JCM Initiatives Update

November 2009





Projects Remaining for Completion

| | | | Destant | Completion Det | 1 |
|-------------|---|---|---|-----------------|----------------|
| | | | Project | Completion Date | |
| | 1 | FTR Market Convergence | Cross Border FTRs in the allocations | On Hold | Complete |
| | 2 | Reduce Hurdle Rate | Alignment of PJM Operating Reserves and MISO Revenue Sufficiency Guarantee (Note: All Midwest ISO cost) | 2009 | Implementation |
| | 3 | Increased Market Opportunities | Shared Regulation Market | On Hold | Evaluation |
| Commercial | | | Market to Market Relaxation of Constraints | 2009 | |
| Comn | | Operational Consistency | Common Ramp Portal | 2010 | |
| | | operational consistency | Coordinated OASIS | On Hold | |
| | | | Netting in the IDC | On Hold | |
| | | | Dynamic Dispatchable Transactions and Schedules | 2010 | |
| Reliability | 1 | Black Start and Restoration | Alignment of Agreements and Practices | 2009 | |
| Plan | 1 | Joint Expansion Planning and Common Deliverability Studies | Cross Border Cost Sharing of Expansions | 2009 | |





JCM Committed

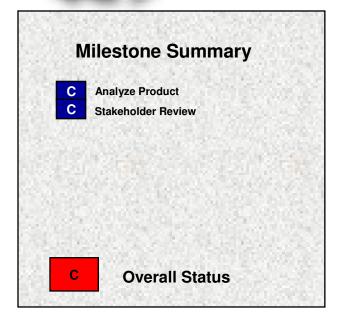
Initiatives





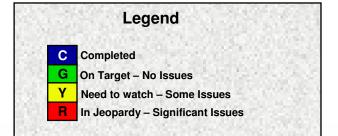
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OR & RSG Alignment



JCM Leads

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







ORIGINAL SCOPE

"In order to reduce the hurdle rates for through-and-out point-to-point transactions between PJM and the Midwest ISO, this initiative will align PJM's Operating Reserves and the Midwest ISO's RSG products so that charges are allocated similarly. Both Midwest ISO and PJM provide payments to generators that are committed/scheduled by the RTO in the Day Ahead and Real Time Markets when necessary to cover as-offered costs. There are differences, however, in allocation details between PJM and the Midwest ISO in two major areas. First, PJM allocates Balancing Operating Reserve charges across an entire 24-hour period, while the Midwest ISO allocates its similar charges on an hourly basis. Second, PJM nets deviations from individual transactions to determine deviations from day-ahead schedules while Midwest ISO calculates deviations based on each individual schedule change.

Because hourly allocations increase RSG volatility and lack of netting increases the cost of scheduling transactions in Real Time, the Midwest ISO will propose to its stakeholders the changes that better align these allocation rules." (emphasis added)

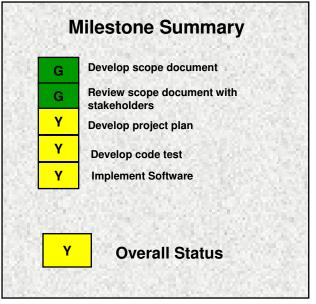
Status

Based on the actions taken by the Midwest ISO, PJM, and their stakeholders and review of the scope of this Joint and Common Market committed initiative, Midwest ISO and PJM agree that they have addressed this initiative and no further action is required. This initiative is being closed.

Closing this initiative does not preclude the Midwest ISO and PJM stakeholders from considering other actions in the future to more closely align the Midwest ISO RSG and PJM Operating Reserve cost allocations.

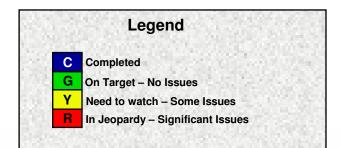


Common Ramp Portal



JCM Leads

- Midwest ISO: M. Luttrell
- PJM: C. Advena





KEY ACCOMPLISHMENTS

• Midwest ISO and PJM agreed to high-level detail design.

UPCOMING ACTIVITIES

• PJM and Midwest ISO will meet with their stakeholders in first quarter 2010 to discuss prioritization of this project.

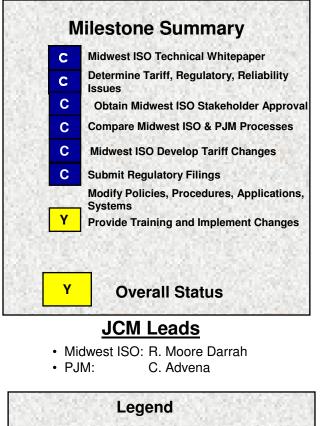
ISSUES & CONCERNS

• Implementation of this initiative will be determined after prioritization discussions with stakeholders.





