

JCM Initiatives Update



June 2007



Joint and Common Market Initiatives

Complete	Cost 3 Year Gross Benefit	Evaluation	Cost 3 Year Gross Benefit
Implementation	Cost 3 Year Gross Benefit	Not Recommended	Cost 3 Year Gross Benefit

		2006		2007		2008	
Commercial	1	FTR Market Convergence	Alignment of FTR Timelines and Products (Note: All MISO cost) \$600,000 \$3,008,657			Cross Border FTRs in the allocations \$4,000,000 Analyzing	
						Cross border FTRs in auctions \$8,000,000 \$4,374,524	
	2	Price Rationalization and Convergence at the Border		PJM implementation of marginal losses \$600,000 N/A			
				Alternative Border Pricing Point Calculation \$200,000 N/A			
	3	Reduce Hurdle Rate	Alignment of PJM Operating Reserves and MISO Revenue Sufficiency Guarantee (Note: All MISO cost) \$600,000 \$3,764,432	Depancaking of PTP ancillary services (Control Area Services, T.O. Control Center Services, Reactive, Black Start) \$400,000 (\$2,505,757)			
	4	Broader Price Transparency and Common Reporting	Existing MISO & PJM Websites Linking of sites Data Available at Both Sites (LMPs, Tie Flows, Loads) \$500,000 \$1,952,165	Standard Data Exchange (Web Services) LMPs, Contingencies, Loads, Dispatch Signals, Outages, Emergency Event/Notifications \$3,000,000 \$2,547,477		Implementation of single MISO & PJM Website (Individual Websites go away) \$750,000 N/A	
			Common Search Capabilities \$200,000 \$1,125,000			Standard Data Visualization and Reporting Portal \$8,500,000	
			Enhanced Joint Website to Host Joint meeting and Events Calendar, Joint Documents and Reports \$600,000 \$1,125,000			Create a single MISO & PJM Data and Report Portal \$4,158,174	
	5	Increased Market Opportunities	Moving JOUs between markets \$100,000 \$156,851			Shared Regulation Market \$8,000,000 Analyzing	
	6	Operational Consistency	Common Long Term Transmission Queue \$200,000 \$1,091,108	Common Time Zones (Note: All PJM cost) \$5,000,000 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		Common Ramp Portal \$750,000 \$2,091,108	
			Alignment of OASIS Business Practices \$500,000 \$1,365,867	Coordinated OASIS \$1,200,000 Analyzing			
			Single OASIS \$8,000,000 \$6,168,760	Reserve Sharing \$8,000,000 N/A			
			Common Treatment of Dynamic Schedules/Pseudo-Ties \$200,000 \$382,934	Market to Market Relaxation of Constraints \$80,000 \$1,000,000			
			Investigation of Loop Flow Across the Combined Footprint N/A Analyzing	Dynamic Dispatchable Transactions and Schedules Analyzing Analyzing		Netting in the IDC Analyzing Analyzing	
			Market Flow Threshold Assessment N/A Reliability	Market Flow Threshold Reported to IDC \$300,000 Reliability			
				Outage Coordination N/A Reliability			
	7	Single Market	Year 1 - Rule Alignment & Market Portal Design \$15,000,000 \$5,000,000	Year 2 - Initial Market Portal Implementation \$40,000,000 \$27,000,000		Year 3-5 - Implementation of Single Market \$50,000,000 \$34,700,000	
Reliability	1	Emergency Energy Agreement	Alignment of Agreements and Practices \$100,000 Reliability			Super Regional Reserve Sharing Analyzing Analyzing	
	2	Black Start and Restoration		Alignment of Agreements and Practices \$500,000 \$936,000			
Plan	1	Joint Expansion Planning and Common Deliverability Studies	Joint Expansion Planning (Coordinated System Plan) \$20,000 Reliability	Cross Border Cost Sharing of Expansions Reliability			
	2		Common Deliverability Studies \$100,000 Reliability				
Total		Costs 3-Year Gross Benefit	2006 \$3,770,000 \$14,885,717	2007 \$1,580,000 \$3,463,405	2008 \$750,000 \$2,091,108		



JCM Committed Initiatives



FTR Alignment

Milestone Summary

C	Analyze Product
C	Stakeholder Review
C	Submit Filings to FERC
C	Develop Business Rules
C	Finalize Functional Requirements
G	Design and Development
G	Build and Test
G	Update Process and Procedures
G	Customer Training
G	Cutover to Production Phase 1
G	Cutover to Production Phase 2

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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 to 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

- None at this time.

