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Clarifying Treatment of TLRs in the Local Market Power Procedures

Presentation to
Intertie Trading Standing Committee
March 5, 2008



- To explain a planned clarification for the Market Manual 2.12 Treatment of Local Market Power
 - regarding the treatment of trades constrained off as the result of the TLR process (Transmission Loading Relief)
- The clarification is expected to be part of the June 2008 Baseline changes

- In 2007 there were several intertie transactions (exports) constrained off using the TLR process
 - resulting in substantial CMSC payments
- The IESO initiated local market power investigations and recovered part of the CMSC
 - the TLR requirement to constrain off specific transactions meant the transactions were pivotal to resolving the transmission flow problem.
- Traders involved had not anticipated this implication of the TLR process
 - Clarification in the market manual would be helpful

- The TLR process is a NERC procedure followed by the IESO and other reliability coordinators
 - to deal with potentially unacceptable flows on critical flowgates in the interconnected network.
 - NERC Procedure Standard IRO-006-1 — Reliability Coordination — Transmission Loading Relief
ftp://www.nerc.com/pub/sys/all_updl/standards/rs/IRO-006-1.pdf
- Depending on the nature of the problem
 - a reliability coordinator will identify a problem,
 - run the NERC Interchange Distribution Calculator (IDC) which specifies how much of which intertie transactions must be cut, and
 - notifies other coordinators of specific cuts needed

- The IESO control room cuts imports & exports as specified by the IDC
 - Without regard to the economics of the situation
- Imports or exports to Ontario cut by the process for flow problems in Ontario or at its interties
 - would be treated as constrained off and potentially receive CMSC
- After the fact, the CMSC is reviewed
 - using the same procedures as other constrained on or off transactions, e.g. with 3-part test:
 - transmission, price & insufficient competition