

MISO Waivers Proposed for Removal:

Waiver Request — RTO Inadvertent Interchange Accounting 2
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RTO Inadvertent Interchange Accounting

(Approved by the NERC Operating Committee March 23–25, 2004)

Organization

The control area participants of the Midwest ISO

Operating Policy

Standards

Policy 1F, Inadvertent Interchange Standard

Requirements

Policy 1G 1.1. — Control Surveys (AIE Survey)

Policy 1G2.2. — Inadvertent Interchange Summaries (Surveys)

This waiver was carried over with the development of Version 0 standards into BAL-006.

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 CONTROL AREA participants request that the RTO be given an Inadvertent Interchange account. This will support the RTO in meeting its FERC-directed market obligations.

The current model for an LMP market requires financial settlement of all energy receipts and deliveries. This means control areas operating within this market 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*.

The approved *Enhanced Scheduling Agent Waiver* authorizes the RTO to act as a sink or source Control Area in order to manage transactions into, out of, or through the RTO. Approval of this *Inadvertent Interchange Waiver* allows the RTO to manage any financially settled net imbalance with the Interconnection.

Continued Responsibilities

Control areas will continue to perform all the traditional Inadvertent Accounting tasks as outlined in NERC Policy 1.F. and Appendix 1.F. In other words, the RTO control areas will continue to:

- Verify daily Actual Net Interchange with their adjacent control areas and if there are differences, resolve them within the time frame in NERC Policy 1.F.
- Operate to “equal and opposite” Net Actual Interchange with their adjacent control areas.
- Operate to an “equal and opposite” Scheduled Net Interchange with the RTO, consistent with the current *Scheduling Agent Waiver*.
- Verify daily Scheduled Net Interchange with the RTO and if there are differences, resolve them within the time frame in NERC Policy 1.F.
- Report their monthly Inadvertent Interchange data to their respective Regions.

The RTO will also continue to perform all the Inadvertent Accounting tasks as an intermediate control area (as specified in the *Scheduling Agent Waiver*) and source or sink control area (as specified in the *Enhanced Scheduling Agent Waiver*) including:

- Verify daily Scheduled Net Interchange with the RTO control areas and adjacent control areas, and if there are differences, resolve them within the time frame in NERC Policy 1.F.

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- Operate to an “equal and opposite” Scheduled Net Interchange with the RTO control areas and adjacent control areas.
- Operate so that the Scheduled Net Interchange of the RTO (Sum of the Scheduled Net Interchanges with the RTO control areas and adjacent control areas) is zero (or equal to the RTO Inadvertent Payback as outlined below).

New Responsibilities

Financially settled Inadvertent would be removed from the control areas’ balances. The RTO inadvertent account would reflect the net RTO imbalance with the Interconnection. In order to accomplish this, the RTO would add “equal and opposite” schedules with the RTO control areas after the settlement. The net of these “settlement” schedules will be zero.

As requested by the NERC Resources Subcommittee, the RTO will report its Inadvertent Interchange balance to ECAR. RTO reporting will be consistent with the requirements and timelines for control areas outlined in Policy 1F. In addition, the RTO will maintain records of Inadvertent Interchange financially settled with each control area and will provide AIE data (pre and post settlement) for any surveys or formal data requests.

The RTO will manage and pay back its net Inadvertent Interchange balance following NERC policy. Inadvertent payback will be initiated based on an objective and publicly available process that is triggered on balances exceeding statistical norms (allows normal “breathing” of balances). Inadvertent Payback will be done during periods and in amounts such that payback will not burden others or interfere with time corrections. Financial gain will not factor into the decision to payback or recover Inadvertent Interchange.

Current Operating Reliability

This waiver request is to accommodate after-the-fact transfer of financially settled Inadvertent Interchange. The waiver has no impact on real-time balancing performed by the control areas. The RTO will always operate with a “net zero” Scheduled Interchange. The waiver will not affect the way the RTO control areas perform or calculate CPS and DCS.

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

- It eliminates the incentive for burdening the Interconnection by manipulating imbalances for financial gain (taking in inadvertent during periods of high price and returning it when prices subside). 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.
- Increased transparency as the influence of RTO’s markets on the Interconnection will be apparent through this separate RTO Inadvertent Interchange account. Any scheduling or process errors would be traceable through this account.

