

Briefing on Local Market Power Mitigation Schedule Delay

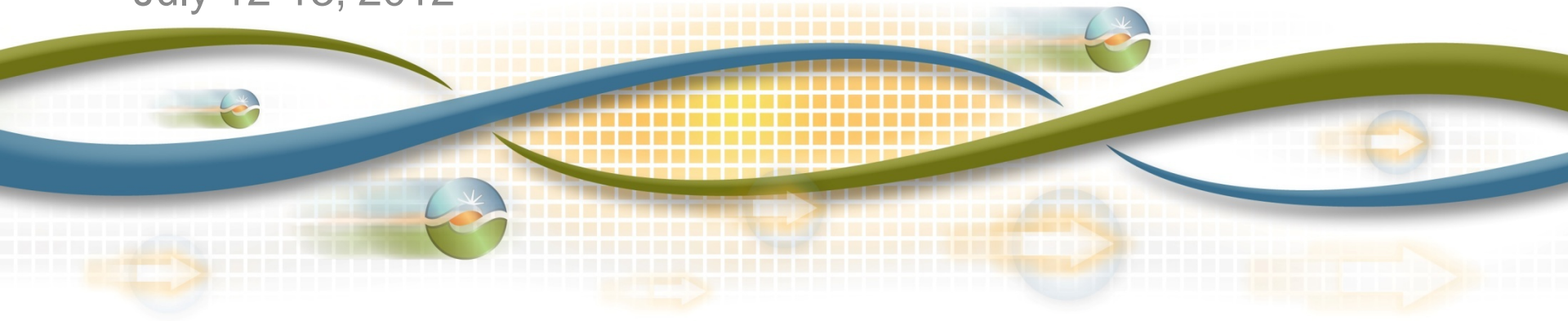
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Background on local market power mitigation enhancements:

- **July 2011:** Board approved new local market power mitigation
 - **Phase 1 (Implemented April 2012):**
 - Day-ahead and real-time mitigation triggered based on decomposition of locational marginal price
 - Dynamic competitive path assessment in day-ahead
 - **Phase 2 (Planned implementation Dec 2012):**
 - Dynamic competitive path assessment in real-time
 - Perform mitigation hourly and 15 minutes in real-time
- **February 2012:** Briefed the Board on impact of using phased approach for dynamic competitive assessment in real-time.

Local market power mitigation phase 2 implementation challenges:

- Phase 2 software implementation is more challenging:
 - Performing mitigation every 15 minutes while maintaining performance requirements is more complex than day-ahead.
 - Vendor requires additional time
 - ISO requires sufficient time for testing and simulation
- Keeping local market power mitigation phase 2 in the Fall release would risk delay of the remaining twelve Fall release projects.

Phase 2 local market power mitigation is now scheduled for the Spring 2013 release.

- Delay is less than five months in coordination with the next major scheduled release
- Real time congestion is less frequent in winter and early spring months compared to summer
- ISO does not want to rush implementation and risk insufficient testing of this important enhancement