

Import and Export transactions curtailments occur on the basis of IESO reliability. In these cases, the transactions are curtailed based on economic merit and on the interface where the greatest benefit would be achieved.

Currently, with respect to linked wheels, the economic merit (\$2000.00, - \$50.00) dictates wheels will be curtailed last and on a pro-rata basis when the economic order is equal. This translates to linked wheels seldom being cut in today's scheduling and dispatch results.

As per Market Manual 7.4: IESO-Controlled Grid Operating Policies Appendix E: Emergency Operating State Control Actions:

"Where injections and withdrawals are simultaneously curtailed there is no benefit to supply adequacy. Therefore, the IESO will not curtail linked wheeling transactions to support the overall supply adequacy of the IESO-controlled grid. The IESO may, however, curtail a linked wheeling transaction where the transaction was contributing to transmission security concerns or overloads which are causing either global or local reliability concerns."

With the proposed changes to linked wheel scheduling and dispatch, determining the economic merit of these transactions would be more difficult. The economic merit of a congestion price compared to a bid or offer is not evident with the tools currently available.

Three options are presented to determine the order of curtailment when dealing with linked wheels and import/export transactions:

- A new tool would be required to translate the congestion price and align it with the economic order of imports/exports to be curtailed. The output of this tool would determine the order of curtailment.
- The linked wheels would be curtailed on pro-rata basis with the other transactions being curtailed. For example, 100 MW of wheels and 100 MW of imports were flowing on a given interface and 100 MW of relief was required. In accordance with their proportion, 50 MW of imports would be curtailed on an economic basis relative to other imports and 50 MW of linked wheels would be curtailed starting with the wheels offering to pay the least amount of congestion price. This option would require a manual process to calculate the curtailment order and would be unmanageable given the time constraints when dealing with curtailments.
- The final option would have the linked wheels curtailed first regardless of economic assessment based on the wheels providing no net benefit to the province during times of congestion.