

Preliminary Draft – For Discussion Purposes Only

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Unscheduled Energy Flows and Pool Price Fidelity and Credibility

The Policy Framework stipulates that participants are required to comply with the dispatch instructions issued by the AESO. Compliance with dispatch instructions explicitly creates the concept of energy deliveries being scheduled, and the concept of unscheduled energy flows. Units are dispatched to a specific level, and are expected to stay at that level until they are dispatched to another level.

When a unit deviates from schedule, it is possible for the unit to a) affect the System Marginal Price, b) affect the dispatch of other market participants and c) financially affect the deviating supplier. The following grid summarizes the direct impact of unscheduled energy on market participants:

	...exceeds its dispatch level.	... is deficient or declines its dispatch.
The Participant is In-Merit and ...	<ol style="list-style-type: none"> 1) SMP is lowered (artificially) 2) Consumers benefit from the artificially lower price 3) Suppliers are harmed by the artificially lower price 4) Suppliers near the margin may be dispatched to a lower level than they would have been if all suppliers were in compliance with their dispatch instructions. These suppliers are harmed by the amount of their reduced energy dispatch times the difference between SMP and their offer price. 5) The “over-delivering” participant benefits by the quantity of the excess times the difference between SMP and his offer price. 	<ol style="list-style-type: none"> 1) SMP increases (artificially) 2) Consumers are harmed by the artificially higher price 3) Suppliers benefit from the artificially higher price 4) Suppliers near the margin may benefit by being dispatched to a higher level than they would have been if all suppliers were in compliance with their dispatch instructions. 5) The deficient supplier may indirectly benefit from the behaviour as part of a “portfolio strategy”.
The Participant is Out-of-Merit and ...	<ol style="list-style-type: none"> 1) SMP is lowered (artificially) 2) Consumers benefit from the artificially lower price 3) Suppliers are harmed by the artificially lower price 4) Suppliers near the margin may be dispatched to a lower level than they would have been if all suppliers were in compliance with their dispatch instructions. These suppliers are harmed by the amount of their reduced energy dispatch times the difference between SMP and their offer price. 	N/A

Table 1 – Impact of Unscheduled Flows on Pool Price and Market Participants