



Market Pricing Working Group

Market Evolution Program

Issue 35 - Impact of 'Other' Out-of-Market Control Actions on the Market

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Mechanics of the Process for Intertie Transactions

- The IMO must maintain the reliability of the IMO controlled grid. The reliable coordination and operation of Ontario's interconnections is critical to meeting that mandate.
- Under normal conditions the IMO uses the outcome of the hour ahead pre-dispatch (PD) schedule to set intertie transactions for the next hour. These outcomes are the foundation for a reliable and coordinated schedule.
- For a variety of reasons (which we will touch on) it is impossible to always use these PD results.

Why do we deviate from the Pre-dispatch schedule?

There are a variety of reasons why the IMO occasionally changes Interchange Schedules (IS) or transaction quantities. These include:

- Internal adequacy (i.e. the ability to meet OR/load requirements);
- Internal security (i.e. the ability to meet security limits);
- External adequacy or security curtailments (TLR's & contingencies);
- Coordinated scheduling protocols (i.e. NY-IMO protocol);
- MP failure to successfully navigate adjacent markets; and/or
- Operating Reserve (OR) Activation

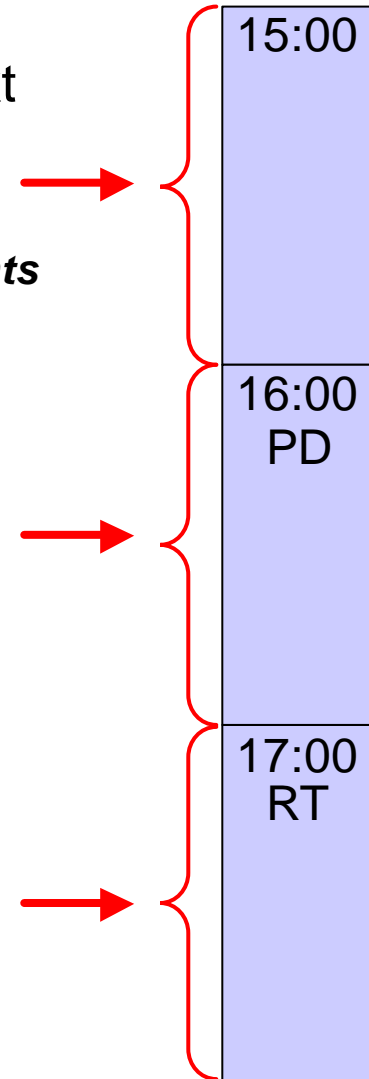
It should be noted that the vast majority of interventions are the direct result of:

1 - The NY-IMO protocol; and

2 - Failed Transactions.

How are changes made, what does the MP see? con't

- **Prior to PD:** Changes in this timeframe result in the next PD schedule reflecting the change in the applicable PD CS and/or MS. *Application of codes in this timeframe may only place restrictions on and not changes to scheduled amounts (i.e. NY-IMO protocol).*
- **After the final PD but before RT:** Changes will only be visible in RT for the dispatch hour.
- **In RT (i.e. within the dispatch hour):** This results in changes to schedules that are normally constant. The change is applied for the balance of the dispatch hour, unless superceded.



The Philosophy for IMO actions

When required to modify transaction quantities the IMO is, by default, modifying the RT CS values. At the same time, the market is faced with the question of what to do with the equivalent RT MS values.

The IMO uses a set of principles to guide its actions/procedures. These principles are based on a simple philosophy that states:

“The IMO will only take manual action to maintain the reliability of the power system and will minimize the disruption to the market, while remaining consistent with the market design fundamentals.”