

Notice of Full-Scale Operations

In Amendment No. 7 to the ISO Tariff (as posted on the ISO's Home Page) the ISO established a temporary rule regarding Adjustment Bids for Dispatchable Loads and exports. This rule, as stated in Section 27.2 of the ISO Tariff, allows only decremental Adjustment Bids associated with Dispatchable Loads and exports (*i.e.*, Scheduling Coordinators cannot submit **incremental** Adjustment Bids for Dispatchable Loads or exports). The ISO stated in Amendment No. 7 that the temporary rule was necessary because the ISO's Congestion Management software (CONG) was not capable of properly implementing incremental Adjustment Bids for exports and Dispatchable Loads to counter-flow power across Congested paths. As a result of this limitation, the degree of Congestion relief, and the resulting transmission prices for Congested paths, was found to be in error. The ISO stated that creating a temporary rule precluding Scheduling Coordinators from submitting incremental Adjustment Bids for exports and Dispatchable Loads would allow CONG to produce accurate Congestion Management solutions. The ISO stated that this was only a temporary measure until the software can be corrected so that all Adjustment Bids are properly treated. Section 27.1 of the ISO Tariff provides that the special rule would apply until the Chief Executive Officer (CEO) of the ISO issues a "Notice of Full-Scale Operations" indicating that the ISO's CONG software had been modified.

On October 07, the ISO notified Market Participants that the CONG software fix had been completed. The ISO informed Market Participants that beginning with the October 14 Day-Ahead Market, Scheduling Coordinators could begin to submit incremental Adjustment Bids for exports and Dispatchable Loads. On October 15, the ISO detected a bug that was introduced with the updated version of CONG with respect to the treatment of incremental Adjustment Bids for exports and Dispatchable Loads and that the ISO had re-installed the previous version of CONG.

The ISO has now completed the necessary changes to its CONG software. After extensive testing, the ISO believes the revised software will properly treat all Adjustment Bids. The ISO intends to upload this software for implementation on December 17, 1998. Therefore, pursuant to Section 27.1 of the ISO Tariff, the Chief Executive Officer of the ISO hereby issues this "Notice of Full-Scale Operations". Effective with the December 17 Day-Ahead Market for trade day December 18, 1998, Scheduling Coordinators may submit both incremental and decremental Adjustment Bids for Dispatchable Loads and exports.

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