

Real Time Intertie Transaction Failures Charge - Update

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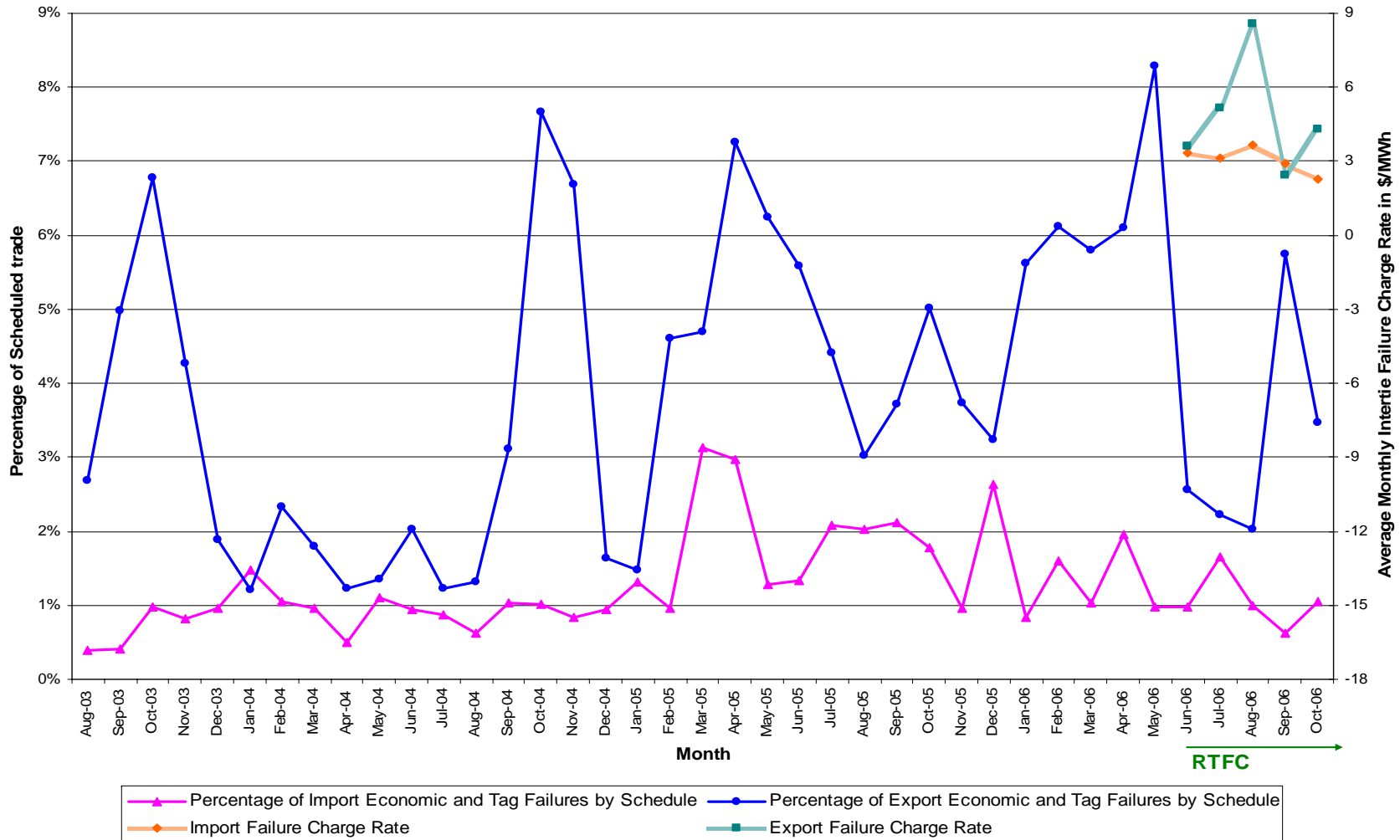


Topics

- Impact of Real Time Failure Charge (RTFC) on:
 - Trade volume
 - Failure rates
- MISO import ramp failures
- Continued monitoring

