

# PJM/MISO Joint and Common Market Stakeholder Meeting

June 2, 2005

Wilmington, DE

## Morning

- Meeting Objectives
- Review of March 3, 2005 FERC Order
- Market-to-Market Coordination Update
- Stakeholder Process Toward 10/31 Filing
  - Objectives
  - Potential Mechanisms for Achieving Those Objectives
  - Cost/Benefit Analysis
- Work Plan

## Afternoon

- Begin discussion of JCM objectives and possible mechanisms to achieve them
- Next Steps

- Achieve common understanding of the requirements for the 10/31 PJM/MISO compliance filing.
- Discuss stakeholder process leading up to the 10/31 PJM/MISO JCM filing.
- Begin discussion of the objectives of a joint and common market.
- Determine next steps and work plan for evaluating costs and benefits of potential mechanisms for achieving those objectives.

March 3, 2005 FERC Order

- FERC generally accepted the plan to stabilize the markets before proceeding to the next level, but required a “meeting schedule and plans in the near future”.
- FERC urged the RTOs to implement individual elements of the joint and common market that are feasible and beneficial.

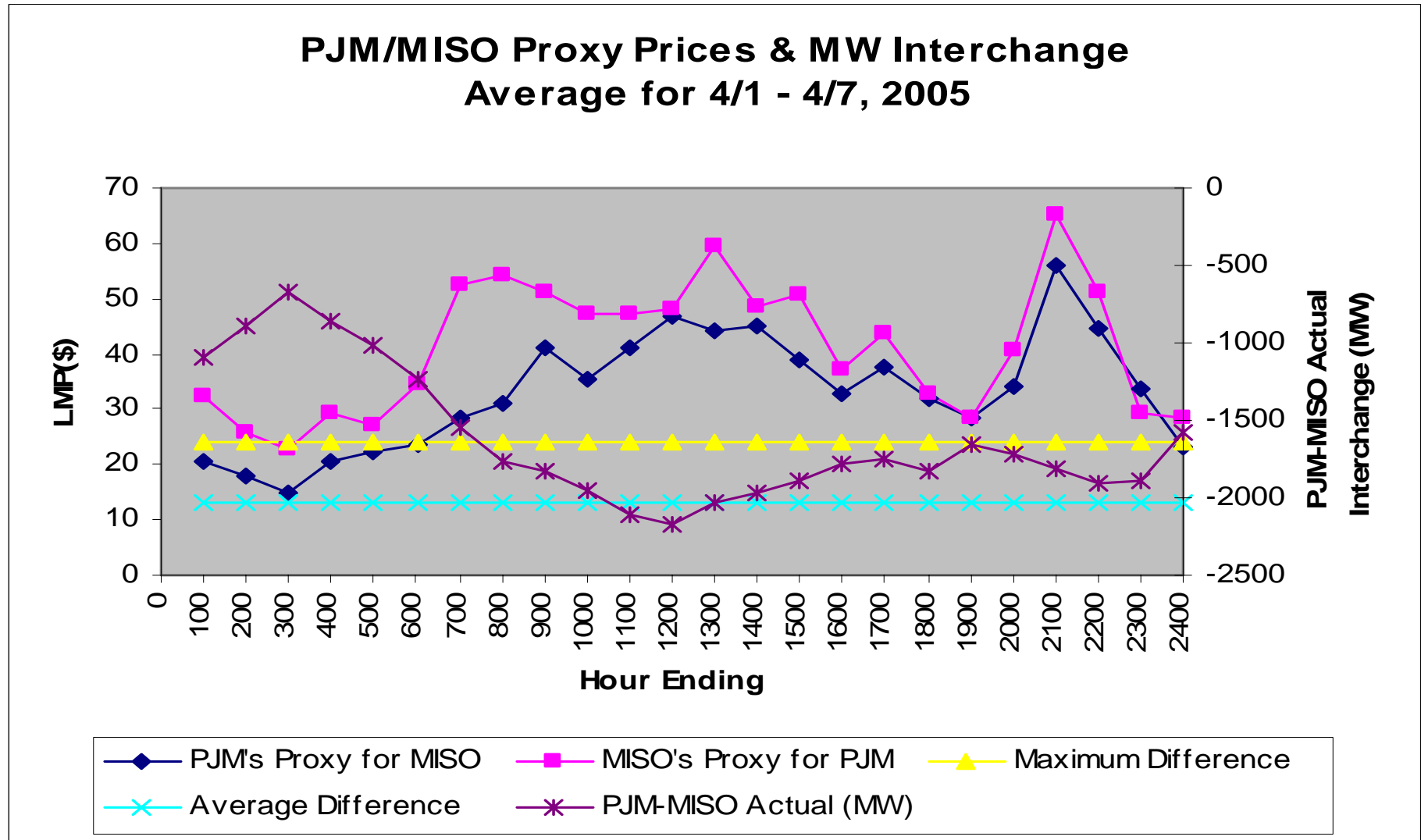
- FERC directed the RTOs to hold a stakeholder meeting in June to:
  - review the initial operation of the market-to-market phase;
  - set a schedule for future meetings; and
  - set forth (in a 6/28 progress report) a schedule that will result in the filing of a detailed plan by 10/31.

