# **JCM Initiatives Update**

# February 2008





Joint and Common Market Initiatives					Complete	Cost 3 Year Gross Benefit		Evaluation		Cost ross Benefit	
					Implementation	Cost 3 Year Gross		Not Recommended		Cost ross Benefit	
	2006					2007			2008		
	1	FTR Market Convergence	Alignment of FTR Timelines and Products	\$600,000				Cross Border FTRs in the allocations		\$4,000,000 A nalyzing	
			(Note: All MISO cost)	\$3,008,657			Cross border FTRs in auctions		\$8,000,000 \$4,374,524		
	2	Price Rationalization and Convergence at the Border			Alternative Border Pricing Point Calculation		\$600,000 N/A \$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	(Control Area Services,	Depancaking of PTP ancillary services (Control Area Services, T.O. Control Center Services, Reactive, Black Start) (\$2,505,757)					
		Broader Price Transparency and Common Reporting	Existing MISO & PJM Websites Linking of sites Data Available at Both	\$500,000		Standard Data Exchange (Web Services) LMPs, Contingencies, Loads, Dispatch \$3,000,000		Implementation of single I	NISO & PJM	\$750,000	
	4		Sites (LMPs, Tie Flows, Loads)	\$1,952,165	Signals, Outages	Signals, Outages, Emergency Event/Notifications \$2,547,477		Website (Individual Websites go away)		N/A	
			Common Search Capabilities	\$200,000 \$1,125,000				Standard Data Visualization and Reporting Portal Create a single MISO & PJM Data and Report Portal		\$8,500,000	
			Enhanced Joint Website to Host Joint meeting and Events Calendar, Joint Documents and Reports	\$600,000 \$1,125,000						\$4,158,174	
Commercial	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 Tim (Note: All P.		\$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 Po	ortal	\$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		naring	\$8,000,000 N/A				
			Common Treatment of Dynamic Schedules/Pseudo-Ties	\$200,000 \$382,934	Market to Market Relaxa	ation of Constraints	\$80,000 <i>\$1,000,000</i>	-			
			Investigation of Loop Flow Across the Combined Footprint	N/A Analyzing	Dynamic Dispatchable Schedu		Analyzing Analyzing	- Loop Flow Study Ph	ase II	Analyzing Analyzing	
			Market Flow Threshold Assessment	N/A Reliability	Market Flow Threshold	d Reported to IDC	\$300,000 Reliability	Netting in the ID	с	Analyzing Analyzing	
					Outage Coor	dination	N/A Reliability				
	7	Single Market	Year 1 - Rule Alignment & Market Portal Design	\$15,000,000 \$5,000,000	Year 2 - Initial M Implemen		\$40,000,000 \$27,000,000	Year 3-5 - Implementation of	Single Market	\$50,000,000 \$34,700,000	
bility	1	Emergency Energy Agreement	Alignment of Agreements and Practices	\$100,000 Reliability				Super Regional Reserve	e Sharing	Analyzing Analyzing	
Reliability	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 Sha	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**





# **FTR Alignment**

#### **Milestone Summary**

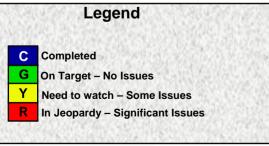


#### **Overall Status**

#### JCM Leads

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

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# **KEY ACCOMPLISHMENTS**

- Midwest ISO:
  - ARR allocation tool successfully implemented in production. On target for start of initial ARR allocation according to published schedule.
  - ARR registration through Markets Portal nearing completion. Few remaining issues to be resolved by early March.
  - · Conducted survey for prioritization of 2008 initiatives.
- PJM:
  - PJM Members Committee endorsed a long-term, three-year FTR auction process at its November meeting. The construct will be filed with FERC in the Spring.
  - Submitted status report regarding stakeholder discussion FTR full funding uplift mechanisms to FERC on November 30, 2007. PJM stakeholders were unable to reach the required 2/3 majority on an alternative to the currently-filed and approved FTR Target Allocation mechanism.

### **UPCOMING ACTIVITIES**

- Midwest ISO:
  - Complete ARR Registration through Markets Portal.
  - Complete update of processes/ procedures and customer training associated with ARR/ LTTR implementation.
  - Continuing stakeholder discussion on prioritization of 2008 initiates.
- PJM:
  - Stakeholders have rejected the possibility of implementing a seasonal ARR/FTR process similar to the Midwest ISO process, however have confirmed continuing interest in developing a cross-border transmission right product.