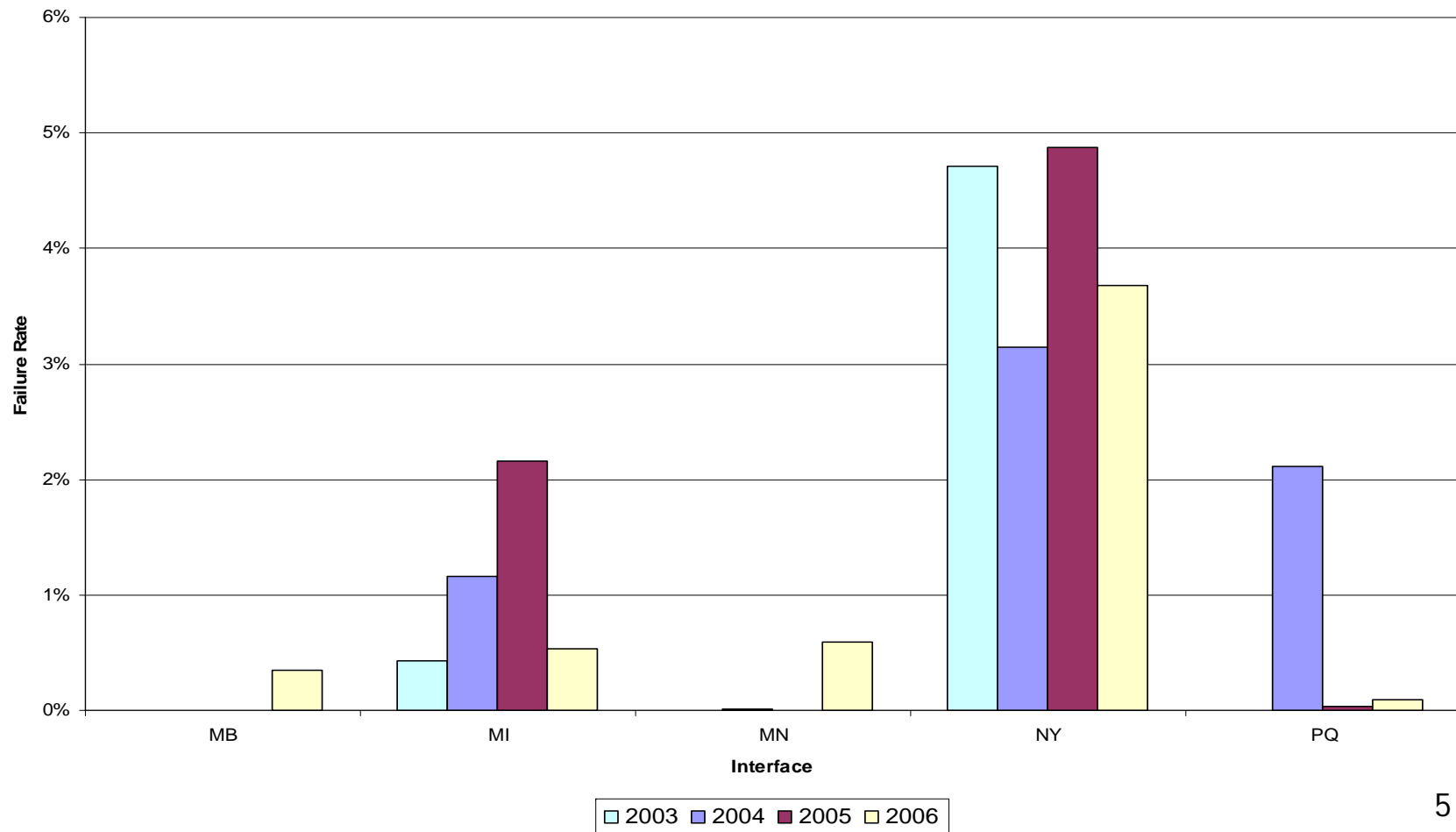
- Two areas of impact examined by Market Assessment Unit (MAU) for the Market Surveillance Panel Report. Details of the analysis appears in the report due Dec 15
- Failure rate = the rate of failures for other than bona fide and legitimate reason/trade volume
 - Trade volume between New York and Ontario
 - Conclusion: it is too early to determine the detailed impacts/effectiveness of the RTFC, however, no adverse effects have been identified

Intertie Failures due to Economic and Tag errors as percentage of Scheduled trade



