# **JCM Initiatives Update**

## June 2007





Joint and Common Market Initiatives						Complete	Cos 3 Year Gros		Evaluation	3 Year (	Cost Gross Benefit
						Implementation	Cos 3 Year Gros		Not Recommended	3 Year (	Cost Gross Benefit
_		2006				2007			2008		
			1 FTR Market Convergence	Alignment of FTR Timelines and Products (Note: All MISO cost)	\$600,000			Cross Border FTRs in the allocations		\$4,000,000 Analyzing	
		1			\$3,008,657					\$8,000,000 \$4,374,524	
			2 Price Rationalization and Convergence at the Border			PJM implementation	of marginal losses	\$600,000			
		2				Alternative Border Pricing Point Calculation					
				Alignment of PJM Operating Reserves and MISO		Depancaking of PTP		N/A			
		3	Reduce Hurdle Rate	Revenue Sufficiency Guarantee (Note: All MISO cost)	\$600,000 \$3,764,432	(Control Area Services Services, Reactiv	, T.O. Control Center	\$400,000 (\$2,505,757)			
				Existing MISO & PJM Websites Linking of sites Data Available at Both Sites (LMPs, Tie Flows, Loads)	\$500,000	Standard Data Exchange (Web Services) \$3,000,000   LMPs, Contingencies, Loads, Dispatch \$2,547,477   Signals, Outages, Emergency \$2,547,477		Implementation of single MISO & PJM Website (Individual Websites go away)		\$750,000	
			4 Broader Price Transparency and Common Reporting		\$1,952,165					N/A	
		4		Common Search Capabilities	\$200,000	-		Standard Data Visualization and Reporting Portal Create a single MISO & PJM Data and Report Portal		£0.500.000	
					\$1,125,000					\$8,500,000	
cial				Enhanced Joint Website to Host Joint meeting and Events Calendar, Joint Documents and Reports	\$600,000 \$1,125,000					\$4,158,174	
nmerc		5	Increased Market Opportunities	Moving JOUs between markets	\$100,000 \$156,851				Shared Regulation Market		\$8,000,000 Analyzing
Con			6 Operational Consistency	Common Long Term Transmission Queue	\$200,000 \$1,091,108	Common Time Zones \$5,000,000 (Note: All PJM cost) N/A		Single Resource Adequacy Solution		\$8,000,000 N/A	
				MISO Ramp Viewer	\$150,000 \$913,703	Central location to view both ramp viewers \$100,000 \$1,527,405		\$100,000 \$1,527,405	- Common Ramp Portal		\$750,000 \$2,091,108
				Alignment of OASIS Business Practices	\$500,000 \$1,365,867	Coordinate	d OASIS	\$1,200,000 Analyzing			
		6		Single OASIS	\$8,000,000 \$6,168,760	Reserve S	Sharing	\$8,000,000 N/A			
		0		Common Treatment of Dynamic Schedules/Pseudo-Ties	\$200,000 \$382,934	Market to Market Relax	ation of Constraints	\$80,000 \$1,000,000			
				Investigation of Loop Flow Across the Combined Footprint	N/A Analyzing	Dynamic Dispatchabl Sched		Analyzing Analyzing	Netting in the IDC		Analyzing Analyzing
				Market Flow Threshold Assessment	N/A Reliability	Market Flow Thresho	Id Reported to IDC	\$300,000 Reliability			
						Outage Coo	ordination	N/A Reliability			
		7	Single Market	Year 1 - Rule Alignment & Market Portal Design	\$15,000,000 \$5,000,000	Year 2 - Initial Market P	ortal Implementation	\$40,000,000 \$27,000,000	Year 3-5 - Implementation of Sin	gle Market	\$50,000,000 \$34,700,000
Reliability		1	Emergency Energy Agreement	Alignment of Agreements and Practices	\$100,000 Reliability			Super Regional Reserve Sh	aring	Analyzing Analyzing	
Reli		2	Black Start and Restoration			Alignment of Agreem	ents and Practices	\$500,000 \$936,000			
an		1 2	Joint Expansion Planning and Common Deliverability Studies	Joint Expansion Planning (Coordinated System Plan)	\$20,000 Reliability	Cross Border Cost Sha	aring of Expansions	Reliability			
Pla	ſ			Common Deliverability Studies	\$100,000 Reliability						
	Tot	tal	Costs 3-Year Gross Benefit	2006	\$3,770,000 \$14,885,717	200	7	\$1,580,000 \$3,463,405	2008		\$750,000 \$2,091,108





