

Comments of the ISO/RTOs
NAESB Coordinate Interchange Business Practice Standard
(Request For Interchange, RFI)

The ISO/RTO Council (IRC) appreciates the opportunity to make comments on the NAESB proposal for Coordinate Interchange Business Practices. We believe that NAESB's attempt to move the industry toward the Functional Model is a good first step toward the future. In general, we support this document as a way to move the current NERC processes into the realm of NAESB. We believe that NAESB should look for opportunities to improve the process along the way, recognizing that NERC is moving rapidly to implement its Functional Model.

More specifically, we believe this document should be more focused on the Functional Model and less focused on the E-Tag system. We are concerned that these standards tend to be e-Tag-centric and tend to perpetuate the existing E-Tag infrastructure. While the introduction would seem to indicate otherwise, the document nevertheless makes several recommendations that seem closely tied to E-Tag. In all likelihood, this would work well in "physical" markets, but whether the standard would be effective in areas where financial markets exist or where financial markets abut physical markets requires further exploration. We would urge that any "hard links" to E-tag be removed from this document, and instead be created as a separate NAESB business practice. Such a split will allow these standards to support the ongoing development of OASIS Phase II. In the long run, it is expected that there will be a transition to some new systems, so NAESB should look for options that document what exists now but are flexible to accommodate new structures.

Items below in blue italics are IRC comments.

Definitions

RFI Standard 1.3 Interchange Transaction – A transaction representing the delivery of energy from a generator located within a Point of Resource (POR) BA to a load located within a Point of Delivery (POD) BA.

Should change Resource to Receipt to match current accepted industry definitions.

RFI Standard 1.4 Point of Resource BA – The Balancing Authority responsible for monitoring and/or controlling the generation identified as the source of an Interchange Transaction.

Should change Resource to Receipt to match current accepted industry definitions.

RFI Standard 1.8 Arranged Interchange – The state where completed and required information from the business arrangements are provided to and received by the Interchange Authority.

Isn't this the Arranged Interchange Period?

RFI Standard 1.12 Implemented Interchange Block Accounting – Energy accounting that assumes a beginning and ending ramp time of zero minutes. For accounting purposes, this moves the energy associated with the starting and ending ramps into the adjacent starting and ending clock time of the Interchange.

Is there a reason this definition is applied only to Implemented Interchange? It would seem that the intent should be that any description of Interchange (Requested, Confirmed, or Implemented) should be described using a consistent conventions (at least with regard to RFIs). For example, it would not be expected for a PSE to submit an RFI in both Integrated Accounting to cover the Requested time frame and to have an IA or BA convert it to Block Accounting for use in the Implemented time frame. Perhaps just defining Block Accounting would help, and it could apply to the state of the transaction as appropriate.

RFI Standard 1.13 Market Adjustment – A desired modification to the energy and/or transmission profile during the Confirmed Interchange period.

As defined, it seems that a “market adjustment” that requires the purchase of additional transmission would not be supported. For example, if a PSE wanted to raise the level of a Confirmed Interchange transaction, but did not have the transmission to support it, there would be no ability to purchase that transmission. If the “market period” is redefined to include the arrangements needed to support an RFI or change to an existing RFI, this problem would be addressed. Can you clarify whether you could purchase additional transmission service on the fly?

Business Practices

RFI Standard 2.0 All requests to implement an Interchange Transaction shall be accomplished by the submission of a completed “Request For Interchange”, RFI, to the Interchange Authority (IA). Upon receipt of the RFI, the IA shall immediately forward the RFI to all involved parties of the RFI.

There are two perceived submittals that need to occur. The first is during the Market Period where the PSE is handling the “commercial arrangements” necessary to attain a balanced schedule. This involves the submittal of a request to schedule to all affected parties (RA, BA TSP, etc). The second is the actual submission of the balanced schedule to the IA for confirmation and implementation during the Arranged Interchange Period. It doesn't seem clear in this section if the RFI can/will be used for both submissions or only for the submission of the balanced schedule to the IA. Some clarification is required. It is the IRC's opinion that this applies only to the submission of the balanced schedule to the IA.

RFI Standard 2.2 Until such time as other protocols are established by NERC and/or NAESB, submission of the completed RFI shall be in accordance with NERC Policy 3 Appendix 3A4.