Black Start and Restoration



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

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• None.

KEY ACCOMPLISHMENTS

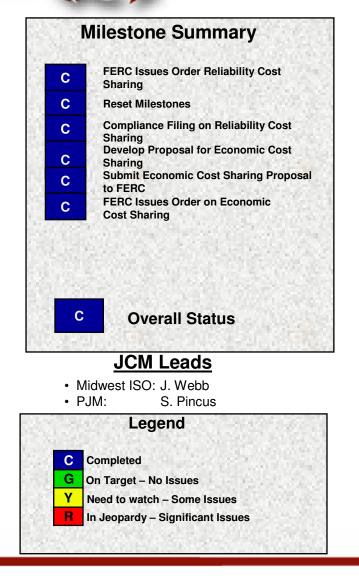
• BPM 19 for Blackstart and System Restoration Service was approved by the Reliability Subcommittee on June 3, 2009, and approved with comments by the Tariff and Business Practices Subcommittee on July 13, 2009. A revised version of the BPM was posted to the Midwest ISO Internet on July 16, 2009.

UPCOMING ACTIVITIES

• Training to be included in Midwest ISO's technical training cycle 4. Completion expected by end of December, 2009.



Cross Border Cost Sharing of Expansion



KEY ACCOMPLISHMENTS JCM Initiative is complete

• November 3, 2009 the Commission issued "Order on Cross-Border Facilities Cost Allocation" for economic expansion approving the proposal submitted by Midwest ISO and PJM.

UPCOMING ACTIVITIES

None

None





JCM Further Analysis

Initiatives





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Dynamic Dispatch. Sched./Dispatch. Trans.

| | view Analysis with Stakehold |
|-------|------------------------------|
| G Det | ermine Next Steps |
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| 12183 | |
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JCM Leads

- Midwest ISO: D. Chatterjee
- 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.

UPCOMING ACTIVITIES

• Continuing to evaluate if dispatchable transactions could help with further optimizing the interchange between the Midwest ISO and PJM and accomplish further economical energy cost over the region covering the two RTO footprint. Projected completion anticipated in 2010.

ISSUES & CONCERNS

· None.



JCM Hold

Initiatives

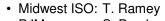




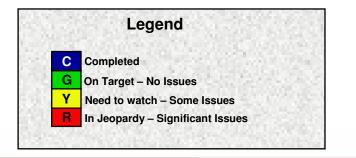
Shared Regulation Market



JCM Lead



PJM: S. Bresler



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· None.

KEY ACCOMPLISHMENTS

• Midwest ISO commenced its Ancillary Services Market January 6, 2009.

UPCOMING ACTIVITIES

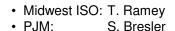
• 2009 will be focused on data collection. The decision on whether to move forward with implementation will not occur until 2010.

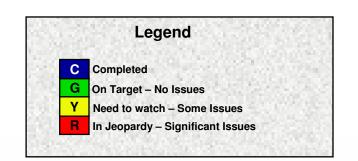


Cross Border FTRs in the Allocations



JCM Lead





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 2009.

UPCOMING ACTIVITIES

• The Market Subcommittee is setting the priority for this initiative.

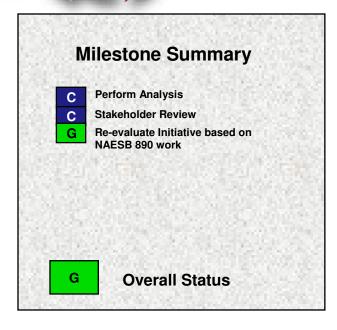
ISSUES & CONCERNS



• None.



Coordinated OASIS



JCM Leads

- Midwest ISO: J. Pewarski
- 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 work on Coordinated OASIS will not be completed until 2010. Decision will be made if additional coordination is needed at that time.



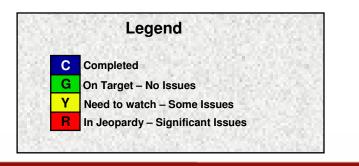


Netting in the IDC



JCM Leads

- Midwest ISO: T. Mallinger
- PJM: F. Koza





· None.

KEY ACCOMPLISHMENTS

UPCOMING ACTIVITIES

• Initiation of analysis will not begin until 2010.



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
- 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
- Alignment of FTR Timelines and Products
- Market to Market Relaxation of Constraints
- · Cross Border Cost Sharing of Expansion
- OR/RSG Alignment (no further action)





Completed Initiatives

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
- Investigation of Loop Flow Across the Combined Footprint Phase II
- 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