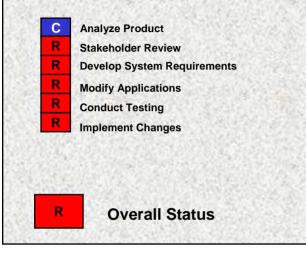
### **ISSUES & CONCERNS**





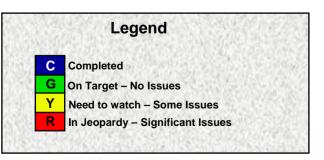
# **OR & RSG Alignment**

#### **Milestone Summary**



#### JCM Leads

- Midwest ISO: M. Robinson
- PJM: S. Bresler



# **KEY ACCOMPLISHMENTS**

- Midwest ISO made an informational filing with FERC on February 1, 2008, in compliance with latest FERC RSG Order and addressing RSG task force progress to date.
- Midwest ISO RSG Task Force to met on February 21, 2008, and voted in favor of a motion to support a filing.
- Midwest ISO Market Subcommittee held a special meeting on February 25, 2008. The subcommittee supported the intent of the tariff language proposed, with regards to modifying the approach used in assigning and allocating RSG
- PJM Members Committee endorsed package of Balancing Operating Reserves credit and allocation changes at its November meeting. The package of changes will be filed with FERC and if approved, implemented in the Fall 2008.

### **UPCOMING ACTIVITIES**

• Midwest ISO files draft tariff language with FERC addressing RSG cost allocation re-design on March 3, 2008.

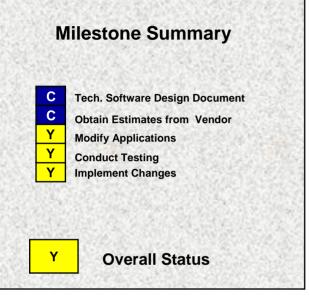
#### **ISSUES & CONCERNS**

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



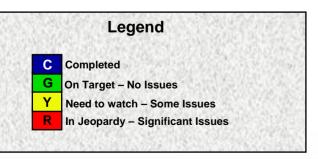


# **Relaxation of Constraints**



# JCM Leads

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



# **KEY ACCOMPLISHMENTS**

- PJM Markets and Reliability Committee endorsed the PJM Tariff change required for a June 1, 2008, implementation date at their September 26, 2007, meeting.
- The PJM Members Committee passed the Constraint Relaxation change at their January 24, 2008 meeting.
- Finalized functional specifications and detail design.
- PJM has received software from vendor and is currently testing the software.

# **UPCOMING ACTIVITIES**

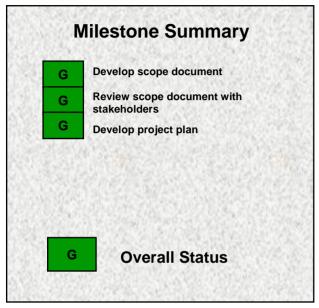
- Identify JOA changes which will be taken through the RTOs stakeholder processes.
- Midwest ISO software is scheduled to be delivered February 29, 2008.
- Midwest ISO having internal discussions on possibility of total elimination of constraint relaxation and will have future discussions with PJM.

### **ISSUES & CONCERNS**



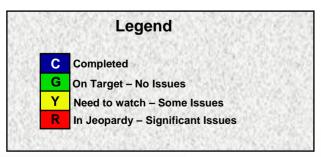


# **Common Ramp Portal**



### JCM Leads

- Midwest ISO: J. Marshall
- PJM: C. Advena



### **KEY ACCOMPLISHMENTS**

### **UPCOMING ACTIVITIES**

• Midwest ISO and PJM will begin analysis on this initiative in late first quarter 2008.

#### **ISSUES & CONCERNS**



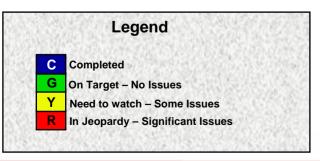


# **Black Start and Restoration**



### JCM Leads

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



# KEY ACCOMPLISHMENTS

- Reviewed tariff language with Midwest ISO Market Settlements.
- Tariff language distributed to stakeholders February 20, 2008

# **UPCOMING ACTIVITIES**

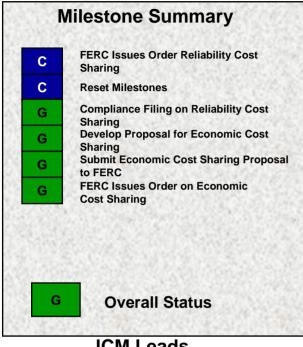
- Tariff language will be presented at the March 4, 2008, Market Subcommittee Meeting for vote.
- Technical comparison between Midwest ISO and PJM current system restoration plan.
- FERC filing for Midwest ISO Tariff changes.

#### **ISSUES & CONCERNS**

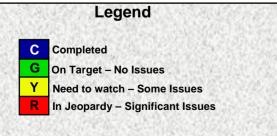




# **Cross Border Cost Sharing of Expansion**



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



# **KEY ACCOMPLISHMENTS**

- FERC conditionally accepted the Midwest ISO proposal for cross border cost sharing for reliability expansion on January 31, 2008.
- Reset milestones based upon FERC Order.

