



15 Minute Transaction Enhancement

NYISO BPWG April 27, 2021



15 Minute Transaction Enhancement *Background*

- HQUS continues to advocate for enhanced intertie scheduling to offer incremental reliability and flexibility benefits in the real-time market while providing a fair treatment for suppliers.
- In October 2020, as part of a BPWG project, NYISO published a report* on 5-Minute Transaction Scheduling:
 - Highlights:
 - Recognizes many potential benefits of more frequent transaction scheduling, especially as more intermittent generation comes online.
 - Current 15-Minute Transaction settlement rules do not provide a compelling incentive to offer in the Real Time Market (RTM), as opposed to Day-Ahead.
 - Moving to 5-Minute Transaction scheduling involves complexities (ex: Dynamic Check-Out, E Tagging, RTD-CAM, etc.).
- Taking due note of complexities raised by NYISO with the 5 Minute Transaction project, HQUS hereby proposes **limited improvements to the existing 15 Minute Transaction product**.
- This could improve resources flexibility while giving time to address pending issues with the 5 Minute Transaction project.

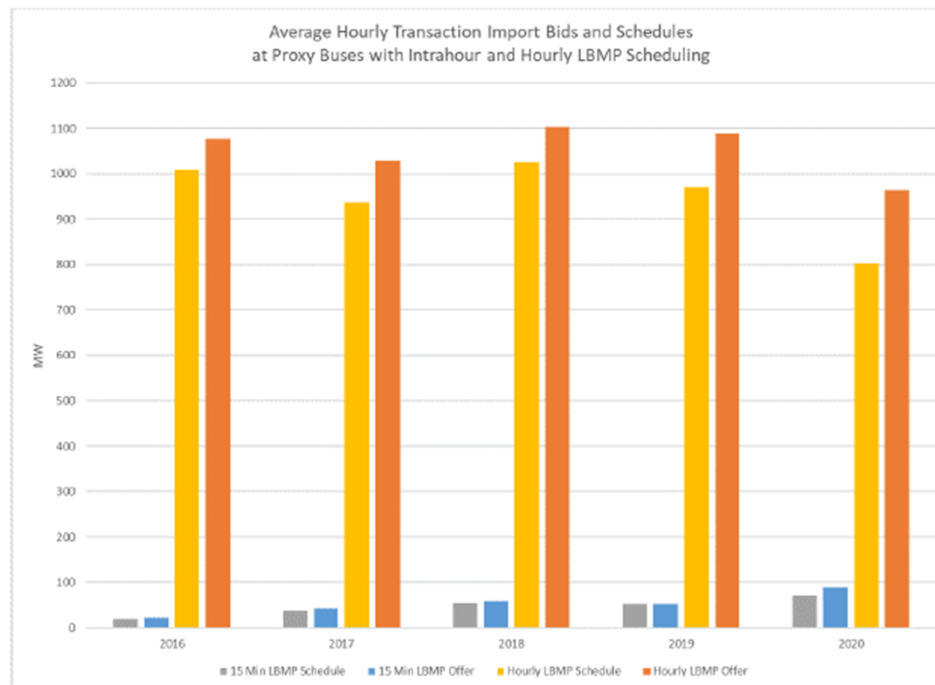
* <https://www.nyiso.com/documents/20142/16564733/5-Minute%20Transaction%20Scheduling%20Study.pdf/ffa83a92-b739-16aa-770a-6009192eb0b2>



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Current Framework

- Currently, RTC establishes binding external transaction schedules and looks forward approx. 2.5 hours for optimization.
- RTD treats the **RTC schedules as fixed interchange** (irrespective of price); however, **RTD is used for settlement** of these transactions.
 - This leads to discrepancy risks between RTC and RTD, as RTD prices may be higher or lower than the RTC prices used for dispatch.



Source: NYISO, *5-Minute Transaction Scheduling Report*, Data from 2020 is for the period of January 1 – October 1, 2020. This analysis did not include an evaluation of export bids. (p.16)

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Proposed 2022 Project Scope

- Limited change to the settlement rules of 15 Min Transactions such that transactions are both (i) scheduled with RTC (*same as today*) and (ii) settled with RTC (*new*):
 - If RTD prices are higher than RTC → participant would receive RTC
 - If RTD prices are lower than RTC → participant would receive RTC
- Reduces trading risk from uncontrollable discrepancies and provides additional incentives for market participants to bid intra-hourly transactions.
- Benefits:
 - Eliminates the RTC/RTD divergence by settling and committing based on sole RTC.
 - Provides additional scheduling flexibility to respond to changing conditions occurring in real-time, in line with NYISO objectives.
 - Can help increase RTC-RTD convergence throughout the market.
 - Balanced proposal as both high RTD and low RTD prices are changed for RTC.
- Limited Complexity/Scope:
 - Only applicable to the 15 Minute Transactions
 - Unchanged: Hourly Transactions, CTS Bidding, Wheel-Throughs, Bilaterals
- Proposed 2022 Milestone:
 - Market Design Complete

