

JCM Initiatives Update



July 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			Cross Border FTRs in the allocations	\$4,000,000
				\$3,008,657			Cross border FTRs in auctions	Analyzing \$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	Depancaking of PTP ancillary services (Control Area Services, T.O. Control Center Services, Reactive, Black Start)	\$400,000		
				\$3,764,432		(\$2,505,757)		
	4	Broader Price Transparency and Common Reporting	Existing MISO & PJM Websites	\$500,000	Standard Data Exchange (Web Services)	\$3,000,000	Implementation of single MISO & PJM Website (Individual Websites go away)	\$750,000
			Linking of sites Data Available at Both Sites (LMPs, Tie Flows, Loads)	\$1,952,165	LMPs, Contingencies, Loads, Dispatch Signals, Outages, Emergency Event/Notifications	\$2,547,477		N/A
			Common Search Capabilities	\$200,000			Standard Data Visualization and Reporting Portal	\$8,500,000
				\$1,125,000			Create a single MISO & PJM Data and Report Portal	
			Enhanced Joint Website to Host Joint meeting and Events Calendar, Joint Documents and Reports	\$600,000				\$4,158,174
				\$1,125,000				
	5	Increased Market Opportunities	Moving JOUs between markets	\$100,000			Shared Regulation Market	\$8,000,000
				\$156,851				Analyzing
	6	Operational Consistency	Common Long Term Transmission Queue	\$200,000	Common Time Zones (Note: All PJM cost)	\$5,000,000	Single Resource Adequacy Solution	\$8,000,000
				\$1,091,108		N/A		N/A
			MISO Ramp Viewer	\$150,000	Central location to view both ramp viewers	\$100,000	Common Ramp Portal	\$750,000
				\$913,703		\$1,527,405		\$2,091,108
Alignment of OASIS Business Practices			\$500,000	Coordinated OASIS	\$1,200,000			
			\$1,365,867		Analyzing			
Single OASIS			\$8,000,000	Reserve Sharing	\$8,000,000			
			\$6,168,760		N/A			
Common Treatment of Dynamic Schedules/Pseudo-Ties			\$200,000	Market to Market Relaxation of Constraints	\$80,000			
			\$382,934		\$1,000,000			
7	Single Market	Investigation of Loop Flow Across the Combined Footprint	N/A	Dynamic Dispatchable Transactions and Schedules	Analyzing	Netting in the IDC	Analyzing	
			Analyzing		Analyzing		Analyzing	
		Market Flow Threshold Assessment	N/A	Market Flow Threshold Reported to IDC	\$300,000			
			Reliability		Reliability			
				Outage Coordination	N/A			
			Reliability					
7	Single Market	Year 1 - Rule Alignment & Market Portal Design	\$15,000,000	Year 2 - Initial Market Portal Implementation	\$40,000,000	Year 3-5 - Implementation of Single Market	\$50,000,000	
			\$5,000,000		\$27,000,000		\$34,700,000	
Reliability	1	Emergency Energy Agreement	Alignment of Agreements and Practices	\$100,000			Super Regional Reserve Sharing	Analyzing
				Reliability				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	Cross Border Cost Sharing of Expansions	\$500,000		
				Reliability				
			Common Deliverability Studies	\$100,000				
				Reliability				
Total		Costs	2006	2007	\$1,580,000	2008	\$750,000	
		3-Year Gross Benefit	\$3,770,000		\$3,463,405		\$2,091,108	
			\$14,885,717					



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 submitted 60 day compliance filing document on July 16, 2007.
- Midwest ISO filed answers to protests of its June 18, 2007, 30 day compliance filing.
- Vendor provided Midwest ISO with final design documents.
- PJM has filed an intra-planning year transmission rights allocation with FERC similar to the current Midwest ISO process.

UPCOMING ACTIVITIES

- PJM to submit status report regarding continued stakeholder discussion on potential uplift mechanisms to FERC by November 30, 2007.
- PJM stakeholders are actively discussing the possibility of implementing a seasonal ARR/FTR process similar to the Midwest ISO process.
- Midwest ISO stakeholder discussion concerning FTR under funding uplift mechanism.
- Midwest ISO will lock scope once final design documents are approved.

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

- 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.
- On July 25, 2007, PJM Market Implementation Committee approved a package of Balancing Operating Reserve credit and allocation changes, which will be forwarded to the Markets and Reliability Committee.

UPCOMING ACTIVITIES

- Continued PJM Stakeholder meetings.
- Midwest ISO will develop project plan based on requirements in the FERC Order.

ISSUES & CONCERNS

- 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

- Functional specification has been updated and is under review.
- Initial test plan has been developed by the Midwest ISO.
- Requirements have been turned over for vendor to complete the detail design.

UPCOMING ACTIVITIES

- Agreement changes will be taken through the RTOs stakeholder processes.
- RTOs to explore potential of partial implementation of initiative before Spring 2008.
- Finalize functional specifications and detail design.
- Finalize vendor software delivery schedule.
- PJM Markets and Reliability Committee will vote on the necessary PJM agreement changes at August 1, 2007.

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 approved funding release for this initiative.
- PJM has submitted Project Funding Request to release funds for project.

UPCOMING ACTIVITIES

- Revise timeline based on priorities of technical resources.

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 approved motion on tariff framework for Black Start and Restoration on July 10, 2007.

UPCOMING ACTIVITIES

- Develop tariff language for Black Start and Restoration.

ISSUES & CONCERNS

- None at this time.

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.
- FERC Order July 24, 2007 conditionally accepting revisions to the Joint Operating Agreement (JOA) Congestion Management Process (CMP) to allow the RTOs to implement the NERC approved field test.

UPCOMING ACTIVITIES

- A CMP revision compliance filing is due to FERC on August 23, 2007.
- 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.

UPCOMING ACTIVITIES

- NAESB in their 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.
- Group 1 of NAESB changes for OASIS are to be posted for Formal Comments in August.

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.
- Results of analysis on proxy bus prices was presented at the June 1, 2007, Joint Stakeholder Meeting.

UPCOMING ACTIVITIES

- 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 2008 after Midwest ISO opens its Ancillary Services Market.

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)