# Market Flow Threshold Field Test Results

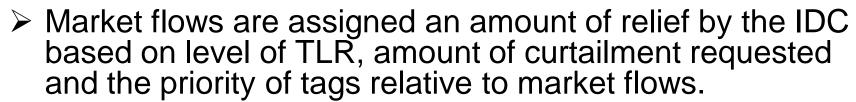


#### Joint Stakeholder Meeting November 14, 2008





## Reason for Change in Threshold



- 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

- NERC Standards Committee (SC) approved a market flow threshold field test involving Midwest ISO, PJM and SPP
  - Objective of the field test is to determine a market flow threshold that will allow the three markets to meet their relief obligations during TLR.
  - ➤ The NERC TLR Standard Drafting Team (SDT) is responsible for the field test and for any changes that will be made to the regional difference following the end of the field test.
  - ➤ The NERC Operating Reliability Subcommittee (ORS) monitors the field test for any reliability impacts that may require suspending the field test.
  - ➤ The field test results are being reviewed by the NERC ORS Market Flow Threshold Task Force. Status reports are provided at NERC ORS meetings and NERC TLR SDT meetings.





#### Market Flow Threshold Field Test



- Field test has been underway since June 1, 2007. PJM first to report 3% market flows to IDC. SPP joined October 1, 2007. Midwest ISO joined field test on November 1, 2007.
- ➤ Because MAPP companies oppose the field test, Midwest ISO continues to use a 0% threshold on flowgates that are reciprocal with MAPP.
- ➤ Based on field test results that indicated a 30% success rate using a 3% threshold, NERC SC approved increasing the threshold to 5% on June 1, 2008.
- ➤ Based on limited field test results for external flowgates, NERC SC approved extending the field test from October 31, 2008, to October 31, 2009.





# Three Factors That Limit Sample Size



- Only including TLR events on external flowgates (non-Midwest ISO and non-PJM)
  - Internal flowgates are impacted by the markets managing total flow.
  - Internal flowgates are impacted by the M2M process.
- 2. Not using SPP results to make a recommendation.
  - SPP has a sample size of 743 hours where SPP has a relief obligation using a 5% threshold on external flowgates.
  - SPP energy imbalance market operates differently than the Midwest ISO and PJM energy markets.
  - SPP continues to tag some of its inter-BA flows that are not included in the SPP market flows.





# Three Factors That Limit Sample Size



- While we track SPP results, we do not plan to use these results to make a threshold recommendation.
- 3. Midwest ISO has a sample size of 563 hours on external flowgates using a 0% threshold from January 1, 2008 to September 28, 2008.
  - Midwest ISO continues to use a 0% threshold on external flowgates that are reciprocal with MAPP.
  - The threshold on these flowgates will change to 5% on January 1, 2009.
  - An attempt to evaluate the impact of meeting the relief obligation compared with a 5% market flow did not produce meaningful results.





## Majority of External Flowgates Are Owned by IESO

- ➤ Met with IESO on August 30, 2008, to discuss the large amounts of relief requested on IESO flowgates (up to 2000 MW) which has resulted in Midwest ISO and PJM relief obligations exceeding 20 MW (got as high as 300 MW)
- IESO has agreed to take three steps that will reduce the amount of relief requested
  - ➤ IESO will continue to use local procedures with NYISO or TLR but not both.
  - ➤ IESO will no longer include a buffer in their relief request and will provide post-event information to the markets to better understand the issues.
  - ➤ IESO will be able to call for Safe Operating Mode procedure from Midwest ISO and PJM if a problem occurs.





## Firm Flow Limit on External Flowgates



- How Midwest ISO and PJM determine the firm flow limit on external flowgates affects the ability to meet relief obligation
  - ➤ The markets are reviewing process to only include the transfer component of market flows in the non-firm bucket.
  - ➤ This issue could eventually be resolved by NAESB under the Parallel Flow Visualization/Mitigation SAR that has been submitted to NERC.





## Other Factors Affecting Meeting Relief Obligation



- ➤ Use of marginal zones by Midwest ISO and PJM may result in very large next hour tag impacts that cause very large relief requested amounts when in TLR. Midwest ISO to revise the marginal zone process in December 2008.
- ➤ A large number of Midwest ISO TLR events involve MAPP flowgates that continue to use a 0% threshold. Flowgates reciprocal with MAPP will begin using a 5% threshold for TLR on January 1, 2009.
- Midwest ISO and PJM hold market flows down to 0% even when the relief obligation from the IDC is based on a 5% threshold.





## Other Factors Affecting Meeting Relief Obligation



- Focus on relief achieved 30 minutes after TLR implemented.
- ➤ Still need to agree on how to measure the amount of relief achieved. (Is it the difference between constrained and unconstrained market flows or is the amount market flows are below/above target?)
- ➤ Still need to agree on an appropriate bandwidth. (How close to target must be to claim success?)





#### **Upon Completion of the Field Test**



- ➤ The regional difference in the NERC TLR Standard (IRO-006) goes away and the regional difference that appears in the NAESB TLR business practice (WEQ-008) becomes effective.
- According to FERC Order 676-D, there will be no time lag between the end of the field test and when the threshold in the NAESB business practice becomes mandatory.
- ➤ This means the results of the field test through July 2009 will be used to establish a threshold. This will allow 3 months to receive NERC/NAESB approvals for a recommended threshold and to make appropriate FERC filings.





## Future Path for TLR Proposal



> Questions?