Scheduling Agent Waiver

(Approved by the NERC Operating Committee on November 21, 2002)

Organization

The Control Area participants of:

- Alliance RTO
- Midwest ISO
- Southwest Power Pool
- Grid South

This waiver was carried over with the development of Version 0 standards into INT-003.

Operating Policy

The CONTROL AREA participants request approval of this Waiver to implement a proposed RTO Scheduling Process to meet the RTO obligations under Order 2000, simplify TRANSACTION information requirements for market participants, reduce the number of parties with which CONTROL AREA operators must communicate, and provide a common means to tag TRANSACTIONS within and between RTOs. The participants are requesting a Waiver of specific provisions of NERC Policy 1, “Generation Control and Performance,” and Policy 3, “Interchange,” to accommodate a RTO Scheduling Process. The RTO participants propose the following definition of a SCHEDULING AGENT:

SCHEDULING AGENT. A function with the authority to act on behalf of one or more CONTROL AREAS for INTERCHANGE SCHEDULE implementation including creation, confirmation, approval, check-out and associated INADVERTENT INTERCHANGE accounting. The following specific sections of NERC Policy 1 Version 1a, “Generation Control and Performance,” and Policy 3, Version 4, “Interchange,” are affected by the RTO Scheduling Process proposed in this Waiver request:

Standards

Policy 1

- Policy 1F, “Inadvertent Interchange Standard”

Requirements

Policy 1

- 1G 1.1 — Control Surveys (AIE Survey)

Policy 3

- 3A 4 — Interchange Transaction Implementation (Assessment)
- 3A 6 — Interchange Transaction Implementation (Implementation)
- 3B 4 — Interchange Schedule Implementation (Confirmation)

Explanation

The SCHEDULING AGENT would be the single point of contact for all external, non-participating CONTROL AREAS or other SCHEDULING AGENTS with respect to scheduling INTERCHANGE into, out of, or through the RTO. Intra-RTO TRANSACTIONS would be handled with the SCHEDULING AGENT acting as the single point of contact between each participating CONTROL AREA similar to an ADJACENT CONTROL AREA. This reduces the number of entities with which a given CONTROL AREA must coordinate, and should improve the management of INTERCHANGE TRANSACTIONS and INTERCHANGE SCHEDULES. The RTO CONTROL AREA participants propose to:

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1. Designate their RTO as a SCHEDULING AGENT to act on their behalf with all ADJACENT CONTROL AREAS with respect to implementation of INTERCHANGE SCHEDULES, including scheduling, confirmation and after-the-fact checkout.
2. Include the SCHEDULING AGENT in the SCHEDULING PATH of all INTERCHANGE TRANSACTIONS effectively placing the RTO SCHEDULING AGENT in the role of an INTERMEDIARY CONTROL AREA with respect to INTERCHANGE TRANSACTION management.
3. Manage any “scheduling error” attributable to the SCHEDULING AGENT and internalize this scheduling error into the INADVERTENT INTERCHANGE accounts of the participating CONTROL AREAS.
4. Include the SCHEDULING AGENT in the reporting of NET SCHEDULED INTERCHANGE in INADVERTENT INTERCHANGE reporting similar to an INTERMEDIARY CONTROL AREA. By establishing a SCHEDULING AGENT function for the CONTROL AREAS under a multi-party regional agreement or transmission tariff, the following areas can be addressed and/or benefits achieved through the waiver approval:
 - a. NERC Policy 3B states that INTERCHANGE SCHEDULES shall only be implemented between ADJACENT CONTROL AREAS. Approval of the waiver will:
 - i. Allow the participant RTO CONTROL AREAS to implement INTERCHANGE SCHEDULES directly with the SCHEDULING AGENT, significantly reducing the scheduling, coordination and checkout contacts of the participants.
 - ii. Allow CONTROL AREAS bordering a RTO to implement INTERCHANGE SCHEDULES with the SCHEDULING AGENT rather than the RTO participant CONTROL AREAS. For example, a CONTROL AREA interconnected with three CONTROL AREAS within a RTO under the SCHEDULING AGENT, would implement INTERCHANGE SCHEDULES with the SCHEDULING AGENT, rather than the three CONTROL AREAS, significantly reducing its scheduling, coordination and checkout contact requirements.
 - b. Seams issues associated with multiple CONTROL AREA scheduling paths existing between two adjacent RTOs are minimized by allowing the market to view the seam as a single interface between two RTOs, coordinated by their SCHEDULING AGENTS.
 - c. Rather than being faced with an ever-increasing number of ADJACENT CONTROL AREAS to implement INTERCHANGE SCHEDULES with and include in INADVERTENT Accounting, any CONTROL AREAS that implement INTERCHANGE SCHEDULES with the SCHEDULING AGENT remain unaffected as the RTO grows in Scope and Scale.

