Joint and Common Market

III. COMMERCIAL MARKET FLOW

Background

- Commercial Market Flow (CMF) - Nodal level Market Flow calculation that includes both generation-to-load (nodal injections/withdrawals) and transaction impacts (interface injections/withdrawals)
- Market-to-market Market Flow (M2M-MF) - Excludes transactions and only considers native generation-to-load impacts (per MISO-PJM JOA)
- In 2013, PJM proposed M2M MF and FFE adopt transaction impacts complementing CMF principles (align M2M payments with balancing revenue)

Process	CMF Used?	M2M-MF Used?
FTR Market	✓	
DA Market	✓	
RT Market Settlement	✓	
M2M		✓

Status Update

- During May 28, 2014 JCM, RTOs identified various impacts that this proposal could introduce:
  - Potential Impact of MISO and PJM having different interface definitions
  - Ensure alignment with other JCM initiatives like Interface Pricing; Interchange Optimization (or Coordinated Transaction Scheduling)
  - Potential changes to Market Applications
  - Consistent application of the proposal in MISO, PJM and SPP
- RTOs recognize the fact that majority of these issues are discussed in the interface pricing discussion
- RTOs will be having discussions to identify possible interim solutions that will isolate the above concerns

Next Steps

- PJM will post the CMF report for stakeholder review and input in the very near future

- RTOs will update the JCM participants during next JCM session of any progress RTOs made in coming up with interim solution(s) to move forward with this initiative in parallel with the interface pricing discussion

Appendix: Impacts on Settlement

Scenario	FFE	Day-ahead Market Flow	Real-Time commercial Market Flow	M2M Market Flow	Real-time Shadow Price	Balancing Congestion*	M2M Payment**	Total costs (Balancing Congestion + M2M Payments)
1	20	20	30	30	$3,500	$35,000	($35,000)	$0
2	20	20	10	10	$3,500	($35,000)	$35,000	$0
3	20	20	20	20	$3,500	$0	$0	$0
4	20	20	30	40	$3,500	$35,000	($70,000)	($35,000)
5	20	20	10	0	$3,500	($35,000)	$70,000	$35,000

***Balancing Congestion= (Real-Time Market Flow - Day-Ahead Market Flow) * Shadow Price of Constraint**
****M2M Payment = (FFE - M2M Market Flow) * Shadow Price of Constraint**

- The zero total costs for scenarios 1-3 is expected because the actual real-time commercial flow equals M2M market flow
- Proposed method will ensure actual real-time CMF is consistent with M2M market flow
- The non-zero total costs for scenarios 4 or 5 is what typically happens because of the mismatch between actual real-time market flow and M2M market flow