

Proposed New ISO Rules Section 203.6 Changes and Package 7 Overview

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1. Introductions
2. Purpose of today's session
3. Background and steps taken to date
4. Proposed Rule 203.6 overview
 1. Format and relationship to existing rules/OPPs
 2. Scheduling mechanics
 3. Constraint management
 1. Use of price
 2. Examples of ATC allocation methodology including MATL
5. Draft Information Document
6. Definition changes – “Package 7”
7. Next Steps

Purpose of today's session

- Provide an overview of proposed new ATC rule to aid stakeholder preparation of comment response matrices by addressing clarifying questions regarding the proposed rule and definitions
- Provide timeline of next steps
- While best efforts were made to ensure accuracy, in case of disagreement between these slides and rule language, rule language will prevail

Intertie Framework – Recommendation Paper

- Intertie Framework Recommendation paper published Oct 7, 2010 contained 4 main recommendations:
 - ATC allocation by energy price and then pro rata
 - Implement dynamic scheduling
 - Develop and implement a merchant transmission service (MTS) tariff
 - Plan system so each intertie can simultaneously transfer path rating
- Stakeholder comments have been received and posted.
- AESO response to comments targeted for April, 2011
- The AESO recognizes that intertie issues will require further conversations with stakeholders even after recommendation response is published

Intertie Framework – ATC Allocation

- Immediate focus on ATC allocation as third tie line under construction will result in requirement to allocate limited ATC amongst multiple interties
- In parallel, AESO is also pursuing efforts to restore and maximize ATC and will continue to do so (i.e. LSSi product, future export restoration RFP)
- ATC Letter and Term Sheet posted December 16, 2010
 - For information purposes
 - Provided overview of new rule framework
- Letters of Notice posted on March 17, 2011 for consultation on:
 - Proposed New ISO Rules Section 203.6 “Available Transfer Capability and Transfer Path Management”
 - Removal of Existing ISO OPPs 301, 302, 303, 304, 306, 307 and ISO Rules Subsection 6.3.3 “Interconnection Dispatching”
 - Proposed “Package” 7 New and Amended ISO Rules Definitions

- Rule is intended to integrate relevant existing OPPs (“300 Series”) and rules (6.3.3) under Transition of Authoritative Documents (TOAD) format
- Sets out the requirements and obligations with respect to:
 - calculation of ATC (sections 2 – 4)
 - interchange bids and offers (section 5)
 - validation and scheduling of interchange transactions including schedule changes (sections 6, 7 and 8)
 - issuing dispatches for interchange transactions (section 7) and;
 - constraints management (section 9)

Scheduling Mechanics (sections 5 – 8)

- Import/export energy offer must be submitted to energy market merit order (EMMO) by T-2 following provisions of ISO Rule 3.5
- Must submit a valid e-tag no later than 20 min before the delivery hour (xx:40)
- If transmission cannot be acquired, must submit a restatement for energy offer
- If necessary, AESO will implement curtailment procedures at 15 min before the delivery hour (xx:45) – more detail later
- Interchange schedule with final e-tag volume is treated as dispatch of interchange transactions
- Interchange schedule can change within delivery hour for:
 - Delivery of reserves
 - Emergency or reliability conditions
 - To adjust energy under a dynamic tag
 - To alleviate constraints that develop in real-time

- Recall – current method is to curtail on a last-in, first out (LIFO) basis
- Proposal – curtail ancillary services then price then pro rata
 - Method to manage congestion is consistent with TCM methodology
- AESO determines interchange transactions effective in mitigating constraints at different “levels” in the following order
 - Alberta interchange capability (B.C., Sask. and Montana lines)
 - Combined Montana and B.C. lines (Alternating Current lines)
 - At individual path level
- Depending on level, wheelthroughs may be excluded

- AESO recognizes that currently all imports must price in at \$0/MWh and all exports at \$999.99/MWh (ISO Rule 3.5.1)
- Until this changes, price provision of proposed rule will be skipped and allocation will move directly to pro rata
 - Rule anticipates future mechanism for allowing dispatch of import/export transactions.
 - Intertie Framework Recommendation Paper recommends dynamic scheduling to achieve dispatch and price response of imports/exports
- Once price is implemented, effective transactions will be curtailed in reverse merit order

Example 1: ATC Pro Rata Allocation Math

	BC Intertie		MT Intertie		SK Intertie		Net AC limit		System limit	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Capability	700	700	300	300	150	150	700	700	850	650
Scheduled	550	50	300	0	50	0	850	50	900	50
Net Sch.	500		300		50		800		850	
Adjustment	-65		-35				-100			
Final Sch.	485	50	265	0	50	0	700		750	

- Simplified example – no wheelthrough and only 1 tag per import/export
- In this example, system limit is OK but AC import limit is violated
- BC and Montana imports pro-rated down by 100 MW to come within limits
- All interties are within limits

Example 2: ATC Pro Rata Allocation Math

	BC Intertie		MT Intertie		SK Intertie		Net AC limit		System limit	
	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
Capability	700	700	300	300	150	150	700	700	850	650
Scheduled	800	200	300	0	50	0	1100	200	1150	200
Net Sch.	600		300		50		900		950	
Option 1										
Sys. Adj.	-70		-26		-4				-100	
New Net	530		274		46		804		850	
AC Adj.	-76		-28				-104			
New Net	455		245		46		700		746	
Option 2										
AC Adj.	-145		-55				-200			
Final Sch.	655	200	245	0	50	0	700		750	

- Simplified example – no wheelthrough and only 1 tag per import/export
- In this example, system and AC import limit are violated, all individual paths within limits
- AESO recognizes there are two potential solutions for mitigating system level constraint
 - If operationally practical to identify given timelines Option 2 seen as most effective as intertie utilization maximized and number of cuts minimized

- Draft Information Document #2011-001R posted March 17, 2011 in Draft Information Documents section of AESO website
- Contains technical information and tables previously contained in OPPs, particularly OPP 304
- Will be updated as required to reflect MATL
- Other information proposed to be moved to System Controller Procedures

- New definition proposed for **Alberta interchange capability**
 - To more clearly distinguish between various levels at which transmission capability is calculated – this is the highest, macro-level calculation (system)
- Following definitions proposed to be amended
 - **available transfer capability**
 - **e-tag**
 - **interchange schedule**
 - **total transfer capability**
 - **transmission reliability margin**
 - **wheel through transaction**

- Consultation is following AUC Rule 017
- Comment matrices due April 15, 2011
- AESO will then post stakeholder comments
- Based on consideration of stakeholder comments AESO will then post revised rule language and, if necessary, re-consult or file rule with AUC
- Assuming no major revisions, expect rule filing with AUC in May, 2011

- Questions?
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