

**Minutes of Conference Call  
NYISO TB 151  
April 20, 2007 11:00 – 12: 30**

**Attendees**

<b>Company</b>	<b>Name</b>
Coral Energy	Kerr, Paul
Coral Energy	Gill, Bryan
Direct Energy	Lung, Gene
EPCOR Merchant & Capital	Jaman, Curtis
Hydro Quebec	Bellavance, Erik
HQ Energy Marketing	Norris, Paul
HQ Energy Services	Ecelbarger, Carl
Manitoba Hydro	Chung, Lam
NorthPoint Energy	Olfort, Chris
Ontario Power Generation	Barr, David
Ontario Power Generation	Bell, Brian
Ontario Power Generation	Gell, Richard
Ontario Power Generation	Harrison, Steve
Powerex Corporation	McCuaig, Paul
Transalta	Johnson, Wes
Transalta	O'Connor, Sandy

<b>IESO</b>
Robitaille, Dave
Finkbeiner, Darren
Bull, Tabatha

### **Agenda Item #1: IESO Failure Code**

Any transactions that are not accepted by the NYISO due to their recallable nature will be coded with TLRe and will therefore not receive a failure charge from IESO.

### **Agenda Item #2: NYISO Treatment of Failures**

Dave Robitaille reported the following based on discussions with NYISO.

NYISO has two ways to treat a transaction failure. If the transaction is curtailed for reasons within the participant's control, the two settlement process would kick in combined with a penalty charge. If the transaction failure is in the control of the Reliability Coordinator the two settlement process remains, without the financial penalty. The IESO to NYISO transactions made recallable by the IESO will therefore not receive a penalty charge from NYISO under TB 151.

### **Member Questions, Comments and Discussion**

- (1) How does the participant know which transactions are made recallable?
  - a. They don't – they are made recallable verbally at check out between Reliability Coordinators.
- (2) What is the criteria to determine which transactions are made recallable?
  - a. See Item 3 below.

### **Agenda Item #3: IESO Order of Recallability**

Based on the knowledge that NYISO will not allow transactions that are deemed recallable to flow, the IESO has determined that any transactions to be made recallable with NY will be made so at the 90 minute checkout. This decision was based on IESO analysis which showed a strong correlation between the CAOR scheduled in the 2 hour out and the 1 hour out pre-dispatch.

Going forward, there are several options to determine which transactions we make recallable when CAOR is scheduled in the pre-dispatch.

The following example which illustrates the options for recallability was presented to the group. In the following example, 150 MW of 10 minute CAOR was scheduled in the 2 hour out pre-dispatch schedule and the following scheduled export transactions are stacked economically.

Scheduling Entity	Scheduled MW at 2 hours out	Recall Option 1 Economic Merit	Recall Option 2 Biased to NY	Recall Option 3 Biased everywhere else	Trader's Risk
MISO	30	@ 30 minute check out		@ 30 minute check out	Potential curtailment
NYISO	50	@90 minute check out	@90 minute check out		Will be curtailed
HQ	20	@30 minute check out		@ 30 minute check out	Potential curtailment
NYISO	50	@90 minute check out	@90 minute check out		Will be curtailed
NYISO	50		@90 minute check out		Will be curtailed
MISO	100			@ 30 minute check out	Potential curtailment

Based on these options, the participants were asked for their comments.

### Member Questions, Comments and Discussion

- (1) Could you say that Recall Option 3 is less disruptive to trade?
  - a. From a trader's perspective, yes. Based on the risk of curtailment at the T-30 checkout vs. the certain curtailment at the T-90 checkout.
- (2) Have we confirmed with MISO that they will accept them as recallable – have we looked at FERC order 888?
  - a. The IESO is proceeding on the basis of the past practices of the interconnections.
  - b. We want to speak to the IJT first and then we will go to MISO if the group decides on Option 3.
  - c. The IESO does not believe that FERC Order 888 applies to this discussion.
- (3) Concern was expressed with pushing all recallable transactions outside of NY incenting other interconnections to not accept recallable transactions – it was noted that something more equitable would be preferred.
- (4) How often are transactions being made recallable? Versus how often have we made them recallable and actually recalled them?
  - a. The attached table was referenced in the call.

**IESO Action:** Finalize table with the number of hours that transactions were actually recalled.
- (5) Do other jurisdictions use a similar process?
  - a. New York has a similar demand curve type process.

