

## **Wholesale Electric Quadrant Inadvertent Interchange Payback Practices Task Force**

### **Definition for Inadvertent Interchange Settlement Party**

In the existing NERC Operating Policies, Control Areas have the responsibility for settlement of inadvertent interchange with the NERC defined Interconnection (Interconnection). Under the NERC Functional Model, a Balancing Authority will be responsible for inadvertent interchange settlement (Criteria for a Balancing Authority includes the requirement that it must have control of at least two of the three components of load, generation, and scheduled interchange). However, the evolution of the wholesale electric industry ensures that in some instances other parties may aggregate inadvertent interchange for a group of control areas, or Balancing Authorities, and settle the net interchange for these Control Areas or Balancing Authorities with the NERC Interconnection. An example of this is MISO.

MISO performs inadvertent settlement with the Eastern Interconnection, but is not the Balancing Authority, for its members. Settlement by MISO will be based on its members' net inadvertent interchange with the Eastern Interconnection. In the future other parties may assume the role of balancing the net inadvertent interchange for a group of Control Areas, or Balancing Authorities, with one of the Interconnections.

Since the possibility exists that there may be Control Areas (or Balancing Authorities), RTOs, ISOs and Regional Reliability Councils involved in inadvertent interchange settlement within an Interconnection, it becomes difficult to use an existing term to define the party responsible for the energy accounting function (i.e., including MWh and price, if applicable) of advertent settlement. Therefore, the following term is proposed to define a party responsible for after-the-fact inadvertent interchange settlement with other parties.

#### **DEFINITION:**

**Inadvertent Interchange Settlement Party (IISP)** – The party responsible for after-the-fact energy accounting associated with inadvertent interchange settlement within one of the NERC Interconnections. Entities that qualify to be IISPs are Control Areas, Balancing Authorities, RTOs, ISOs, and other organizations that may be recognized by NERC as being qualified to perform settlement for its members. Qualifications to perform settlement for another party shall include, but may not be limited to, contract arrangements authorizing the party to perform settlement duties for a Control Area or Balancing Authority and indicating the party has the necessary resources to finalize settlement of inadvertent interchange for its members with other Control Areas or Balancing Authorities within the Interconnection.