

Waiver Request – RTO Inadvertent Interchange Accounting

Organization

The Control Area participants of:

- Midwest ISO

Operating Policy

The CONTROL AREA participants request approval of this Waiver to implement RTO Inadvertent Interchange accounts to meet their FERC-directed market obligations.

The participants are requesting a Waiver of specific provisions of NERC Policy 1.F “Inadvertent Interchange Standard”. The RTO participants propose to create an Inadvertent Interchange account for the RTOs.

Standards

Policy 1

- Policy 1F, “Inadvertent Interchange Standard”

Requirements

Policy 1

- 1G 1.1 – Control Surveys (AIE Survey)

Explanation

NERC Policy 1.F “Inadvertent Interchange Standard” speaks only of Control Areas accounting for Inadvertent Interchange. The policy was written before the advent of RTOs.

The current model for RTO markets with multiple Control Areas requires financial settlement of all energy receipts and deliveries. This means Control Areas will pay for (or be paid for) their Inadvertent Interchange. Financial settlement of inadvertent is allowed under Policy 1.F. 5.2. (Other payback methods) and the *Financial Inadvertent Settlement Waiver*.

Since the Control Areas no longer have a financial title to the settled energy, the RTOs ask for a separate account to hold their net Inadvertent with the Interconnection.

Control Areas and RTOs would continue to report Inadvertent Interchange data as they do today. Control Areas’ monthly Inadvertent Interchange balances would eventually become zero as their “pre-market” balances are drawn down through traditional payback methods (Policy 1.F. 5.).

Current Operating Reliability

The Control Area Participants believe this waiver will promote reliability for two reasons:

- It eliminates the incentive for burdening the Interconnection through large imbalances for financial gain. This is consistent with NERC Operating Committee’s charge to the Joint

Inadvertent Interchange Task Force (JIITF) and moves the JIITF's recommendations closer to realization.

- The influence of RTOs' markets on the Interconnection would be apparent through this separate balance.