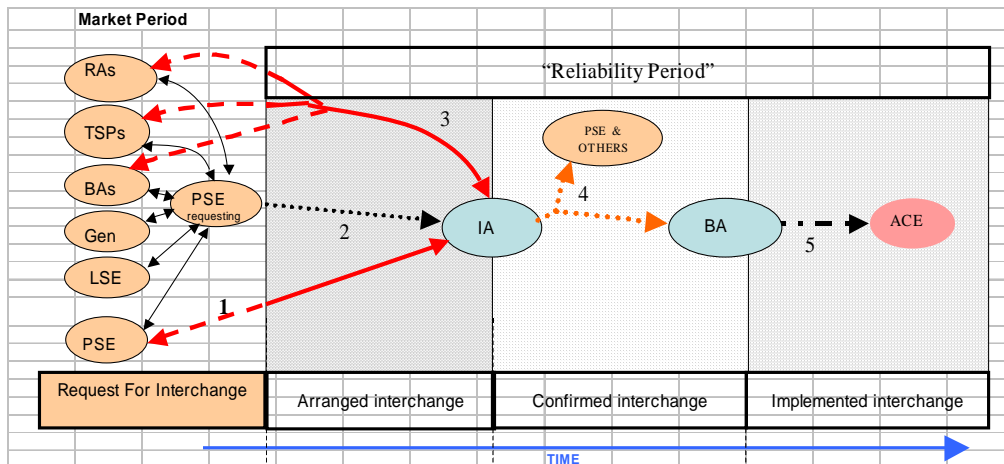
Standard 2.2 refers to the NERC definition of Tag Data. Standard 5.0 refers to the NAESB definition of RFI Data (which is equivalent to tag data). At a minimum, these two standards should be consolidated (similar to 5.1 and 5.2). However, it is probably more appropriate to simply delete standard 5. Coordination between NERC and NAESB should take place so that there is just one place for this information.

RFI Standard 3.0 While any Purchasing Selling Entity (PSE) may act as the “Requesting PSE”, it shall be the responsibility of the load serving Purchasing-Selling-Entity (PSE), or their designee, to ensure that the completed RFI has been submitted to the IA.

This may not be adequate where Financial Markets are involved. A Marketer can “dump” energy into the spot market without any specific load serving commitment, they are simply offering energy in at a desired price. Consideration should be given to decoupling submitting the RFI from the obligation to serve load.

RFI Standard 4.0 A completed RFI shall contain, at a minimum, the required information specified in the most current version of the **NAESB RFI Datasheet** (attached).

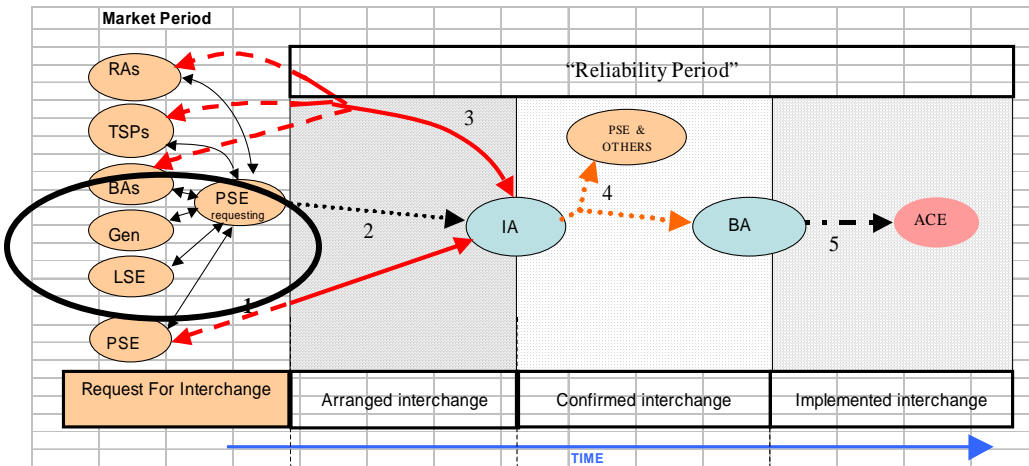
The information submitted to the IA needs to be determined by the minimum data set that the BA’s need to implement the transaction in their ACE. This is not market sensitive information. Since the IA is obligated to supply only the necessary information a BA needs to take the transactions physical, the information should be determined under the NERC standard for IA to BA communication during the Confirmed Interchange Period. See diagram below.



RFI Standard 5.0 On behalf of the Requesting PSE, the IA shall verify approvals from all involved Approval Entities (e.g. TSP-for transmission reservations, BA-for ramping start/end times and rate, RA-reliability analysis, Generator/Load PSE) prior to being confirmed and implemented in accordance with the NERC Coordinate Interchange Standard.

The words “verify approvals” should be changed to “confirm approvals”. Since the PSE is required to submit a balanced schedule to the IA, the PSE has already obtained a set of preliminary approvals from all parties to the transaction. The IA function is simply to confirm all “reliability” parties (RA, TSP & BA) have in fact agreed to schedule the energy as specified and once confirmed, pass the schedule to the BA for implementation.

Also per the diagram there is no obligation for the IA to communicate with the Generator/Load PSE. Is there a necessity for this layer of communication to occur? See diagram below. There is no need for the IA to contact the Generators or LSEs.



RFI Standard 5.2 Until such time as other protocols are established by NERC and/or NAESB, timing requirements for the submission and approval of the completed RFI shall be in accordance with NERC Policy 3 Appendix 3A1.

