

Minutes of the 6th Meeting of the Intertie Trading Sub-Committee

March 23, 2005, 8:30 - 2:00
2645 Skymark Avenue
Mississauga, Ontario

Attendees:

Brian Bell	Ontario Power Generation	Bruce Thomson	Ontario Power Generation
Erik Bellavance	HQEM	Yuri Waldo	Brascan
Guy Chagnon	Hydro Quebec	Ray Wieszczyk	DTE Energy Trading
Margaret Duzy	TransCanada Energy Ltd.		
Paul Kerr	Coral Energy Canada		
Michelle Lozano	Epcor	Paul Berry	IESO
Dean Luciuk	Powerex Corp.	Harry Chandler	IESO
Paul McCuaig	Powerex Corp.	Carmela Phillips	IESO
Mark Mueth	DTE Energy Trading Inc.	Bill Wilbur	IESO

Via telephone:

Nick Brown	MISO
Joe Lewis	Constellation Power Source, Inc.
John Power	MISO
Bob Thompson	NYISO
Ray Wetzel	Constellation Power Source, Inc.

Agenda Item #1: Overview of NYISO/IESO Markets & Systems Timing

Bill Wilbur presented an overview of NYISO/IESO protocols and their timing.

Attendee Question:

Looking at the slide on page 4 of the presentation (IESO Market Interfaces with NYISO and MISO), is there any opportunity for changing the way that things run specifically that the NYISO RTC run finish at a different time?

NYISO Response:

There are NYISO issues of adjusting start and stop times for processes. While NYISO has tried to minimize manual processes and maximize automated

processes as much as possible, some issues need manual review, for example our large fleet of gas turbines need to be efficiently managed manually. As you all know the RTC is optimization programming software as such, it is the nature of the software to try to solve problems in order to provide the “best” solution. The program runs until it finds a way to resolve constraints, which can at times take longer than the normal run time of 6-7 minutes. To make changes to the sequencing is not a minor issue – we must make changes to timing slowly and carefully.

Attendee Question: With regards to timing, why does it take 15 minutes to post the RTC (posting occurs at T-45 dispatch hour) when it only takes 6-7 minutes to run? Could the results be known before the T-45 posting?

NYISO Response: The process to do the posting runs every 15 minutes and the T-45 run is the first one after the RTC run which has determined the intertie schedules. It is run at that time because there are occasions where the RTC run will take longer than normal so some slack is provided for that. Timing is not absolute and predictability of posting is paramount. Also, we can not give an advantage to one group over another by letting one group know the results without providing the same knowledge to all.

Attendee Question: Eliminating the concerns of giving one group an information advantage, after the calculation is finished when could NYISO post to the marketplace?

NYISO Response: Probably within 10 minutes – but this is not always reliable remember if there is a period of scarcity, the optimization software will grind and take a longer time to find the best solution, possibly longer than 10 minutes.

IESO Comment: Note that even if NYISO changes posting to ten minutes the IESO could not use it. As our sequence starts at T-53 and the information would not be available until T-50.

NYISO Response Cont.: We need more latitude in timing rather than tighter timelines. NYISO is working on the need to reliably automate more things but it will take time. Also with all automation, if there are any delays in either market, there is the risk of using old data.

Attendee Response: Why not move your pre-dispatch sequence from T-53. What are the consequences of moving the pre-dispatch?

A discussion of how the timing for the IESO pre-dispatch instructions was developed resulted in the following action:

IESO ACTION: IESO to provide details from previous internal meetings that outline the difficulties in moving the timing of the pre-dispatch sequence.

Attendee Question: If we go back to the IESO T-53, can you not do everything you do but have the NYISO privately give information at 1:10 and incorporate this into the IESO pre-dispatch sequence? RTC still posts 15 minutes after hour – final schedule for the current hour and will also at preliminary for the next hour.

Discussion of the possibilities of having inputs into the pre-dispatch sequences resulted in the following IESO action:

IESO ACTION: IESO will explore timing improvements and the possibilities of importing data inputs after the start of the pre-dispatch sequence run.

Attendee Question: If the final RTC run was used in the IESO pre-dispatch run, wouldn't we be moving the current IESO failures to the NYISO? What would NYISO think about failures? If the final RTC run would be used in the IESO pre-dispatch then possibly NYISO would see some failures – how do you feel about this?

Discussion around the advantage of an ISO going first and that the second ISO would have to deal with failed transactions.

