

Inter-tie Transactions Setting Price (SE-18)



- Background
- Issue for discussion
- Options
- Next steps

- In Summer and Fall of 2006, the MPWG explored options and impacts of inter-tie transactions setting real-time five minute prices.
- The IESO presented a high level option whereby the offers/bids of these transactions could “float” in real-time in the unconstrained schedule and as a result could set the unconstrained price
- In Fall of 2006, the IESO presented its opinion that inter-tie transactions should not be permitted to set real-time five minute prices
 - Rationale: resources are fixed for an hour and are not dispatchable in real-time
- Two supply side participants, through written comments, disagreed with the IESO opinion.

- The MPWG did however agree that this issue should be included with the day-ahead market initiative
 - A key issue to be addressed was the convergence of day-ahead market price to real time prices;
 - the role of the inter-tie transactions to set market prices (day-ahead and/or real-time) should be considered in this context.
- The agreement was reached with the understanding that
 - The decision does not prejudice future decisions; and
 - If Ontario does not implement a day-ahead market, the issue of inter-tie transactions setting real-time prices would be revisited.

- With the IESO Board's decision to implement an enhanced day-ahead commitment processes and continued study of the potential implementation of an Energy Forward Market, should the IESO and the MPWG revisit the issue of inter-tie transactions setting real-time prices at this time? Does this remain an issue in our market?
- Reasons and rational for your position?

- Re-evaluate 2006 proposal to allow inter-tie transactions to “float” in unconstrained sequence
- Address this issue in SE-61 - possible 15 minute scheduling of inter-ties
- Other

- If this is an issue, evaluate issue relative to other issues within IESO 2009 – 2010 prioritization exercise