Enhanced Scheduling Agent Waiver

(Approved by the NERC Operating Committee July 16–17, 2003)

Organization

The Control Area participants of:

- Midwest ISO

This waiver was carried over with the development of Version 0 standards into INT-003.

Operating Policy

The CONTROL AREA participants request approval of this Waiver to implement a proposed RTO Scheduling Process to meet the RTO obligations under Order 2000, simplify TRANSACTION information requirements for market participants, reduce the number of parties with which CONTROL AREA operators must communicate, and provide a common means to tag TRANSACTIONS within and between RTOs. The participants are requesting a Waiver of specific provisions of NERC Policy 3, “Interchange,” to accommodate a RTO Scheduling Process. The RTO participants propose the following definition of an ENHANCED SCHEDULING AGENT:

ENHANCED SCHEDULING AGENT. A function with the authority to act on behalf of one or more CONTROL AREAS for INTERCHANGE SCHEDULE implementation including creation, confirmation, approval, check-out and associated INADVERTENT INTERCHANGE accounting.

The following specific sections of NERC Policy 3, Version 4, “Interchange,” are affected by the RTO Scheduling Process proposed in this Waiver request:

Policy 3

- 3A 4 — Interchange Transaction Implementation (Assessment)
- 3A 6 — Interchange Transaction Implementation (Implementation)
- 3B 4 — Interchange Schedule Implementation (Confirmation)

Explanation

The ENHANCED SCHEDULING AGENT would be the single point of contact for all external, nonparticipating CONTROL AREAS or other SCHEDULING AGENTS with respect to scheduling INTERCHANGE into, out of, or through the RTO. Through TRANSACTIONS would be handled with the ENHANCED SCHEDULING AGENT acting as the single point of contact between each participating CONTROL AREA similar to an ADJACENT CONTROL AREA. Into or Out Of TRANSACTIONS would be handled with the ENHANCED SCHEDULING AGENT acting as the SINK or SOURCE CONTROL AREA, respectively. This reduces the number of entities with which a given CONTROL AREA must coordinate, and should improve the management of INTERCHANGE TRANSACTIONS and INTERCHANGE SCHEDULES. The RTO CONTROL AREA participants propose to:

5. Designate their RTO as an ENHANCED SCHEDULING AGENT to act on their behalf with all external ADJACENT CONTROL AREAS with respect to implementation of INTERCHANGE SCHEDULES, including scheduling, confirmation and after-the-fact checkout.
6. Include the Enhanced Scheduling Agent in the Scheduling Path of all Interchange Transactions in the role of Control Area (Intermediary, Source, or Sink as appropriate) with respect to Interchange Transaction management.
7. Include the ENHANCED SCHEDULING AGENT in the reporting of NET SCHEDULED INTERCHANGE in INADVERTENT INTERCHANGE reporting similar to a CONTROL

AREA. By establishing an ENHANCED SCHEDULING AGENT function for the CONTROL AREAS under a multi-party regional agreement or transmission tariff, the following areas can be addressed and/or benefits achieved through the waiver approval:

