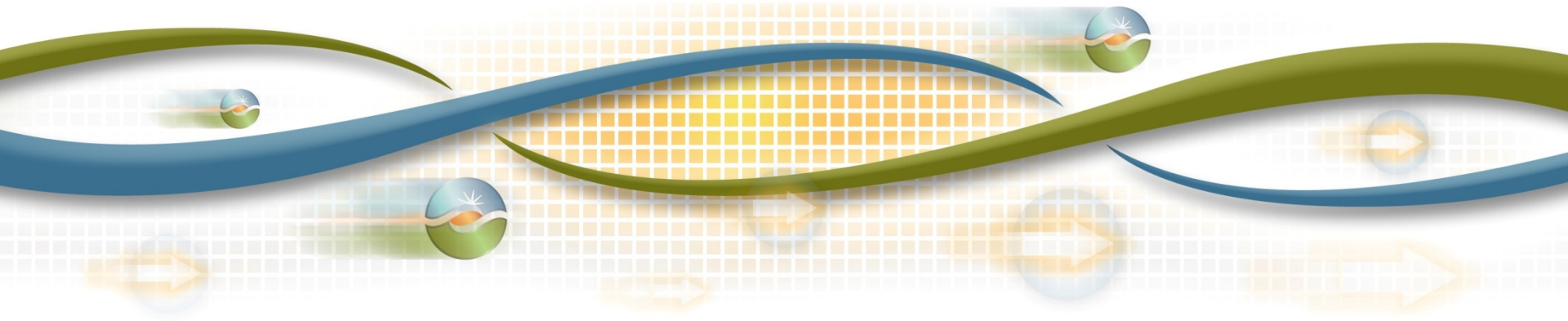


Decision on Transmission Reliability Margin

Nancy Traweek
Director, System Operations

Board of Governors Meeting
March 22-23, 2012



Existing practice of managing real time limits results in cutting intertie schedules after granting awards.

- **Current challenges:**

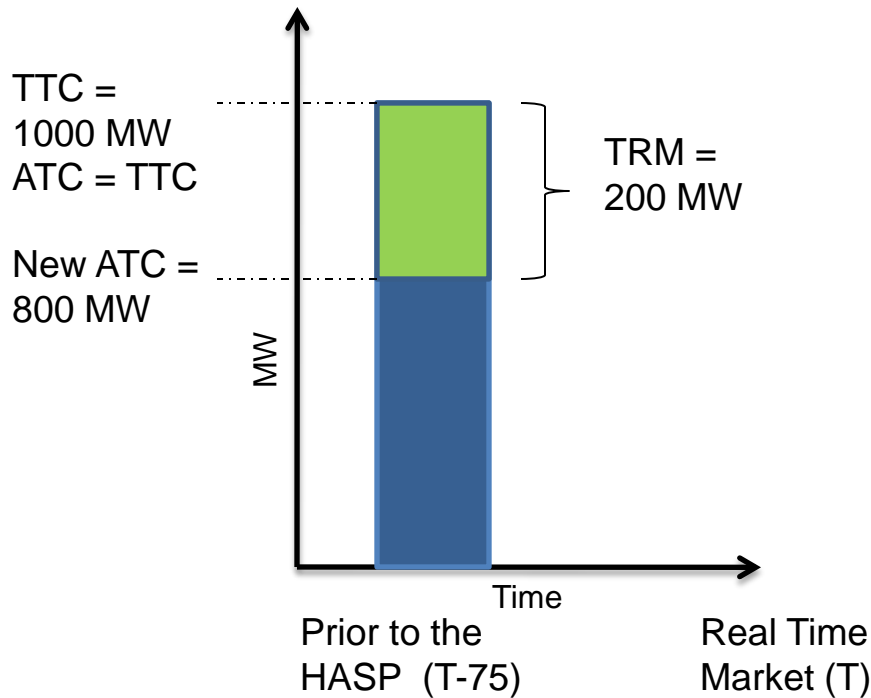
- Curtailing previously awarded import schedules in real-time

- Reduces supply available to ISO
 - Disrupts commercial trades
 - Causes uncertainty to market participants

- **Using transmission reliability margin:**

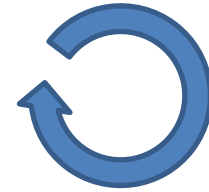
- Increases transparency
 - Relieves market uncertainty

Transmission reliability margin is an adjustment to the ISO intertie limits that will be performed for three operational events prior to the hour ahead scheduling process.



Total Transfer Capability (TTC)
 $TTC - TRM = ATC$ (Available Transfer Capability)
 or New Scheduling Limit

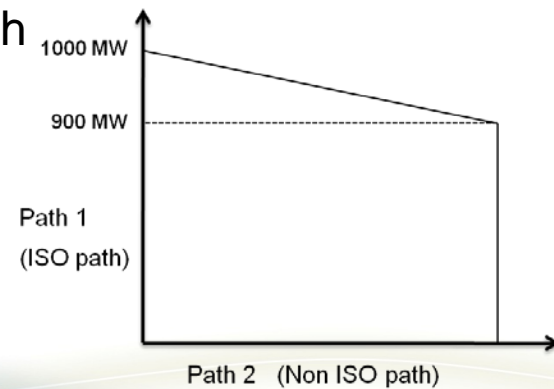
Unscheduled Intertie Loop Flow



Intertie Transmission Availability Uncertainty



Simultaneous Path Ratings



Transmission reliability margin benefits:

- Avoids unnecessary real-time schedule curtailments
- Provides greater transparency to market participants
- Applied only as necessary prior to the hour ahead scheduling process
- Provides for efficient management of operational conditions
- Stakeholders agree with proposal
- Allowed by NERC reliability standards

In summary, Management recommends the following:

- Implement provisions for transmission reliability margin
 - Avoids unnecessary real-time schedule curtailments
- Transmission reliability margin applied only prior to the hour-ahead scheduling process
- Transmission reliability margin allowances for three conditions:
 1. Unscheduled loop flow
 2. Near term uncertainty in transmission topology
 3. Simultaneous path interactions