

During the meeting December 11, I realized that some of the problems faced by the IIPTF is that we have different mind sets as to what is or should be a standard or what a standard should look like. I asked NAESB staff for a copy of some GISB standards and got things like:

1.3.6 Nominations received after nomination deadline should be scheduled after the nominations received before the nomination deadline.

1.3.8 All transportation service providers should allow for intra-day nominations.

These "standards" are much simpler than what I envisioned and may be much different from what others have envisioned. Following this format, I suggest the following standards for consideration

--Parties may handle inadvertent interchange on a bilateral basis.

--All inadvertent interchange shall be settled at least hourly.

--Parties may agree bilaterally to settle inadvertent interchange more often than hourly.

--Absent a bilateral agreement to the contrary, inadvertent interchange shall be a cash payment.

--A cash out of inadvertent interchange shall be in the form of pricing the difference between actual energy delivered during a time period minus the scheduled energy for the time period at a price specific to that time period.

--The price for inadvertent interchange shall be positive except when NERC declares an excess supply reliability alert, such as would occur during periods of high system frequency or transmission line overloads out of an area. In such situations, the price for inadvertent interchange may be zero or negative.

--The price for inadvertent interchange shall reflect the system frequency, including time error, for the relevant time period.

--The price for inadvertent interchange shall be geographically differentiated to reflect marginal line losses and transmission constraints.

--The price for the reactive component of inadvertent interchange shall reflect local voltage conditions and the price for the active component of inadvertent interchange.

--The base price of inadvertent interchange (that is without adjustment for frequency error or location) shall reflect the concurrent energy price in the established market for energy on the entire interconnection. Absent an established market for energy on the entire interchange, the base price of electricity shall be periodically changed to reflect cumulative measurements of the imbalance in the energy market.

I think that these standards are appropriate and would meet the requirements of WEQ Business Practices Subcommittee, except perhaps for the concept of negative prices. Of course, the exception reflects my generic opposition to negative prices. I included the concept of negative prices to reflect the concerns of other participants in IIPTF.

Perhaps if Steve found a way to distribute some of the GISB standards to serve as a template for what IIPTF is trying to accomplish, we may be able to further the work along those lines.

Please note that this message is a combination of my original message of December 17 and of January 6.

Mark B. Lively  
Utility Economic Engineer