

MOTION1

Every control area should have a bilateral agreement with each of its interconnected control areas that addresses unscheduled flows of electricity as a way to pay back inadvertent interchange.

MOTION2

Absent an explicit mechanism to address unscheduled flows of electricity, unscheduled flows shall be cashed out on a coordinated basis with market driven prices that reflect the value of energy, frequency, and location, as recognized in the findings of the NERC Joint Inadvertent Interchange Task Force.

MOTION3

For purposes of such a cashing out, inadvertent interchange shall include both active power and reactive power.

COMMENT

Some control areas have established agreements with their neighbors for handling inadvertent interchange. These agreements should be permitted to continue or new agreements be established on a bilateral basis.

Bilateral agreements eliminates the necessity for NERC (or its successor) to create an accounting system to keep track of inadvertent interchange throughout the network. The auditing of inadvertent interchange can be accomplished much more simply by the accountants of the two control areas on either side of an interconnection. They will get the inadvertent accounts to agree. The accountants will be very interested in bilateral measurements when the revenue of their utilities are based on such measurements.

The talents of the NERC engineers can be better utilized in determining the procedures to estimate the marginal line losses and the transmission constraints that give rise to how the value of electricity changes by location and with frequency.