The October filing should contain:

- a narrative description of each element of a joint and common market;
- tasks necessary to complete each element listed;
- impediments that will need to be overcome for each element;
- resulting changes to tariffs, rules systems and procedures to accomplish the enhanced market portal and joint and common market;
- specific timelines for the tasks necessary to accomplish each element; and
- evaluation of the costs and benefits of achieving each element.

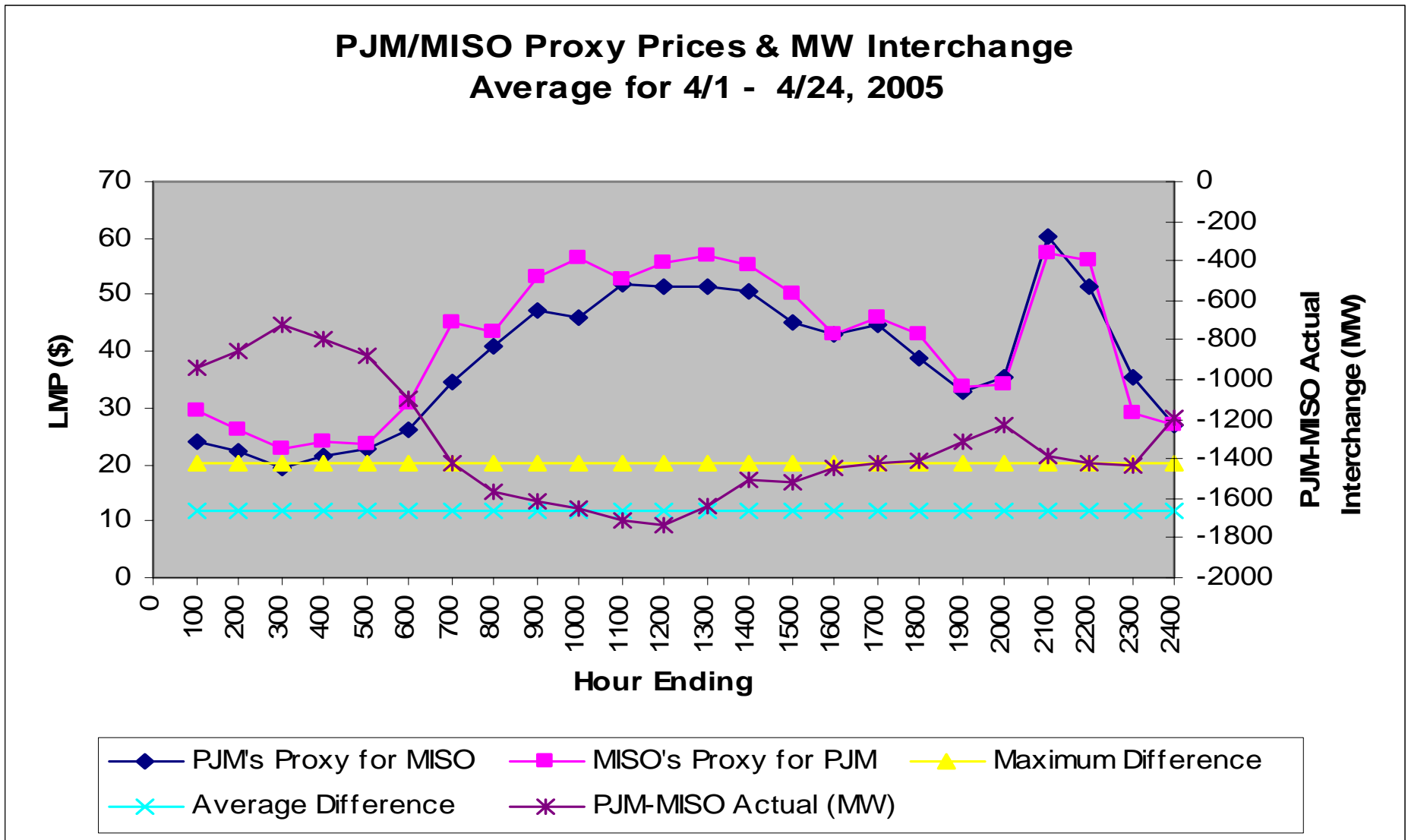
# Market-to-Market Coordination Update

- Market-to-Market Coordination has been functioning very smoothly.
- Operators are communicating efficiently and effectively, and the automated data exchange has been reliable.
- Operators in both RTOs are gaining familiarity with the coordinated constraints in the other RTO.



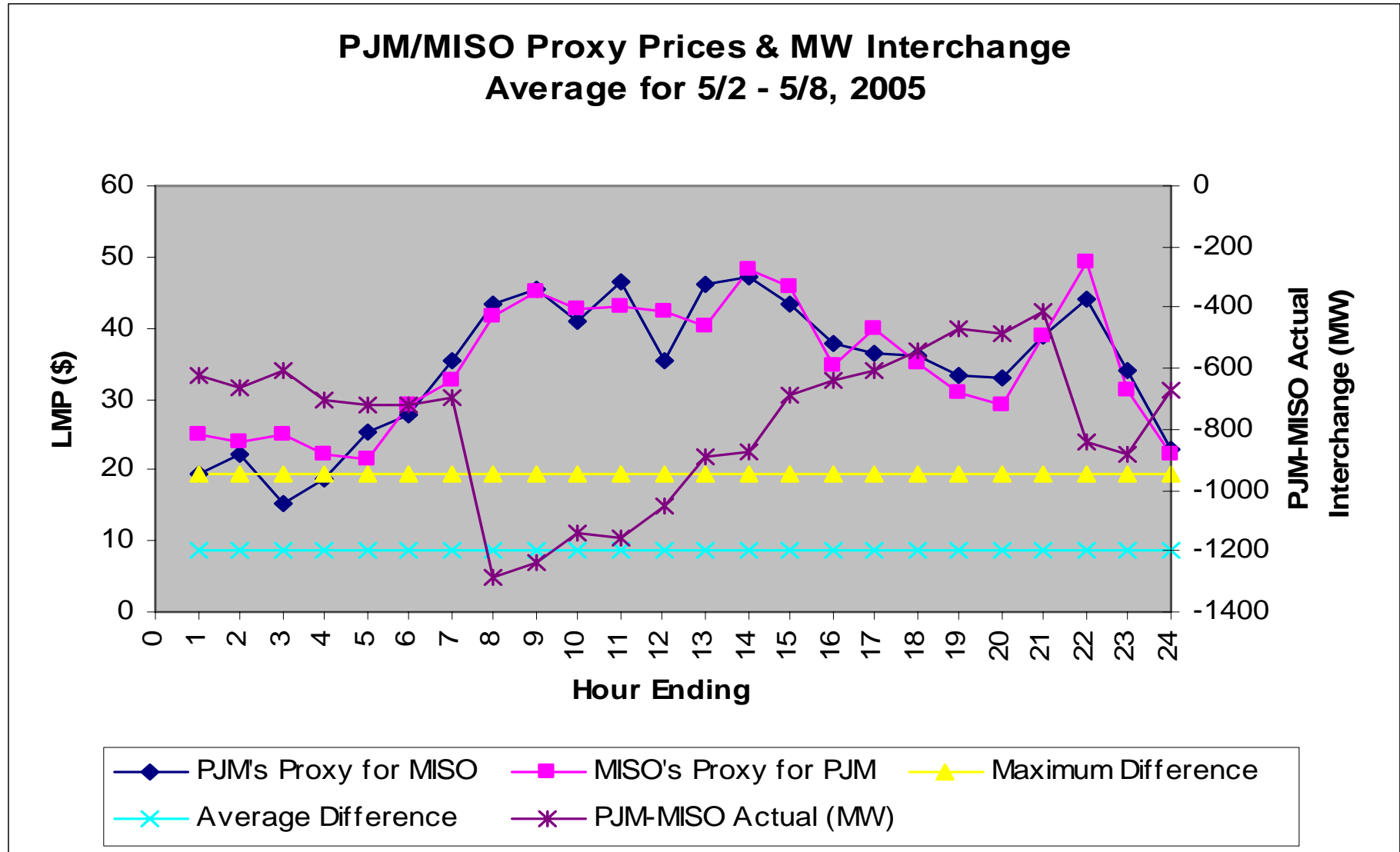
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Avg difference: \$13.16