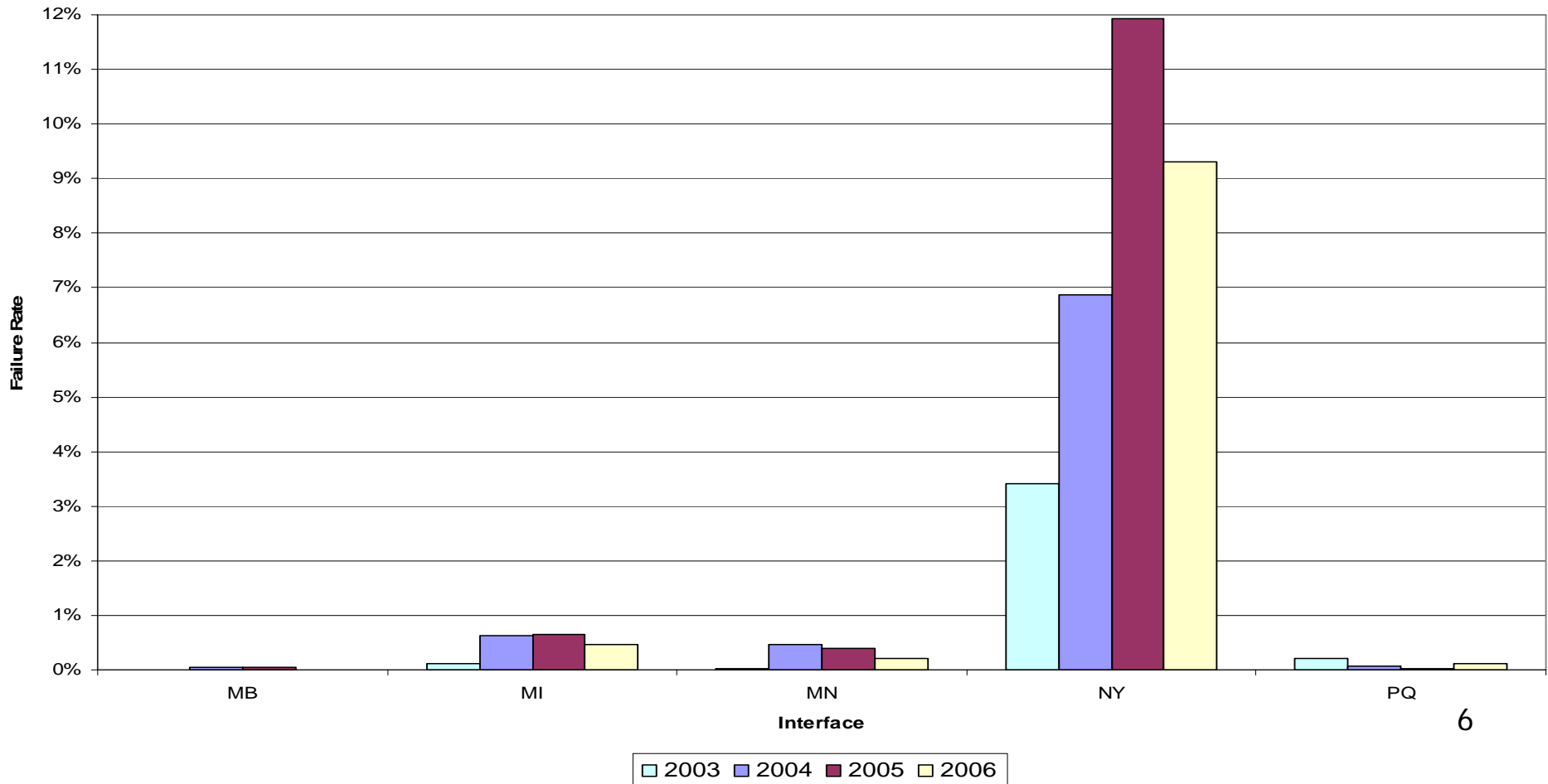
Historical - Export Failure Rates

Yearly comparison of export failures due to economic and tag as a percentage of scheduled trade between June 1st and November 30th



Historical - Import Failure Rates

Yearly comparison of import failures due to economic and tag as a percentage of scheduled trade between June 1st and November 30th



Failure rates

Analysis does not separate DACP and real time imports failure. However, DACP import failures account for 1.3% of import volume

- The implementation of the failure charge was expected to result in an overall drop in rates of failure for other than bona fide and legitimate reasons
- Graph shows a sudden drop in failure rates for June 2006 in export trade
 - Appears to fluctuate with rate of failure charge