- a. NERC Policy 3B states that INTERCHANGE SCHEDULES shall only be implemented between ADJACENT CONTROL AREAS. Approval of the waiver will allow CONTROL AREAS bordering a RTO to implement INTERCHANGE SCHEDULES with the ENHANCED SCHEDULING AGENT rather than the RTO participant CONTROL AREAS. For example, a CONTROL AREA interconnected with three CONTROL AREAS within a RTO under the ENHANCED SCHEDULING AGENT, would implement INTERCHANGE SCHEDULES with the ENHANCED SCHEDULING AGENT, rather than the three CONTROL AREAS, significantly reducing its scheduling, coordination and checkout contact requirements.
- b. Seams issues associated with multiple CONTROL AREA scheduling paths existing between two adjacent RTOs are minimized by allowing the market to view the seam as a single interface between two RTOs, coordinated by their SCHEDULING AGENTS.
- c. Rather than being faced with an ever-increasing number of ADJACENT CONTROL AREAS to implement INTERCHANGE SCHEDULES with and include in INADVERTENT Accounting, any CONTROL AREAS that implement INTERCHANGE SCHEDULES with the ENHANCED SCHEDULING AGENT remain unaffected as the RTO grows in Scope and Scale.
- d. The CONTROL AREAS within a RTO served by a ENHANCED SCHEDULING AGENT would be transparent to a transmission customer as the customer reserves transmission service and submits an energy schedule for pass-through transactions across said RTO.
- e. By simplifying the transaction implementation process for both participant and non-participant CONTROL AREAS, automation of INTERCHANGE confirmation, scheduling and checkout with the ENHANCED SCHEDULING AGENT becomes achievable.

The proposal simplifies the transaction tagging process for market participants in that there is no longer a need to designate a specific CONTROL AREA contract path within or through the RTO where there may, in fact, be several parallel contract paths possible. The specific scheduling processes implemented between participating CONTROL AREAS within the RTO are internalized and transparent to the market, but will not violate any reliability criteria.

Current Operating Reliability Implications

There are no reliability implications from this waiver.

Policy Conditions for Waiver Recommendation Policy 3A4

The CONTROL AREA Assesses:

- Transaction start and end time
- Energy profile (ability of generation maneuverability to accommodate)
- Scheduling Path (proper connectivity of ADJACENT CONTROL AREAS)

Conditions:

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The Control Area Participants will allow the RTO Scheduling Agent to assess proper connectivity on the Scheduling Path.

Policy 3A6

Responsibility for INTERCHANGE TRANSACTION implementation. The SINK CONTROL AREA is responsible for initiating the implementation of each INTERCHANGE TRANSACTION as tagged in accordance with Policy 3.A. Requirement 2 (and its subparts). The INTERCHANGE TRANSACTION is incorporated into the INTERCHANGE SCHEDULE(S) of all CONTROL AREAS on the SCHEDULING PATH in accordance with Policy 3B.

Conditions:

The applicants clarify that the Enhanced Scheduling Agent shall assume the role and responsibilities of the INTERMEDIARY, SOURCE, or SINK CONTROL AREA as appropriate with regard to Policy 3, and the individual RTO's Control Areas do not appear in the Scheduling Path on the tag. The RTO's Control Areas will not incorporate these transactions into a schedule in their EMS.

Policy 3B4

INTERCHANGE SCHEDULE confirmation and implementation. The RECEIVING CONTROL AREA is responsible for initiating the CONFIRMATION and IMPLEMENTATION of the INTERCHANGE SCHEDULE with the SENDING CONTROL AREA.

INTERCHANGE SCHEDULE agreement. The SENDING CONTROL AREA and RECEIVING CONTROL AREA shall agree with each other on the:

- Interchange Schedule start and end time
- Ramp start time and rate
- Energy profile

Conditions:

The obligation with respect to confirmation and implementation of INTERCHANGE SCHEDULES under Policy 3B 4 shall be satisfied by the confirmation of all schedules with the Scheduling Agent. The Scheduling Agent shall assume the role and responsibilities that would otherwise be considered that of an INTERMEDIARY, SOURCE, or SINK CONTROL AREA as appropriate with respect to all transactions and schedules involving the RTO or its Control Areas.

Additional Conditions

The Operating Committee approved this waiver on July 16, 2003 with the following condition:

“With NERC and appropriate regional representation, audit and confirm the Midwest ISO's readiness to perform the functions detailed in the enhanced scheduling agent and energy flow information waivers before they go into effect.”