

JCM Initiatives Update



October 2007



Joint and Common Market Initiatives



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	
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 Analyzing	
				\$3,008,657			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	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 Linking of sites Data Available at Both Sites (LMPs, Tie Flows, Loads)	\$500,000	Standard Data Exchange (Web Services) LMPs, Contingencies, Loads, Dispatch Signals, Outages, Emergency Event/Notifications	\$3,000,000	Implementation of single MISO & PJM Website (Individual Websites go away)	\$750,000	
				\$1,952,165		\$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	\$4,158,174	
			Enhanced Joint Website to Host Joint meeting and Events Calendar, Joint Documents and Reports	\$600,000					
				\$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			
		Investigation of Loop Flow Across the Combined Footprint	N/A	Dynamic Dispatchable Transactions and Schedules	Analyzing	Loop Flow Study Phase II	Analyzing		
			Analyzing		Analyzing		Analyzing		
		Market Flow Threshold Assessment	N/A	Market Flow Threshold Reported to IDC	\$300,000	Netting in the IDC	Analyzing		
			Reliability		Reliability		Analyzing		
				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				
				Reliability		Reliability			
2		Common Deliverability Studies	\$100,000						



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:
 - Commenced testing of ARR Administration Tool to be used to facilitate ARR Registration Process.
 - Revised draft of FTR/ARR Business Practice Manual incorporating stakeholder feedback to facilitate discussion at November 2, 2007 meeting.
 - Received FERC orders on October 19, 2007 for 30-day and 60-day compliance filings.
 - Third Phase of ARR Registration Data Gathering completed and Final Phase is in progress.
- PJM:
 - FERC has approved intra-planning year transmission rights similar to the current Midwest ISO Process.

UPCOMING ACTIVITIES

- Midwest ISO:
 - Complete ARR Registration Data Gathering.
 - Finalize Business Practice Manual.
 - Complete filing of transition process of ARR/LTTR implementation.
 - Submit six-month compliance filing.
 - Submit compliance filing as directed in October 19, 2007 FERC Order.
- PJM:
 - Submit status report regarding continued stakeholder discussion on potential uplift mechanisms to FERC by November 30, 2007.
 - Stakeholders are actively discussing the possibility of implementing a seasonal ARR/FTR process similar to the Midwest ISO process.
 - Markets and Reliability Committee will vote to endorse a 3-year, Long-Term FTR Auction proposal at its October meeting.

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: M. Robinson
- PJM: S. Bresler

Legend

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

KEY ACCOMPLISHMENTS

- 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.
- Midwest ISO has developed strawman Revenue Sufficiency Guarantee (RSG) Redesign Whitepaper.
- Midwest ISO filed comments at FERC with regards to RSG complaint..
- PJM Markets and Reliability Committee endorsed package of Balancing Operating Reserves credit and allocation changes on October 24.

UPCOMING ACTIVITIES

- Midwest ISO ongoing review of RSG Redesign with Stakeholders. Two meetings are scheduled for October to address issues raised with proposed cost allocation approach.
- Midwest ISO developing settlement examples to reflect RSG proposal.
- Midwest ISO developing draft tariff language for review in October meetings.
- The PJM Members Committee will vote on the package of Balancing Operating Reserve credit and allocation changes on November 15.

ISSUES & CONCERNS

- Clearly different camps in terms of causation versus predictability (unclear that we will get to common rules).

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.
- PJM Markets and Reliability Committee endorsed the PJM Tariff change required for a June 1, 2008, implementation date at their September 26, 2007, meeting.

UPCOMING ACTIVITIES

- Agreement changes will be taken through the RTOs stakeholder processes.
- Finalize functional specifications and detail design.
- Finalize vendor software delivery schedule.

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 completed its design effort.

UPCOMING ACTIVITIES

- Begin construction phase.

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
Y	Submit Regulatory Filings
G	Modify Policies, Procedures, Applications, Systems
G	Provide Training and Implement Changes

Y 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 made presentation to its Market Subcommittee on September 11, 2007, that outlined concerns with the Basic Framework for Black Start and Restoration.
- **Working group met on October 26, 2007, to develop tariff language to be reviewed at November Market Subcommittee Meeting.**

UPCOMING ACTIVITIES

- Working group has meeting scheduled for November 2, 2007, to continue working on tariff language.
- Develop draft tariff language for option A (Basic Framework approach) and Option B which addresses the potential concerns identified by the Midwest ISO and submit to the Market Subcommittee and Reliability Subcommittee for review prior to their November meetings.

ISSUES & CONCERNS

- Delays in completing draft tariff language could impact stakeholder approval and submitting 2007 regulatory filing(s).

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 19, 2007 (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.

Common Ramp Portal

Milestone Summary

G	Develop scope document
G	Review scope document with stakeholders
G	Develop project plan

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

UPCOMING ACTIVITIES

- Note: This initiative is scheduled to start in 2008.

ISSUES & CONCERNS

JCM Further Analysis Initiatives



Market Flow Threshold Reported to IDC

Milestone Summary

C	Develop Detail Project Plan
C	Vendor Requirement Specifications
C	System Development
C	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 29, 2007.
- Midwest ISO submitted compliance filing to FERC on October 12, 2007, to begin its Field Test on November 1, 2007. Field test to go through October 31, 2008.
- Initial results of Market Flow Threshold Test were reviewed at the NERC TLR Standard Drafting Team Meeting October 4-5, 2007.

UPCOMING ACTIVITIES

- Midwest ISO to begin Field Test on November 1, 2007.
- Initial results of Market Flow Threshold Test to be reviewed at the NERC TLR Standard Drafting Team Meeting November 27-28, 2007.
- NERC ORS Task Force will conduct detail review of field test results.

ISSUES & CONCERNS

- None at this time.

Loop Flow Study Phase II

Milestone Summary

C	Define Scope
C	Finalize Scope
G	Develop Flowgate Analysis Approach
G	Conduct Analysis
G	Quantify Contributors
G	Identify Mitigating Actions
G	Finalize Report
G	Present Findings to Stakeholders
G	Overall Status

JCM Lead

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

Legend

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

KEY ACCOMPLISHMENTS

- Reviewed Scope document with JCM Stakeholders.

UPCOMING ACTIVITIES

- Initiate discussion on receiving updates to the tag data base on previously executed confidentiality agreements.

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 are continuing analysis of border price differentials since the PJM Marginal Losses initiative was implemented.
- RTOs are conducting preliminary analysis to determine if initiative should be taken off “hold” status.

ISSUES & CONCERNS

- None at this time.

JCM Hold Initiatives



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.
- NAESB posted their Group 1 changes for FERC Order 890 for 30 day formal comment period on October 2, 2007. Group 1 changes include: Posting of ETC, Annotation for ATC, Load Forecast and Actual Load, Re-bid of Partial Service, Pre-confirmation, and Conditional Firm.

UPCOMING ACTIVITIES

- Submit Midwest ISO formal comments to NAESB Group 1 changes for FERC Order 890.

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.

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 first quarter 2008.

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)