transactions subject to the limitations of the supply curves (and security).
  - It presumably would be possible to shorten the timeframe, ignoring RTC. This would require a separate process of some sort and all the impact would fall onto RTD – the real time dispatch component

VRD vs. QHr Scheduling

- Proposal:
  - Participants would submit transactions to one ISO 30+ minutes in advance of one ¼ hour interval for which they would flow if chosen
    - Checkout is proposed to be automatic between the ISOs – if ramp is available and RTC accepts your bid, you get in the queue
      - We might consider using NY as the required bid would eliminate the need for possible transmission allocation scheme
  - Supply curves as already proposed by the ISOs would be used to avoid price “flipping”

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- Proposal (cont):
  - While transactions could be offered in either direction, only those that would aid the arbitrage would be scheduled to flow
  - Note that any transaction entered will be considered and if scheduled and priced at RT proxy bus prices
    - There will be no opportunity for transaction “failures”
    - Propose a “no-Tag” approach for these transactions
    - Participant transactions will be subject to the ahead of vs. RT price risk but for a shorter period

VRD vs. QHr Scheduling:Benefits

- Provides opportunity for participants to address the problem by reducing, not eliminating, transaction risk
  - Shorter lead & flow times – 30+ & 15 minutes, respectively
  - Single point of transaction entry
- Utilizes capabilities that the ISOs would need for VRD including supply curves & security checks
  - Reduces potential for “throw-away” development
- Eliminates transaction risk to the ISOs
  - No opportunity for transaction “failures” by MPs due to missing tags, mismatched schedules etc.

VRD vs. QHr Scheduling: Benefits (cont)

- Avoids any gain/loss allocation issues the ISOs would have with VRD
  - See A2_VRD Straw Proposal_7-25-03.pdf for the 7-31-03 MSWG/MC meeting; page 11
- Failure of MPs to arbitrage price spreads in a significant manner would ultimately lead to a full VRD implementation