

# ***JCM Initiatives Update***



**April 2008**

# 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	
			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 Analyzing		\$4,000,000 \$8,000,000 \$4,374,524		
	2	Price Rationalization and Convergence at the Border			PJM implementation of marginal losses 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	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 Create a single MISO & PJM Data and Report Portal		\$8,500,000 \$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 \$156,851					Shared Regulation Market Analyzing		\$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 N/A		\$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		Loop Flow Study Phase II		Analyzing Analyzing
			Market Flow Threshold Assessment	N/A Reliability	Market Flow Threshold Reported to IDC		\$300,000 Reliability		Netting in the IDC		Analyzing Analyzing
					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		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
C	Design and Development
C	Build and Test
C	Update Process and Procedures
G	Customer Training
C	Cutover to Production Phase 1
C	Cutover to Production Phase 2
G	Cutover to Production Phase 3

**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:
  - ARR registration through Markets Portal is complete.
  - The Stage 1A Long-Term Transmission Rights (LTTR) allocation is complete. Results posted on April 9<sup>th</sup>.
  - The Stage 1B allocation is complete. Results posted on April 23rd.
- 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:
  - Update the FTR application with new credit requirements for the upcoming FTR auction.
  - Post the Stage 2 results.
  - Move the Phase 3 components related to Settlement changes into production.
- 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

- 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 April 10, 2008, Midwest ISO submitted its answer to the comments and protests filed in response to Midwest ISO's March 3, 2008, filing that submitted indicative revisions to the EMT to incorporate alternative methodology for allocating the cost of Real Time RSG payments under the Tariff.
- 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

- The RSG Task Force will continue to work to review the data analysis to determine cost causation and has developed an ad hoc group for this purpose.

## 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
C	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 is testing its software.
- Finalized functional specifications and detail design.
- PJM has received software from vendor and is currently testing the software.
- At the April 24, 2008, Markets and Reliability Committee Meeting PJM decided to move their production date to September 9<sup>th</sup> to coincide with Midwest ISO's planned implementation.
- Midwest ISO and PJM identified changes to the JOA in support of this initiative.

## UPCOMING ACTIVITIES

- Review JOA changes with the RTO stakeholders. Midwest ISO is scheduled to review changes at the May 6, 2008, Market Subcommittee Meeting.
- Since this project is tied to the Ancillary Services Market, the Midwest ISO, and PJM completion dates have been moved to coincide with the new September 9, 2008, launch date.

## 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: J. Marshall
- 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 developed a design document, which was provided to PJM April 14, 2008.

## UPCOMING ACTIVITIES

- Conference call scheduled May 14, 2008, with Midwest ISO and PJM to discuss the design document.

## ISSUES & CONCERNS

- Availability of IT resources could impact delivery time.



# Black Start and Restoration

## Milestone Summary

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

- Tariff language presented at the April 1, 2008, Market Subcommittee Meeting for vote.

## UPCOMING ACTIVITIES

- Midwest ISO has addressed comments to the Tariff language presented at the April 1, 2008, Market Subcommittee Meeting. Revised language is being presented at the May 6, 2008 Market Subcommittee Meeting. Stakeholders will have 30 days to provide comments.
- FERC filing for Midwest ISO Tariff changes.
- Technical comparison between Midwest ISO and PJM current system restoration plan.

## ISSUES & CONCERNS

- Stakeholders were not able to come to an agreement on the tariff language presented at the April 1, 2008, Market Subcommittee Meeting. This could impact deadlines. Midwest ISO reassessing interim milestones with respect to current progress toward the long-term objective. More information will be provided at the June 6, 2008, Joint Stakeholder Meeting.



# Cross Border Cost Sharing of Expansion

## Milestone Summary

C	FERC Issues Order Reliability Cost Sharing
C	Reset Milestones
C	Compliance Filing on Reliability Cost Sharing
G	Develop Proposal for Economic Cost Sharing
G	Submit Economic Cost Sharing Proposal to FERC
G	FERC Issues Order on Economic Cost Sharing

**G** 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

- No interventions/ comments were filed in response to the March 3, 2008 joint compliance filing. FERC issued a letter order accepting the filing on April 9, 2008.
- An initial meeting between PJM, PJM's TOs, Midwest ISO and Midwest ISO's TOs was held on March 18, 2008, to discuss a process for moving forward on the cross-border economic transmission allocation methodology. A follow up meeting was held April 21, 2008.

## UPCOMING ACTIVITIES

- A follow-up meeting to the March 18<sup>th</sup> and April 21<sup>st</sup> meetings has been scheduled. PJM, PJM's TOs, Midwest ISO, and Midwest ISO's TOs will meet on May 5, 2008, to further develop the cross-border economic transmission allocation methodology.
- RTOs to submit compliance filing containing a proposal to allocate cross border economic transmission project costs by August 1, 2008.
- Midwest ISO and PJM will facilitate a stakeholder meeting May 19 to discuss the August FERC Order tariff provisions for Midwest ISO – PJM Cross border cost allocation of economic transmission expansion projects.

## ISSUES & CONCERNS

- None at this time.

# ***JCM Further Analysis Initiatives***

# Loop Flow Study Phase II

## Milestone Summary

C	Define Scope
C	Finalize Scope
C	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

- 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.
- Collected Market flow data.
- Analyzing periods of time where constraints are binding in the two markets.

## UPCOMING ACTIVITIES

- Complete Analysis
- Quantify contributions
- Identify mitigating actions

## 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 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

- None at this time.

# ***JCM Hold Initiatives***

# 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 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

- 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

- The 2008-2010 FTR Projects Survey results were discussed at the March 4, 2008 Midwest ISO Market Subcommittee Meeting. The Cross Border FTRs in the Allocations Project was ranked as the third priority and will not be targeted for completion in 2008.

## UPCOMING ACTIVITIES

- Commencement date for this project is to be determined.

## ISSUES & CONCERNS

- None at this time.

# Coordinated OASIS

## Milestone Summary

C	Perform Analysis
C	Stakeholder Review
G	Re-evaluate Initiative based on NAESB 890 work

**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 890 work plan can be found at:  
[http://www.naesb.org/weq/weq\\_order890.asp](http://www.naesb.org/weq/weq_order890.asp)

## 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 fourth quarter 2008.

# 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

## 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 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
- 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