

Market Flow Threshold Field Test Joint and Common Market Initiative



**Joint Stakeholder Meeting
February 1, 2008**



Introduction – Reason for Change in Threshold



- Market flows are assigned an amount of relief by the IDC based on level of TLR, amount of curtailment requested and the priority/sub-priority of tags relative to the market flows.
- On some flowgates, Midwest ISO and PJM are unable to consistently accomplish their relief where they have very small impacts.
- On some flowgates, the markets will either have no generation they can move or will require a large amount of redispatch for a small amount of relief.

Market Flow Threshold Field Test

- The FERC, NERC Operating Reliability Subcommittee (ORS) and NERC Standards Committee approved a field test to calculate relief requests based on a down to three percent market flow. This is for all entities that report market flows to the IDC.
- Conditions placed on field test:
 - 12 month test to be completed by December 31, 2008
 - Can start before June 1, 2007, or after September 1, 2007
 - Must start no later than December 31, 2007
 - At least one market must be ready to start
 - NERC TLR Standards Drafting Team will monitor progress and make periodic reports to the NERC Standards Committee

Implementation

- On May 29, 2007, the field test began. The IDC began calculating PJM relief based on the down to 3% market flows. PJM continued to report down to 0% market flows for information purposes.
- SPP implemented on October 1, 2007, and Midwest ISO implemented on November 1, 2007.
- Although PJM and SPP are using a 3% threshold in the IDC for all coordinated flowgates, Midwest ISO only uses a 3% threshold for those flowgates that are not reciprocal with MAPP (flowgates reciprocal with MAPP continue to use a 0% threshold).

Market Flow Threshold Field Test Reports

- Reports are issued for each TLR event where one market is using a 3% threshold.
- Summaries have been prepared for 6 months (July-December 2007) that have been provided to the NERC ORS Task Force.
- The NERC ORS Task Force is reviewing each of the TLR events where one market has failed to meet its relief obligation.
- Based on these reviews, the NERC ORS Task Force will determine whether a 3% threshold or some other threshold will allow the markets to meet their relief obligations.

Failure to Meet Relief Obligation

- What does it mean to have a failure?
 - Midwest ISO, PJM and/or SPP did not meet its relief obligation.
 - Not all failures involve the use of three percent threshold.
- If one or more five minute windows failed to meet the relief obligation, this was counted as a violation event.
- In reality, you cannot expect an instantaneous change in market flows to meet relief obligations.

Failure to Meet Relief Obligation

- The markets are proposing to use the following criteria as an indication of failure to meet the relief obligation:
 - There will be a 30-minute time period from the time the markets receive a target market flow until the markets achieve the target.
 - This time period only applies to relief obligations based on the 3% market flow threshold.
 - When large relief obligations have been assigned (over 50 MW), the time to achieve the relief obligation will be extended.
 - A 10% or 10 MW (whichever is greater) dead-band will be applied to the market flow achieved.
- This proposed criteria was discussed with the NERC ORS Task Force during their January 22, 2008, meeting.

Summary Results

IDC threshold reports analyzed for July through December

	MISO	PJM	SPP	Total TLR 3+ Reports
July & Aug	31	7	1	74
Sept & Oct	20	17	9	82
Nov & Dec	5	21	1	64
Total	56	45	11	220

The table shows the number of TLRs where an entity was unable to provide the IDC requested market flow relief (one or more 5-min interval failures).

Result Observations/Issues

- Because there was a delay in setting the market flow threshold by flowgate in the IDC, the use of 3% market flows for TLR curtailments was delayed (PJM-June 12, 2007, SPP-October 3, 2007, Midwest ISO-November 1, 2007).
- Issue One – Conclusion of the field test
 - The field test should continue until sufficient data has been collected to determine a proper market flow threshold that can be met by the markets. The earliest date the field test could end is June 1, 2008, and the latest date is December 31, 2008. The NERC ORS Task Force will decide the end date.
- Issue Two - Need to bridge the recommended threshold between the end date of the field test and having a revised standard that reflects the recommended threshold

Next Steps

- Continue to collect data and review results for January through May 2008.
- Make periodic reports to NERC ORS and NERC TLR Standards Drafting Team.
- NERC ORS Task Force to hold discussion with OATI on report issues that have been raised.
- OATI to indicate whether flowgates that are reciprocal with MAPP can be included in the reports that are being issued.

Next Steps (Continued)

- Midwest ISO and PJM continue to work with OATI on how unconstrained market flow is used in the IDC and how this value should be determined.
- NERC ORS Task Force needs to set a timeline by when a decision will be made to either stop the field test on June 1, 2008, or continue to December 31, 2008. This timeline should be based on NERC Standard Committee meeting dates, advance material that must be given to the NERC Standard Committee and information to be provided to the NERC TLR Standards Drafting Team for their review prior to meeting with the NERC Standard Committee.