

Waiver Request – Financial Inadvertent Settlement

Effective until:

1. No longer needed, or
2. Replaced by NERC Reliability Standard

Organizations

The Control Area participants of:

- Alliance RTO
- Midwest ISO
- Southwest Power Pool

Operating Policy

The CONTROL AREA participants of the Alliance RTO, Midwest ISO and Southwest Power Pool are requesting a Waiver of specific provisions of NERC Policy 1, “Generation Control and Performance,” to allow financial settlement of INADVERTENT INTERCHANGE within a RTO. The Midwest ISO has filed with the FERC Service Schedule 4 – Energy Imbalance, which contains a provision for financial settlement of INADVERTENT INTERCHANGE between the Midwest ISO CONTROL AREAS.

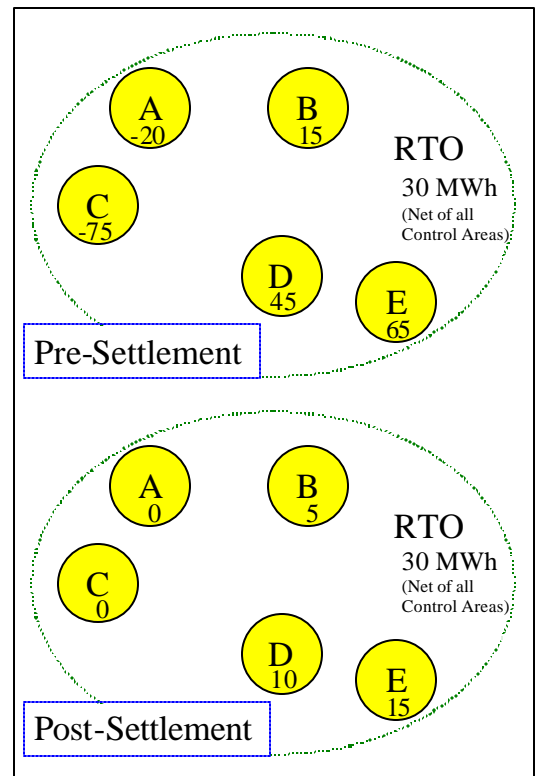
The RTO Organizations request a waiver from Policy 1, Section F:

- 5.2. Other payback methods.** Upon agreement by all REGIONS within an INTERCONNECTION, other methods of INADVERTENT payback may be utilized.

Explanation

The participant CONTROL AREAS ask for a waiver from the requirement that the method of INADVERTENT payback within the RTO be agreed upon by all Regions within the Eastern INTERCONNECTION. Approval of this waiver would allow the participant CONTROL AREAS to adjust their hourly INADVERTENT through an RTO financial settlement process while assuring that the method of INADVERTENT payback will not affect non-participant CONTROL AREAS or the net INADVERTENT owed to the INTERCONNECTION. For reliability reporting, such as for the NERC Area Interchange Error (AIE) report, the participant CONTROL AREAS will continue to report the actual “on-peak” and “off-peak” INADVERTENT INTERCHANGE incurred in all hours. In addition, they will also maintain an adjusted INADVERTENT account to reflect the amount owed to the INTERCONNECTION after financial settlement within the RTO.

Under the financial settlement process, the RTO will determine the amount of INADVERTENT INTERCHANGE that can be financially settled between the CONTROL AREAS within the RTO while assuring that the net INADVERTENT INTERCHANGE for the combined CONTROL AREAS under the RTO will not change.



Waiver – Inadvertent Financial Settlement

The example below and to the right reflects five CONTROL AREAS within a RTO. Before financial settlement of INADVERTENT INTERCHANGE the net of the five CONTROL AREAS' INADVERTENT INTERCHANGE is 30 MWh. As the net INADVERTENT for the hour is positive, all negative INADVERTENT is financially settled within the RTO with 30 MWh remaining to be reported by the CONTROL AREAS post-settlement. Through this process the INADVERTENT INTERCHANGE account with the INTERCONNECTION is unaffected.

<i>Control Area</i>	<i>Inadvertent</i>	<i>Settlement Schedule*</i>	<i>Adjusted Inadvertent</i>
A	-20	-20	0
B	15	10	5
C	-75	-75	0
D	45	35	10
E	65	50	15
RTO Net	30	0	30
* MWh settled financially			

Current Operating Reliability

There are no reliability implications from this waiver.

Policy Conditions for Waiver Recommendation

Policy 1F5.2

Other payback methods. Upon agreement by all REGIONS within an INTERCONNECTION, other methods of INADVERTENT payback may be utilized.

Conditions:

The Control Area Participants within the scope of the RTO that financially settle inadvertent will report both the unadjusted and adjusted quantities on the Inadvertent Interchange summary.