Discussion of failure rules of the NYISO. When someone fails in the NY market after a real-time schedule due to failing to pass in Ontario for economics, NYISO market rules requires them to buy out. Under the current NYISO/IESO protocol this currently does not happen. Also, note that if Ontario cuts for reliability they are not required to buy out.

IESO Question: If existing protocol was reversed (first IESO runs then NYISO) would NYISO have a concerns given there rule about participants failing for economics having to buy out transactions.

NYISO Response: Of course.

Attendee Comment: There is concern that moving processes back in time might create tagging issues at other any other interfaces.

Possible Solutions:

1. Develop an express process of the NYISO RTC to complete at T-60. (NYISO caveat for this solution – real limitation exist for providing changes at a time when the current system work has not been finalized).
2. IESO go to vendor to find out about the possibility of stopping sequences to include imported data from NYISO RTC after the pre-dispatch sequences begin running at T-53 at perhaps at T-50.
3. If two bid based markets side beside does not work, maybe one market has to be a price taker

Agenda Item #1 Continued: Overview of MISO/IESO Markets & Systems Timing

Bill discussed the MISO/IESO interface interactions that will be in effect as of April 1, 2005 making reference to the changes for imports – a one way improvement since imports are no longer required to secure transmission service as a new spot transmission product (free) has been created in MISO. Exports and imports are however both subject to the MISO ramp limitation. Currently there is no mechanism to secure a ramp other than submitting tag. For wheel-throughs and exports from MISO, transmission service must be acquired before the tag can be submitted. This can be an issue for those participants that do not have the long-term firm transmission rights, as they must wait until one hour ahead (T-60) before non-firm transmission is made available. Then a tag can be submitted for evaluation to see if ramp is available. Timing requirements are from the MISO tariff.

MISO provided clarification on MISO ramp limit – there is a 1000 MW limit per 10 minute ramp period, which could equate to 6000 MW per hour. MISO ramp evaluation occurs when a tag is submitted.

The IESO pointed out that the 1000 MW remains relevant because the IESO transactions are only ramped at the top of the hour and therefore the transactions must fit into 1000 MW limit.

MISO process takes away some of the transmission issues. MISO has added ramp that participants can't view but hopefully in June it will be available for viewing. Looking at the current footprint, 80% of transactions are "through" MISO and therefore do not contribute to MISO's net inertia ramp quantity.

Clarification was given that currently no transactions that fail to acquire ramp in NYISO or the IESO have been assessed a compliance penalty because it is out of the traders control. Failure to secure ramp on MISO resulting in tag failures are currently under consideration by MACD and the IESO will be responding by April 1, 2005 regarding treatment of transaction failures.

Clarification was made that the Michigan phase shifters will not be in operation on March 21st as per previous email documentation indicated. However, the new POD/POR names can be used on NERC tags as per the email sent to traders on March 1, 2005.

Agenda Item #2: NYISO HAM Prices and IESO Compliance Issue

Paul Berry indicated the introduction of the NYISO Standard Market Design (SMD2) has resulted in posting changes of prices. MACD is wondering which posted prices would traders like them to use when completing the price volatility and participant intention tests. More to the point which posted prices are traders using to make NYISO bid/offer decisions? If projected prices are to be used then MACD will need to build a scraping tool to grab prices at the end of each hour just before the NYISO T-75 bid window closes and the projections are overwritten by finalized hour numbers.

At the request of an attendee, clarification as to why this is now an IESO issue was summarized as followed:

1. MACD wanted to give traders an opportunity to tell the IESO if anything has changed that indicates the proposed projected prices should not be used in the price volatility or participant intention tests. Should the final prices, knowing that they could be different from the projected prices used by traders to establish bid/offer strategies, be used?
2. If the IESO uses projected prices for their tests then traders might need to build something similar to the IESO's scraping tool in order to be able to conduct comparison tests themselves.

A discussion of whether the IESO could post the results of their scraping tool concluded with the IESO's agreement to look at the associated costs and reasonableness of the posting of NYISO prices on the IESO web in real-time.

Attendees are requested to email comments on the price to be used in assessing the safe harbours, (projected price vs. final price) to MACD@ieso.ca

Agenda Item #3: Intertie Transaction Failure Working Group

Harry introduced the Intertie Transaction Failure (ITF) Working Group. He suggested that all attendees read through the terms of reference available on the ITS working group webpage at:

www.ieso.ca/imoweb/pubs/consult/intertieTrading/itfwg_TOR.pdf

The first meeting of the ITF Working Group convened on March 23, 2005.

Next meeting of the Intertie Trading Sub-Committee – End of May or early June

Suggested topics for the next meeting:

15 minute Intertie Scheduling