OR & RSG Alignment

Milestone Summary

C	Analyze Product
R	Stakeholder Review
R	Develop System Requirements
R	Modify Applications
R	Conduct Testing
R	Implement Changes

R Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

Milestone Summary

C	Tech. Software Design Document
C	Obtain Estimates from Vendor
Y	Modify Applications
Y	Conduct Testing
Y	Implement Changes

Y Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

Milestone Summary

C	Develop Business Requirements
C	Design Central Location & Select Appropriate Technology
G	Build and Test Central Location
G	Provide Training and Implement Changes

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

C	Midwest ISO Technical Whitepaper
C	Determine Tariff, Regulatory, Reliability Issues
Y	Obtain Midwest ISO Stakeholder Approval
Y	Compare Midwest ISO & PJM Processes
Y	Midwest ISO Develop Tariff Changes
G	Submit Regulatory Filings
G	Modify Policies, Procedures, Applications, Systems
G	Provide Training and Implement Changes

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

C	File Policy Baseline Reliability Projects
C	Order on Reliability Filing
C	Compliance Filing on Reliability Filing
C	File Extensions with FERC
C	FERC issues Order for Technical Conference
C	Conduct Technical Conference
C	File 2 nd 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

R

Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	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 19th (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

- None at this time.

JCM Further Analysis Initiatives



Market Flow Threshold Reported to IDC

Milestone Summary

C	Develop Detail Project Plan
C	Vendor Requirement Specifications
Y	System Development
Y	Test System Changes
C	Mock Production Run
G	Cutover to Production

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

- None at this time.

Netting in the IDC

Milestone Summary

G	Conduct Analysis
G	Develop Draft Recommendation
G	Review Preliminary Recommendation with ORS
G	Conduct Detail Analysis/Cost Estimates
G	Prepare Final Recommendation to ORS
G	Present Recommendation to ORS
G	ORS Action on Recommendation

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

C	Perform Analysis
C	Stakeholder Review
G	Develop Cost Benefits/Estimate
G	Conduct Internal Stakeholder Reviews
G	Review Results at Joint Stakeholder Meetings

G Overall Status

JCM Leads

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

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

- None at this time.

Dynamic Dispatch. Sched./Dispatch. Trans.

Milestone Summary



Review Analysis with Stakeholders

Determine Next Steps



Overall Status

JCM Leads

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

Legend



Completed

On Target – No Issues

Need to watch – Some Issues

In Jeopardy – Significant Issues

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

- None at this time.

Shared Regulation Market

Milestone Summary

G	Resolve CA Consolidation Issues
G	Analyze Options Shared Reg. Mkt.
G	Perform Detail Study
G	Identify Changes Policies, Procedures, applications, etc.
G	Review Results with Stakeholders
G	Go/No Go Decision

G Overall Status

JCM Lead

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

KEY ACCOMPLISHMENTS

UPCOMING ACTIVITIES

- Analysis on this initiative will begin in late 2007.

ISSUES & CONCERNS

- None at this time.

Cross Border FTRs in the Allocations

Milestone Summary

G	Determine allocation process changes to create alignment
G	Define business rules for resolving differences
G	Perform Detail Cost/Benefit Analysis
G	Review Results with Stakeholders
G	Go/No Go Decision

G Overall Status

JCM Lead

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

Legend

C	Completed
G	On Target – No Issues
Y	Need to watch – Some Issues
R	In Jeopardy – Significant Issues

KEY ACCOMPLISHMENTS

UPCOMING ACTIVITIES

- Analysis on this initiative will begin in late 2007.

ISSUES & CONCERNS

- None at this time.

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)