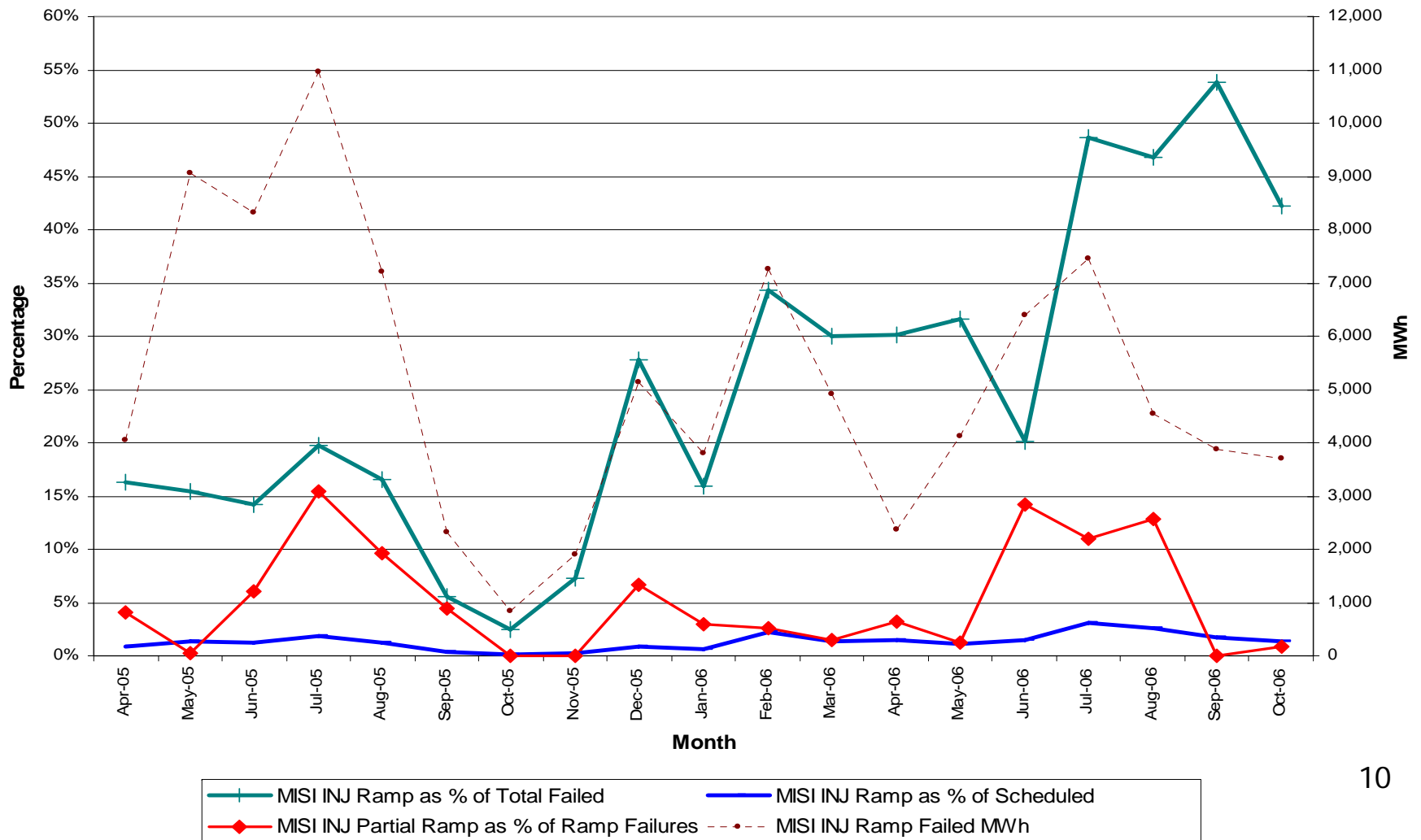
Trade between Ontario to New York

- New York failures accounts for largest volume of failures subject to the charge (84%)
- Concerns were expressed regarding the RTFC causing less export trade
- Findings indicate the RTFC/DACP has not altered trade flows between New York and Ontario or the relationship (spread) between prices
- In particular, exports trade volumes to New York have not been effected by RTFC

MISO import ramp failures

- MISO ramp failure from July – Oct 2006 constitute a greater percentage of failed imports when compared to months at similar trade volumes
- Transactions with confirmed ramp reservations are not denied ramp due to partial energy scheduling. Transactions will automatically be granted the reduced amount of ramp
- MISO real time import ramp failures will remain exempt from the RTFC. The IESO will continue to observe ramp failure to establish whether there is a market benefit

MISI Import Failures due to Ramp



MSP will continue to monitor market impacts of charge

The IESO will monitor reliability impact of charge
i.e. whether charge is driving correct outcome at
times of system stress