

Bona-fide and Legitimate Reasons for Intertie Transaction Failures

For discussion purposes – Intertie Traders Meeting
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IESO Skymark Board Room



Topics

- **Market Rules Basis**
- **What is a Transaction Failure?**
- **Bona Fide and Legitimate Reasons**
 - Differences for DA vs. RT transactions
- **Market Documentation**

- Chapter 7 section 7.5.8B, ... “The IESO shall take actions...where...a registered market participant... fails to schedule energy or operating reserve...other than for bona fide and legitimate reasons...[which] shall include failures caused by actions... beyond the control of the market participant”
- Rule allows for business practice differences in neighbouring jurisdictions to be either exempt or not from the application of the settlement charge

What is a Transaction Failure?

- Failure to schedule energy or operating reserve.
- Any transaction that was scheduled in the Day Ahead Pre-Dispatch of Record or the hour ahead pre-dispatch constrained schedule that does not flow during the delivery hour in whole or in part.
- Applies to any transaction on any IESO interface (eg import, export, or wheel).
- Market participants are responsible for ensuring that transactions flow in real time by successfully scheduling all services and adhering to the business practices of all jurisdictions along the transaction path.

- For all day-ahead imports and all real-time imports and exports, bona fide and legitimate reasons for not flowing in real-time are:
 - ISO curtailments
 - Intertie Limit Reduction
 - Failure to acquire Ramping Capacity (IESO and NYISO)

- Failures due to ISO curtailments for TLR, other security curtailments, ISO dispatch scheduling errors and ISO adequacy cuts are considered legitimate.
- Exception for DA imports:
 - Cuts by NYISO when implementing its HAM protocol are not considered ‘bona fide and legitimate’ reasons
 - the HAM protocol cuts real-time transactions before day ahead transactions during TLR events

- Intertie limit is reduced before the hour ahead pre-dispatch scheduling process:
 - Only applies to day-ahead imports
 - If intertie limit is zero, then a bona fide reason
 - If intertie limit is reduced but is non-zero:
 - Only a bona fide reason if limit becomes lower than total amount of day-ahead imports scheduled.
- Failures due to a limit reduction after hour-ahead pre-dispatch process is complete are considered ISO curtailments
 - A bona fide reason.

- Failure to acquire Ramping Capacity for IESO and NYISO
 - This service is bundled and no separate reservation is possible.
 - For IESO, this occurs when the Net Intertie Scheduling Limit is binding.
 - For NYISO, this is reported as a “security” failure.
 - In cases where ramping curtailments occur after the IESO issues final pre-dispatch schedules, this is a bona fide reason for failure.

- For Real Time **import** transactions from MISO:
 - Inability to acquire transmission will be a bona fide reason for failure
 - Inability to acquire ramping capacity will be a bona fide reason for failure
- These additional reasons are based on the IESO's current understanding of business practices in MISO. The IESO is in discussions with MISO regarding these issues and will update the ITS on this outcome.

- Non bona fide nor legitimate reasons for all intertie transactions not flowing in real-time are generally those within the control of the market participant and include:
 - NERC tagging errors
 - Failure to acquire transmission service
 - Exception for MISO real-time imports
 - Scheduling errors e.g. bid / offer errors
 - Economic selection
 - Ramping Capacity (except IESO & NYISO)
 - Where business practices require separate acquisition of ramping capacity

- Day-ahead and real-time transaction failure bona fide and legitimate reasons for failure will be posted on the IESO website as an Interpretation Bulletin.
- Consistent with past practice, proposed changes to these bulletins are brought to the Intertie Trading Subcommittee in advance.

End of Slides