- (6) Why does NY not allow these transactions to flow?
  - a. If we are counting on these transactions as operating reserve they are not “firm” to NYISO and NYISO does not want to count on the same transactions as OR. The IESO has a similar view and the acceptance of recallable imports could leave the region short of OR.
- (7) Couldn't NY calculate if they were using our exports to them as operating reserve or not so that they could accept them. Is IESO pursuing this?
  - a. These transactions have been scheduled as firm capacity by NY for that hour and we are then changing the “firmness”.
  - b. The IESO does not intend on pursuing this further.
- (8) Is the IESO being overly conservative in making these transactions recallable?
  - a. Based on reliability standard we must meet our OR requirements. If we have OR scheduled we must be prepared to cut exports before cutting voltage in the event of a contingency. See Agenda Item #4.
- (9) If IESO schedules an export transaction from Ontario to New York do we ensure that they will not be made recallable?
  - a. We schedule that transaction as being a firm capacity based transaction, however, in the event that CAOR is scheduled we will make it recallable.
- (10) Has NY always had the policy to not accept recallable imports or has this changed?
  - a. Our understanding is that they have always had this policy, however past practice has shown otherwise.
- (11) What is IESO doing to look internally at this recallability issue?
  - a. See Agenda Item #4.
- (12) Does the IESO accept recallable transactions?
  - a. No.

#### **Meeting Follow-up Required**

The IESO's current policy for this and other manual actions is to make changes on a best effort basis using the economic merit order (Option 1 above). The IESO is recommending that we continue to proceed on this basis. These options will be discussed again at the IJTSC on May 10, 2007 with the intention of finalizing this issue for implementation. Please provide any comments to [tabatha.bull@ieso.ca](mailto:tabatha.bull@ieso.ca) prior to May 7, 2007 for discussion.

#### **Agenda Item #4: Export Recallability for 30 Minute CAOR**

It is Ontario policy to cut exports out of Ontario before cutting voltage. The IESO is assessing the reliability impacts of not making exports recallable for 30-minute OR and if it is determined that there are no reliability impacts or standards requiring the IESO to do so the IESO will no longer make exports recallable when 30 minute CAOR is scheduled.

Regardless of this 30 minute OR investigation the IESO cannot exclude exports from the 10-minute OR recallability. With 10 minute OR being required in real-time for a contingency, the policy of not cutting Ontario load or reducing power quality (including voltage reductions) while exporting requires us to make the export recallable in advance as we would cut the transaction with the first contingency.

Based on the three months studied in the attached table, approximately half of the hours that we currently have CAOR scheduled are for 30 minute OR.

### **Member Questions, Comments and Discussion**

- (1) Could IESO document the work we are doing to not make 30 min CAOR recallable?
  - a. This is a reliability decision – we will document this once we have made a decision.
- (2) Can IESO take the action to denote the materiality of this issue with and without recalling transactions for 30 minute CAOR?
  - a. If Agenda Item #4 proceeds recallable transactions will be reduced by approximately 50% - See Attached Table.

### **Further Discussion**

Further discussion ensued around the current design of CAOR with respect to the pricing of 10 minute OR in the DSO. These items will be discussed further at the next IJTSC meeting and a decision can be made at the time on taking this item on as a further initiative.

### **Member Questions, Comments and Discussion**

- (1) If IESO was to look in the stack and saw CAOR available above the \$30.10 could you let the export flow.
  - a. No we do not look at this. What if we raise the CAOR price to \$100?
  - b. The scheduled OR providers are the resources that are guaranteed to be there, they aren't necessarily the providers we are going to activate.
  - c. It could go both ways the higher we raise the price there is the possibility that the export would not be scheduled. (See December 07, 2006 IJTSC meeting minutes.)
- (2) How many MW does the \$30.10 CAOR displace in MW?

**IESO Action:** To finalize the attached table with the amount of OR offers available above \$30.10 when CAOR was scheduled.
- (3) Traders need to know about any changes to their trade opportunities.
  - a. CAOR is posted when it is scheduled looking forward in the Predispatch.
- (4) Participant would like something more firm saying – amount of MW that are deemed recallable.

		1 HOUR OUT			2 HOUR OUT > 1 HOUR OUT					2 HOUR OUT < 1 HOUR OUT				
		Total Hours	Total MW	Average MW/hr	# of hours	% of Total hours	Total MW	% of Total MW	Average MW/hr	# of hours	% of Total Hours	Total MW	% of Total MW	Average MW/hr
Jan-07	30 min	41	4701	115	21	51%	664	14%	32	12	29%	477	10%	40
	10 min	72	11729	163	23	32%	1154	10%	50	19	26%	679	6%	36
	Total	113	16430	145	44	39%	1818	11%	41	31	27%	1156	7%	37
Feb-07	30 min	77	9222	120	27	35%	1245	14%	46	23	30%	981	11%	43
	10 min	90	15853	176	32	36%	1352	9%	42	26	29%	867	5%	33
	Total	167	25075	150	59	35%	2597	10%	44	49	29%	1848	7%	38
May-06	30 min	215	28,447	132	57	27%	3284	12%	58	57	27%	3583	13%	63
	10 min	207	36,909	178	43	21%	2319	6%	54	62	30%	4066	11%	66
	Total	422	65,356	155	100	24%	5603	9%	56	119	28%	7649	12%	64

## Analysis of CAOR

The above table denotes the amount of CAOR scheduled in January and February 2007 and May 2006 (to represent freshet). The analysis was performed to investigate the difference between the 2 hour out and 1 hour out pre-dispatch schedules.