### **UPCOMING ACTIVITIES**

• RTOs submit compliance filing including revisions to the Joint Operating Agreement on March 3, 2008.

#### **ISSUES & CONCERNS**





# **JCM Further Analysis**



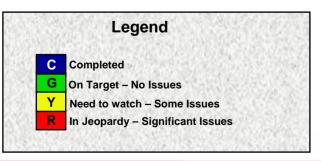


# **Loop Flow Study Phase II**



#### JCM Lead

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



# KEY ACCOMPLISHMENTS

- Midwest ISO and PJM identified list of 35 flowgates to be included in study.
- Reviewing use of internal EMS model for loop flow study.
- Investigating the use of PROBE Software to conduct this analysis.
- Identifying time frames to conduct analysis.

### **UPCOMING ACTIVITIES**

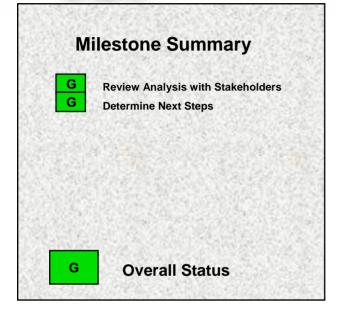
• Review data access requirements to obtain tag data, NNL data, and market flows.

### **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.
- Results of analysis on proxy bus prices were presented at the February 1, 2008, 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**





# **JCM Hold**



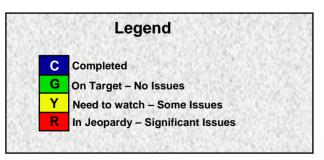


# **Shared Regulation Market**



#### JCM Lead

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



# KEY ACCOMPLISHMENTS

### **UPCOMING ACTIVITIES**

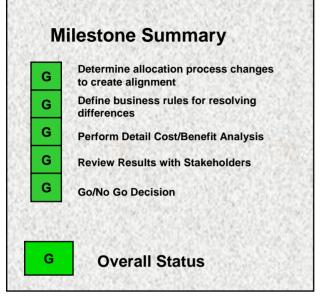
• Analysis on this initiative is dependent on Midwest ISO opening its Ancillary Services Market and then having a period of approximately six to nine months to collect data.

#### **ISSUES & CONCERNS**



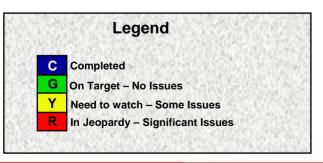


# **Cross Border FTRs in the Allocations**



#### JCM Lead

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



# KEY ACCOMPLISHMENTS

• Prioritization Survey discussed at the Midwest ISO Market Subcommittee. The survey was sent to Midwest ISO market participants on February 5, 2008. The results of the survey may impact when this initiative begins.

### **UPCOMING ACTIVITIES**

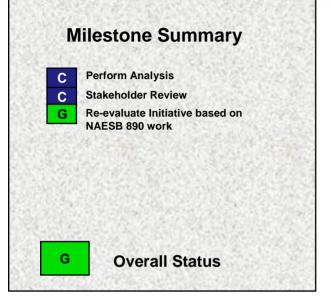
• Analysis on this initiative will begin in the second half of 2008.

#### **ISSUES & CONCERNS**





# **Coordinated OASIS**



### 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.

# **UPCOMING ACTIVITIES**

 NAESB 890 work plan can be found at: <u>http://www.naesb.org/weq/weq\_order890.asp</u>

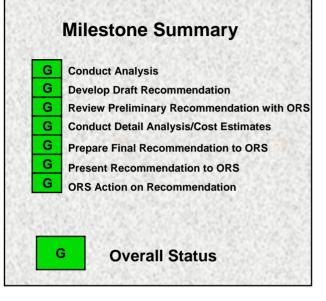
### **ISSUES & CONCERNS**

• NAESB FERC Order Group 5 items which includes "NAESB will develop business practice standards to facilitate coordination across multiple transmission systems" may address this initiative. Group 5 items currently scheduled for membership ratification by end of third quarter 2008.



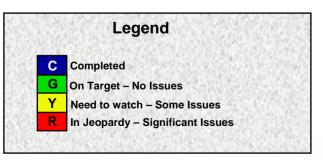


# Netting in the IDC



#### JCM Leads

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



#### **KEY ACCOMPLISHMENTS**

#### **UPCOMING ACTIVITIES**

 Work to determine if this can be included as a component under the NAESB Annual Plan Item "Prepare recommendation for future path for TLR in concert with NERC, which may include alternative congestion management procedures."

### **ISSUES & CONCERNS**

• No issues at this time.





# **Completed**





# **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
- Central Location to View Both Ramp Viewers

### **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 Phase I
- Outage Coordination
- Alternative Border Pricing Point Calculation (Decision not to proceed based on Midwest ISO and PJM analysis of proxy bus prices)
- Market Flow Threshold Reported to the IDC



