

NAESB COORDINATE INTERCHANGE BUSINESS PRACTICES TASK FORCE SCOPING DOCUMENT - DRAFT

Introduction

The NAESB Coordinate Interchange Business Practices Task Force (CIBPTF) was formed to review the proposed NERC standard entitled, "Coordinate Interchange Transactions" and to recommend whether there is a need for a companion business practice.

Purpose of the NERC Coordinate Interchange Transaction Standard

Whereas a NERC standard drafting team has just begun the process of drafting the standard, the CIBPTF is relying on the NERC Standard Authorization Request (SAR) for insight into this standard. ~~As such, the analysis is preliminary.~~ Based upon the approved NERC SAR, there are two ~~clear~~ purposes for the Coordinate Interchange Transactions standard:

1. Ensure that ~~implementation of~~ Interchange Transactions between Sink and Source Balancing Authorities ~~are been approved (from a reliability perspective) prior to implementation~~
2. Ensure that implementation of Interchange Transactions between Sink and Source Balancing Authorities are ~~acknowledged and understood (re terms and conditions) by those Balancing Authorities. is coordinated by the Interchange Authority~~
3. ~~Provide a mechanism for the identification of Interchange Transactions that could be utilized for congestion management and/or the relief of operating limit violations~~

This above wording is suggested to better show that a NERC's IA requirements are set of responsibilities not a corporate entity.

As written in the NERC SAR it does appear that NERC is mandating the intervention of a new corporate entity.

Actions Required Within the Standard

- Reliability related data pertaining to interchange transactions should be verified by the ~~entity~~ ~~serving the IA functions:~~
 - Megawatt magnitude
 - Ramp start and stop times
 - Duration of Interchange Transaction
 - Existence of mutual agreement between parties to Interchange Transaction
 - Approval of Interchange Transaction by appropriate functional authorities
- Reliability related data pertaining to interchange transaction ~~should~~ ~~must~~ be communicated to ~~certain functional authorities:~~ ~~entities serving reliability functions:~~
 - ~~Interchange Authority, Balancing Authority, Reliability Authority, Transmission Service Provider, Purchasing Selling Entity~~

Although the second bullet is taken from the NERC SAR's Brief Description it does not reflect the sense of the Standard itself which avoids discussion of such tools as being anti-market.

Items for a Companion Business Practice Standard

1. Facilitate consensus on addressing the needs of PSEs for supplying to the various Markets the approval information those Markets individually require for any and all products that must be included in a BA's Schedule Interchange setter (i.e. energy transactions for economics as well as energy transactions for any and all energy services)
2. Develop (in conjunction with the NERC SDT) a common set of terms and definitions
3. Document inconsistencies (if any) between current Interchange Transaction products

- ~~Form of the "mutual agreement" required between parties to an Interchange Transaction~~

Timing and data submittals will be defined by the Market Operators.

NAESB must avoid NERC's mistake of creating artificial barriers to markets. Formats and timing requirements often limit Market activity by prohibiting more flexible formats and timing processes.

- ~~Method of communicating reliability data pertaining to an Interchange Transaction (including the formatting and timing of data submittals)~~
- ~~Requirements for submitting all Interchange Transactions~~
- ~~Communicating approval and implementing the Interchange Transactions~~
- ~~Development of standard products 16 hour and/or a shorter product.~~
- ~~Procedures for proposed "Intra hour" scheduling (with appropriate 20 minute notice)~~
- ~~Consistent timeframes for submitting transaction tag and identifying path for Day ahead~~
- ~~Compliance by all Regions for a common Standard or accommodate Regional differences.~~
- ~~Ability to ramp at times other than "top of the hour"~~
- ~~Interchange Schedule Accounting~~
- ~~Will there be a required Software for "tagging" transactions (such as OATI)~~

- ~~Procedure for handling Transmission losses.~~
- ~~Timeline for approval of Interchange Transaction by appropriate Functional authority~~
- ~~Procedure for handling Ancillary Services.~~

Standard Products can be a problem if they:

- Cause reliability problems (e.g. On-Peak /Off-Peaks effects
- Preclude other products (say 5-minute transactions)

Note that some of these items are contained in appendices to Policy 3 that should be reviewed as well

Suggest that a better NAESB role would be to:

- ensure that neither the reliability standards of NERC or the Market rules of the RTOs preclude or enshrine any one market option
- ensure each market option is consistent between Markets

Direct references to Policy 3 unintentionally focus on NERC's old ideas. It may be better to omit reference and start from ground zero.

Other Issues

NERC Policy 3 – Interchange will be deleted when the standard is implemented

- NERC Policy 3 contains both reliability related practices (which should be incorporated into NERC standards) and Commercial practices (which don't directly impact the reliability of the power system) that should be incorporated into NAESB business practices. These business practices may not necessarily be companions to the NERC standard.
- A coordinated effort between NERC and NAESB is required to prevent the unintended loss of practices currently contained in Policy 3 and its appendices.