# **JCM Committed**

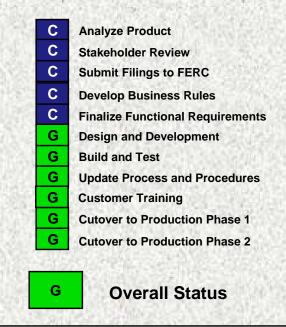
# Initiatives





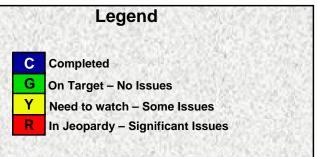
## **FTR Alignment**

#### **Milestone Summary**



#### JCM Leads

- Midwest ISO: E. Skiba
- PJM: S. Bresler



## KEY ACCOMPLISHMENTS

- Midwest ISO has begun Design and Development phase of project.
- PJM has filed an intra-planning year transmission rights allocation with FERC similar to the current Midwest ISO process.
- June 18, Midwest ISO submitted its Compliance Filing in response the May 17, 2007, Long-Term Transmission Rights FERC Order.

## **UPCOMING ACTIVITIES**

- Midwest ISO to submit 60 day compliance filing on July 17, 2007.
- PJM to submit status report regarding continued stakeholder discussion on potential uplift mechanisms to FERC by November 30, 2007.
- Midwest ISO stakeholder discussion concerning FTR under funding uplift mechanism.

#### **ISSUES & CONCERNS**

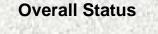




## **OR & RSG Alignment**

#### **Milestone Summary**





## JCM Leads

- Midwest ISO: E. Skiba
- PJM: S. Bresler

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## KEY ACCOMPLISHMENTS

- FERC issued Midwest ISO RSG Order on Rehearing October 26, 2006.
- Midwest ISO submitted Compliance filings to October 26, 2006, Order on November 27, 2006, and December 26, 2006.
- Significant reductions in PJM OR and the Midwest ISO RSG charges have occurred since in November 2005.
- Midwest ISO received two FERC orders related to RSG on March 15, 2007.

### **UPCOMING ACTIVITIES**

- Continued PJM Stakeholder meetings.
- Midwest ISO is anticipating a FERC Order with regards to virtual transactions by end of first quarter 2007.
- Midwest ISO will develop project plan based on requirements in the FERC Order.

### **ISSUES & CONCERNS**

- FERC Order re: Midwest ISO RSG filing may impact timeline for RSG Task Force and subsequent filing of changes to EMT.
- Clearly different camps in terms of causation versus predictability (unclear that we will get to common rules).
- PJM is also considering changes (moving targets for both organizations) making close coordination imperative. PJM stakeholders have not been able to reach consensus on changes considered to date within the PJM process.





## **Relaxation of Constraints**



## JCM Leads

- Midwest ISO: T. Mallinger
- PJM: S. Bresler



## KEY ACCOMPLISHMENTS

- Midwest ISO and PJM agreed to scope of initiative.
- Estimates have been provided by vendor.
- Milestones have been revised based on the Spring 2008 implementation.

## UPCOMING ACTIVITIES

- Agreement changes will be taken through the RTOs stakeholder processes.
- RTOs to explore potential of partial implementation of initiative before Spring 2008.
- RTOs will explore options for a manual interim process until software modifications can be implemented.

## **ISSUES & CONCERNS**

• Based on Midwest ISO's software priority and to avoid duplicative effort required to implement this initiative in the current production environment and the new ASM software, the project has been scheduled for Spring 2008.





## **Central Location to View Both Ramp Viewers**



## JCM Leads

- Midwest ISO: E. Skiba
- PJM: C. Advena



## KEY ACCOMPLISHMENTS

- RTO's will exchange 48 hours of Ramp information for display in each RTO's Ramp Viewer applications.
- Midwest ISO and PJM will exchange data for display in their internal applications.
- Midwest ISO has submitted Project Funding Request to release funds for project.
- PJM has submitted Project Funding Request to release funds for project.

### **UPCOMING ACTIVITIES**

• Revise timeline based on estimates from Midwest ISO and PJM.

