

Financially Binding Status in EDAC

Interjurisdictional Trading Standing Committee
February 5, 2009



- Financially Binding Status (FBS) provides an exemption from the IOG Offset for DACP scheduled imports which:
 - can demonstrate to our satisfaction that they have a financially binding obligation in a day-ahead market (DAM) in the adjacent control area, and
 - flow in real-time
- FBS was introduced with DACP in June 2006

- Currently, only MISO has made the data available to us to allow us to determine FBS
- NYISO has agreed in principle to provide data from their DAM but IT implementation work remains to translate the data into a useable format for IESO settlement tools
 - Work is prioritized on the IJT work plan but has been assigned a low priority (7th of 8 items)

- Since FBS was introduced in June 2006,
 - \$93 million in IOG have been paid to DA and RT transactions, of which \$6 million were offset
 - Fewer than 8% of import transactions are scheduled in DACP
 - If 100% FBS eligibility is assumed for DA imports from New York, Michigan and Minnesota, \$1 million of IOGs would have been exempted from IOG Offset
 - 82% of import transactions (DA and RT) from jurisdictions with DAMs (NY and MISO) flow from MISO, 18% flow from NYISO

- To date, only two Market Participants have provided us with necessary information to link MISO DAM results to DACP transactions
 - We require the participant name in MISO in order to link net MISO DAM position with IESO DACP imports
- A review of recent 6 months (January – June, 2008) of actual FBS eligibility yielded only \$2000 of benefit to eligible Market Participants

- EDAC was an opportunity to assess the value provided by FBS relative to the cost to administer
- Based on experience with participation to date, benefits are limited and costs to implement in EDAC are significant
- IJT work plan indicates that the trader community has identified FBS development as a very low priority

- FBS has been removed from the EDAC Market Design v1.0 published today
- IESO proposes:
 - removing FBS development with NYISO from the IJT work plan
 - that the consideration of FBS with MISO cease with introduction of EDAC