

Intertie Trading Standing Committee

Day Ahead Commitment Process: IOG Offset Exemption and Financially-Binding Status Implementation Update

May 26, 2006
Leonard Kula



Context

- DACP design allows exemption from the IOG offset calculation for day-ahead imports that demonstrate financially-binding status in an adjacent Day Ahead Market to the satisfaction of the IESO
- Demonstration of financially-binding status requires involvement of MISO and NYISO
 - IESO has worked for months to establish processes with MISO and NYISO to receive results from their DAM for exports to and imports from Ontario

Context

- At the May 4 meeting of the Intertie Trading Standing Committee:
 - IESO announced that we will not be able to allow IOG offset exemptions for imports that are scheduled in the DACP to Ontario from NYISO or MISO when the DACP starts for the June 1 trading day
 - Standing Committee members asked:
 - 1 Whether the IESO would consider a retroactive calculation once the data is available from the other ISOs?
 - 2 Whether the IESO could use data provided by market participants and check against ISO data when it becomes available?

Status

- MISO:
 - DRAFT design document and sample data received from MISO on May 19
 - ~6 weeks work remain to complete processes to:
 - receive the data from MISO
 - publish the data to market participants
 - calculate and apply the IOG offset exemption in the settlement process
- NYISO:
 - has concerns with providing DAM data directly to the IESO
 - we are talking with them about the acceptability of submitting participant data to them and having them validate the data

Response to May 4 ITSC questions



2 Whether the IESO could use market participant data and check against ISO data when it becomes available?

- We are working with MISO to have them provide the data directly to the IESO
- Our current discussions with NYISO are working through the processes needed to allow MP submission of data to IESO and NYISO validation of that data
 - discussions have not progressed far enough to allow us to be confident that we know and can execute this process

Response to May 4 ITSC questions

1 Whether the IESO would consider a retroactive calculation once the data is available from the other ISOs?

- We will not consider retroactive calculations to June 1.
 - Processes to establish DAM positions involving MISO and NYISO are not sufficiently developed
 - We are not confident that we can validate DAM data for MISO or NYISO and settle IOG offset exemption as of June 1
- When we are confident that we will have the processes necessary to receive DAM data from another ISO or have another ISO validate market participant DAM data, we will provide 7 days advance notice to market participants of the date that IOG offset exemption for day-ahead imports will be active for MISO or NYISO

Response to May 4 ITSC questions



- EXAMPLE: scenario by which we activate IOG offset exemption for MISO (i.e. Michigan and Minnesota transactions):
 - June 15
 - we proceed far enough in developing processes to receive MISO DAM data that we are confident that we can settle IOG offset exemption for MISO
 - we provide market participants 7 days advance notice and announce that IOG offset exemption for MISO imports is available effective June 22
 - June 22
 - MISO DAM positions eligible for IOG offset exemption calculations
 - July 5
 - IESO processes to calculate IOG offset exemption for MISO completed
 - July 17
 - IOG offset exemption for MISO transactions calculated retroactively to the June 22 trading day
 - preliminary settlement statements prepared for June 30 trading day

Summary

- We will not be able to allow IOG offset exemptions for imports to Ontario from NYISO or MISO that are scheduled in the DACP when the DACP starts for the June 1 trading day
 - We are doing all that is within our control to implement this design element as soon as possible.
- When we are confident that we will have the processes necessary to receive DAM data from another ISO or have another ISO validate market participant DAM data, we will provide 7 days advance notice to market participants of the date that IOG offset exemption for day-ahead imports will be active for MISO or NYISO

Intertie Trading Standing Committee

Real-Time Import and Export Failure Charges: Settlement on Daily or Month-End Settlement Statements?

May 26, 2006
Leonard Kula



Context



- The Real-time Import and Export Failure Charges will become active beginning with the June 1 trading day
- Our enduring tools will not be functional until after the June 1 trading day:
 - Final Release Plan for Release 15.1 indicates that the Real-time Intertie Failure Charges will be implemented as automatic calculations on July 8, 2006, with the intent to have these charges posted as automatic calculations beginning with the July 1, 2006 Preliminary Settlement Statements that will be issued on July 17, 2006.
- For the month of June, we will be calculating the real-time import and export failure charges manually and applying these charges as manual line items

Open Question

- Until the enduring system is installed, our manual calculation method may not have had the capability to include real-time intertie transaction failure charges on daily preliminary settlement statements
- Market Rule MR-00319 allows us to include the hourly settlement amounts of real-time intertie transaction failure charges on the settlement statement for the last trading day of the month

Status of Implementation for June 1, 2006



- We will not need to use the provisions of Market Rule MR-00319
- For all trading days in June 2006, the IESO will apply the hourly settlement for real-time intertie transaction failure charges as manual line items on the daily preliminary settlement statements