

Decision on transmission service and market scheduling priorities phase 2

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Background - Transmission Service & Market Scheduling Priorities

- The ISO has historically allocated and optimized the ISO controlled grid through the day ahead market and has not required reservations for firm transmission rights.
- The volume of wheel throughs in the ISO system has increased in recent years, contributing to competition for limited space and the potential crowding out of imports on some interties.
- The risk of curtailments of imports and wheel throughs after Summer 2020 precipitated development of interim priority framework.

Background - Transmission Service & Market Scheduling Priorities

- Current interim process for establishing higher wheel through priority expires ahead of Summer 2024.
 - Requires demonstration, 45 days ahead of month, of an executed contract and firm transmission to the ISO border for the month.
- Wheel through transactions unable to meet this requirements have lower priority.

Management proposes a more durable design for establishing wheel through scheduling priority

- Introduction of calculation of available transmission capacity (ATC) that provides the amount of transmission capacity available for reservation in advance to establish wheel through scheduling priority equal to ISO load.
- Establishing a process for reserving high scheduling priority in advance across different horizons.
- Defines process for studying, and pursuing longer-term transmission upgrades, for requests seeking wheel through priority.
- Payment of wheeling access charge for reservations.

Management proposes to introduce calculation of Available Transfer Capability (ATC) at the ISO interties

- ATC represents the amount of transmission capacity available for reservation in advance to establish wheel through scheduling priority equal to ISO load.
- ATC is derived after setting aside transmission capacity for native load needs.
- The ATC will be calculated in monthly increments across a 13-month horizon, and daily increments across a 7-day horizon.

Management proposes to use industry accepted ATC methodology



- TTC is the total transfer capability of the intertie.
- ETC are the existing commitments such as existing contracts and native load needs, including load growth.
- TRM refers to a reservation margin to account for uncertainty related to the ability to reliably serve load.

Management proposes to set aside transmission capacity for native load

- The transmission providers across the West set aside transmission capacity for serving native load.
- Management proposes to set aside transmission capacity for native load needs at the interties based on historical import volumes under contract to ISO load serving entities.
 - Two-year lookback, for each month, set at the greater of two years of historical RA monthly showings of imports and historical non-RA contracted import volumes.
- Allow for ability to show executed import contracts in advance to qualify for protection of native load.
 - Improves accuracy of historical assumptions.
 - Must be identified in advance of calculating ATC for the first time and represent a change from history.

Management proposes to make use of industry standard transmission reservation margins

- In addition to historical native load calculation, would set aside additional capacity through a transmission reliability margin (TRM) on interties to account for uncertainty.
- Consistent with NERC rules, accounts for load variability, generation dispatch variability, risk of outage and other elements as necessary.
- Can vary across time horizons and over time to account for changing or evolving uncertainty.

Management proposes a process for requesting ATC to establish wheel through scheduling priority

- ATC calculated on the interties can be accessed to establish wheel through scheduling priority.
- Requesting ATC requires demonstration of a power supply contract to serve external load.
- Introduction of reservation windows which requests are submitted to be evaluated for ATC.
 - Requests with longer duration, based on number of hours supported by supply contract, outcompete those of shorter duration if ATC is insufficient to accommodate all requests.

Management proposes to leverage existing transmission study process for long-term transmission priority requests

- Will study requests to establish wheel through scheduling priority on a long-term basis, a year or longer (beyond the period for which ATC is calculated).
- Leverages existing deliverability study processes to include such requests in an annual cluster study with similar requests.
- Entity seeking wheel through priority will have the ability to elect whether to pursue and fund the transmission upgrade.
 - Receive transmission credits in return, over time.

Management proposes to assess wheeling access transmission charge for reservations

- Today high and low wheel through transactions pay the transmission charge only when these transactions are scheduled.
- Propose to assess the ISO wheeling access charge for priority wheel through transactions based upon the duration of the underlying supply contract.
 - Regardless of whether the transaction is scheduled.
 - Example: priority based on 6x16 contract pays for transmission across that duration for the month.
- The proposal better reflects the value of the priority and does not require changes to the current rate structure design.

Management proposes to continue the application of wheel through scheduling priority equal to ISO load

- Priority effectuates pro-rata adjustments between wheel through priority transactions and ISO load transactions.
- Two simultaneous conditions must exist to potentially trigger adjustments of high priority transactions:
 - power balance infeasibility (internal and intertie supply exhausted), and
 - a transmission limitation on an intertie.
- Calculation of ATC further reduces the risk of overscheduling interties with priority transactions between priority wheel throughs and ISO load transactions.

While stakeholders generally supported the overall design, some expressed concerns with elements

- Some stakeholders supported the concept of calculating ATC that can be accessed in advance to establish priority.
- Some stakeholders expressed concern that the native load set-aside may overestimate native load needs and should instead be based on supply under contract.
- Some stakeholders expressed concern that wheel through priority equal to ISO load is not comparable to firm transmission service under the OATT.

Management recommends the WEIM Governing Body advise the ISO Board of Governors of its support for the proposal, and that the ISO Board of Governors approve the transmission service and market scheduling priorities phase 2 proposal

- This proposal will create a durable framework for wheel through scheduling priorities in the ISO markets while effectively accounting for transmission capacity needed to serve native load.