## **ISSUES & CONCERNS**

• No issues at this time.





## **Black Start and Restoration**

#### **Milestone Summary Midwest ISO Technical Whitepaper** С Determine Tariff, Regulatory, Reliability С Issues Υ **Obtain Midwest ISO Stakeholder Approval**

- Υ **Compare Midwest ISO & PJM Processes**
- Υ **Midwest ISO Develop Tariff Changes**
- G **Submit Regulatory Filings**
- Modify Policies, Procedures, Applications, G Systems G
  - **Provide Training and Implement Changes** 
    - **Overall Status**

## **JCM Leads**

- Midwest ISO: E. Skiba
- PJM: C. Advena

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## **KEY ACCOMPLISHMENTS**

- Midwest ISO Market Subcommittee and Reliability Subcommittee identified four areas that will require additional work: Selection of Black Start Units, Compensation, Cost and Self Supply.
- · Ad hoc group consisting of MSC and RSC members have met to address remaining outstanding items.

## **UPCOMING ACTIVITIES**

 Present tariff framework to Midwest IS Market Subcommittee for vote on July 10, 2007.

## **ISSUES & CONCERNS**

· Resolve whether new Black Start capability should be on a Restoration Zone or Transmission Zone basis.





## **Cross Border Cost Sharing of Expansion**

#### **Milestone Summary**

С	File Policy Baseline Reliability Projects
С	Order on Reliability Filing
С	Compliance Filing on Reliability Filing
С	File Extensions with FERC
С	FERC issues Order for Technical Conference
С	Conduct Technical Conference
С	File 2 <sup>nd</sup> Extension for Econ X Border Allocation
R	FERC Staff submit findings to Commission
R	FERC Issues Order
R	Continue Stakeholder discussions
R	File Policy Cross Border Alloc. Econ. Project Costs

#### **Overall Status**

#### **JCM Leads**

- Midwest ISO: E. Skiba
- PJM: S. Pincus

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# Completed

- On Target No Issues
- Need to watch Some Issues
- In Jeopardy Significant Issues

## **KEY ACCOMPLISHMENTS**

- FERC granted indefinite extension for economic cross border cost allocation sharing compliance filing.
- FERC issued order on PJM rate design on April 19<sup>th</sup> (Docket EL05-121-000).

## **UPCOMING ACTIVITIES**

- FERC decisions on Midwest ISO and PJM latest filings, on the methodology for reliability project cross-border cost allocation methodology.
- FERC Order establishing a schedule for completing stakeholder processes and filing proposed economic project cross-border cost allocation methodology.

#### **ISSUES & CONCERNS**





# **JCM Further Analysis**

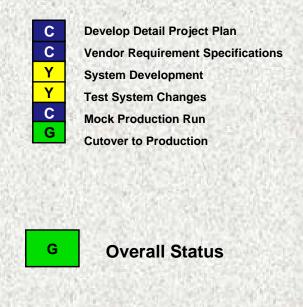
# Initiatives





## **Market Flow Threshold Reported to IDC**

#### **Milestone Summary**



### JCM Leads

- Midwest ISO: T. Mallinger
- PJM: J. Burlew



## KEY ACCOMPLISHMENTS

• PJM began 12 month field test starting on May 30, 2007.

## **UPCOMING ACTIVITIES**

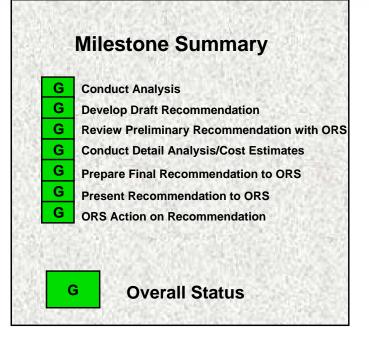
• Midwest ISO to begin Field Test in Fall 2007. (NERC requested field test start by June 1, 2007, or in the fall 2007.)

#### **ISSUES & CONCERNS**





## Netting in the IDC



#### JCM Leads

- Midwest ISO: T. Mallinger
- PJM: J. Burlew



## KEY ACCOMPLISHMENTS

• Decision was made to place this initiative on hold until the market flow threshold field test has started for Midwest ISO, PJM, and SPP.

### **UPCOMING ACTIVITIES**

#### **ISSUES & CONCERNS**

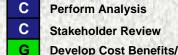
• No issues at this time.