Standards 5.1 and 5.2 appear to be in conflict. This document, by virtue of it being approved, supercedes the requirements defined in NERC Policy 3 Appendix 3A1. As such, 5.2 should be considered superfluous – as should NERC Appendix 3A1. Make sure the requirements are in just one place.

RFI Standard 6.0 All requests for approval/validation of the completed RFI by the IA during the Arranged Interchange Period shall be assessed in accordance with the timing requirements of the most current version of the **NAESB RFI Submission and Response Timetable**. The results of that assessment shall be promptly communicated by the IA back to all involved parties.

Arranged Interchange Period not defined in RFI Standard 1.0, only Market Period and Reliability Period are defined. Should include the definition in glossary.

RFI Standard 7.0 The IA shall be responsible for communicating changes on the status of the RFI to all involved parties of the RFI, including BAs, IAs, RAs, counterparty PSE (Generator or Load Serving), and the TSPs, and the PSEs holding the associated transmission rights necessary to support the transaction.

See previous comments about IA to Generator/Load PSE communication.

RFI Standard 9.0 The PSE who created the RFI shall be allowed to submit a Transaction correction to the RFI during the Arranged Interchange Period in accordance with the **NAESB RFI Submission and Response Timetable**.

This section is defining “corrections” not modifications. The PSE should only be able to correct information on an RAI when it is in the Arranged or Confirmed state. Once it is implemented and has gone physical, the only two options are; a curtailment for reliability or a market adjust, no “corrections” per se should be allowed once implemented. Some clarification to this section to clearly delineate what can happen and when may be appropriate.

RFI Standard 9.1 Market adjustments made during the Confirmed Interchange Period by the PSE must be submitted to the IA who immediately communicates the revised request to all involved parties of the RFI. Timing of the approval assessment on the market adjustment by the Approval Entities shall be in accordance with the **NAESB RFI Submission and Response Timetable**. If denied by any Approval Entity, the original request remains valid.

This section implies the PSE is the only entity that can perform a market adjust. If you look at some of the financial markets, a PSE has the option of offering price sensitive transactions, e.g., if the price is above the strike price provided, make the transaction happen. In theory the market operator/BA may adjust this transaction every hour (or less than one hour in some areas) based on their system economics. The section is too restrictive and should allow for other entities to issue market adjusts where appropriate.

Clarification is required for the statement “If denied by any Approval Entity, the original request remains valid”. Is this meant to imply that any other hours of the request are still in effect and the denial would only apply to the hour in question?

RFI Standard 10.1 These personnel shall be available from the beginning of the Market Period until the end of the Implementation Period.

Standard 10 goes beyond existing NERC policy, in that it requires 24X7 marketer support as soon as an RFI is submitted for implementation – current Policy requires that marketers be available from the time they take possession of the energy (i.e., when flow

starts) to the time the energy delivery is completed (i.e., when flow ends). Is this an intentional change?

RFI Standard 11.0 Energy accounting for all RFIs shall be accomplished via Implemented Interchange Block Accounting.

Make sure this is flexible enough to handle 15 and 30 minutes interchange scheduling changes, the markets are pushing the industry to get off the old one hour block loading and look for 15 and/or 30 minute block loading.

RFI Standard 12.1 For losses handled as payment in-kind, the PSE shall communicate to the IA the mw losses and the entity the losses are with for each TSP along the transaction path.

Is the “communication” regarding losses in-kind to be handled through a separate RFI with each in-kind area?

RFI Standard 13.0 Ramp rates shall be standard across the North American Interconnections.

At a high level regarding this section, ramp rate is a function of the responsiveness of the BA’s system, some units just don’t move as fast as others plus the interaction of generators with loads where large MW delta’s can occur as load comes in or goes out, sounds more like a reliability standard that NERC should develop for the BA’s not NASEB. NAESB should not set standards for the MW volume of the ramp, only for the length of the ramp (10 minutes – from 5 before the hour until 5 after the hour, for example).

Regarding the details in this section, is it really a ramp standard or merely the default ramp rate? In principle we have allowed entities to go to “off nominal” ramp rates when mutually agreeable. Standards 13.1 and 13.2 are the current defaults but the way the section reads there is no flexibility to deviate. This Standard attempts to define a standard ramp, then goes on in Standards 13.1 and 13.2 to indicate deviations from the standard are acceptable. We believe it would be more appropriate to specify in Standard 13 that “ramps must be agreed to by the source and sink BAs,” and not attempt to specify a standard that is not truly required.

Also the industry has traditionally referred to the ramp as a straddle ramp, i.e., 10 minutes over the start time. There is no mention of that in this section.

Datasheet

The RFI Datasheet contains a significant amount of data items that a number of RTOs are frankly not interested in. While we recognize that this standard is intended to support the existing systems, we encourage NAESB to move toward OASIS Phase II to remove these inefficiencies.

The RFI Submission and Response Time Table attempts to require specific submission request, evaluation, and processing times. While the IRC supports the general concept of setting a certain level of performance, we believe that the timing requirements for BA implementation of a schedule should be determined by NERC.