## **Coordinated OASIS**

## Milestone Summary



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- Develop Cost Benefits/Estimate
- Conduct Internal Stakeholder Reviews Review Results at Joint Stakeholder Meetings

# G Overall Status

## JCM Leads

- Midwest ISO: E. Skiba
- PJM: C. Advena



## KEY ACCOMPLISHMENTS

- At the June 1, 2007, JCM Joint Stakeholder meeting it was agreed to place this initiative on hold pending definition of NAESB OASIS changes resulting from FERC Order Number 890.
- Midwest ISO and PJM will provide updates on NAESB Activities affecting OASIS application.

## **UPCOMING ACTIVITIES**

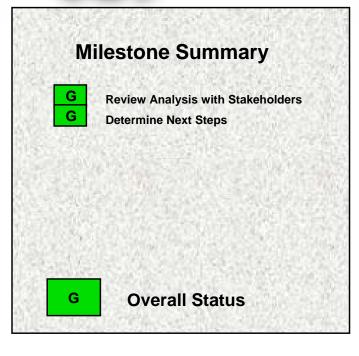
• NAESB in there June 13 work plan filed at FERC has the first group of changes to OASIS ratified by its membership by the end of third quarter 2007.

### **ISSUES & CONCERNS**





## Dynamic Dispatch. Sched./Dispatch. Trans.



### JCM Leads

- Midwest ISO: T. Mallinger
- PJM: S. Bresler



## **KEY ACCOMPLISHMENTS**

• Midwest ISO and PJM have completed initial analysis on proxy bus prices. When differences occur in proxy bus prices the differences generally converged within relatively short time frames.

### **UPCOMING ACTIVITIES**

- Results of analysis on proxy bus prices will be presented at the June 1, 2007, Joint Stakeholder Meeting.
- RTOs to continue analysis of border price differentials as upcoming implementations of other JCM initiatives occur.
- RTOs are conducting preliminary analysis to determine if initiative should be taken off "hold" status.

#### **ISSUES & CONCERNS**





## **Shared Regulation Market**



### JCM Lead

- Midwest ISO: T. Mallinger
- PJM: S. Bresler



## KEY ACCOMPLISHMENTS

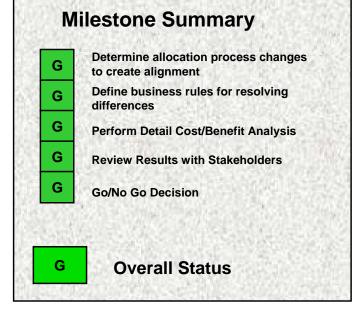
#### **UPCOMING ACTIVITIES**

• Analysis on this initiative will begin in late 2007.

#### **ISSUES & CONCERNS**



## **Cross Border FTRs in the Allocations**



### JCM Lead

- Midwest ISO: R. Doying
- PJM: S. Bresler



### **KEY ACCOMPLISHMENTS**

### **UPCOMING ACTIVITIES**

• Analysis on this initiative will begin in late 2007.

#### **ISSUES & CONCERNS**



# **Completed**

# Initiatives





## **Completed Initiatives**

### **Committed Initiatives**

- Midwest ISO Ramp Viewer
- Moving JOUs Between Markets
- Broader Price Transparency Common Search Engine
- Broader Price Transparency Enhanced Joint Website
- Broader Price Transparency Link Midwest ISO PTP and PJM eData sites
- Common Long-Term Transmission Queue
- Alignment of OASIS Business Practices
- Emergency Energy Agreements Alignment of Agreements and Practices (Decision not to proceed with initiative)
- Joint Expansion Planning (Coordinated System Plan)
- Common Deliverability Studies
- Common Treatment of Dynamic Schedules and Pseudo Ties
- PJM Marginal Losses

#### **Require Further Analysis**

- Production Cost Study
- Common Time Zones PJM Move to EST (Decision not to proceed with initiative)
- Market Flow Threshold Assessment (Decision to move forward with 12-month field test)
- Super Regional Reserve Sharing (Decision not to proceed with this initiative)
- Investigation of Loop Flow Across the Combined Footprint
- Outage Coordination
- Alternative Border Pricing Point Calculation (Decision not to proceed based on Midwest ISO and PJM analysis of proxy bus prices)