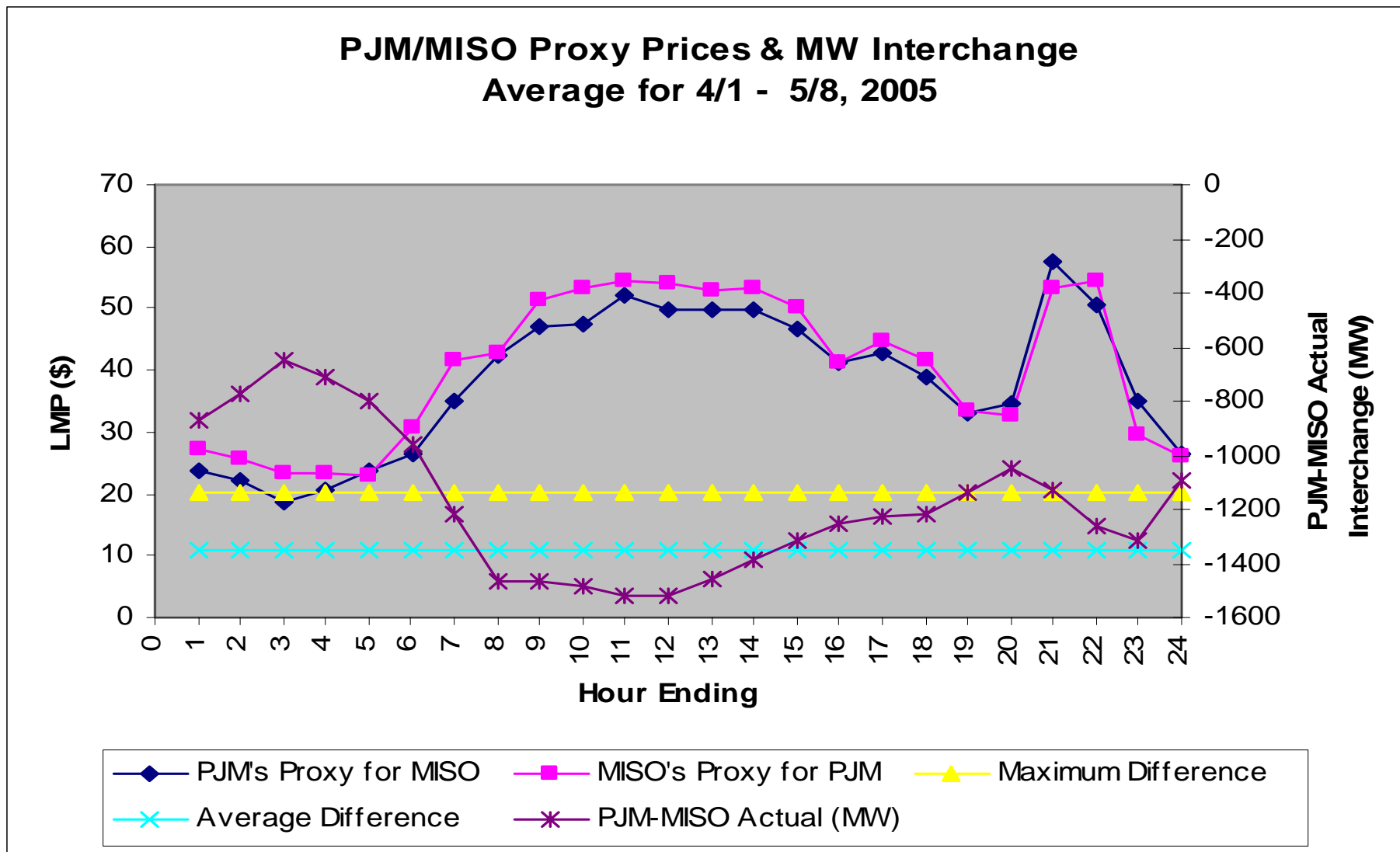
Max difference: \$20.28

Avg difference: \$11.80



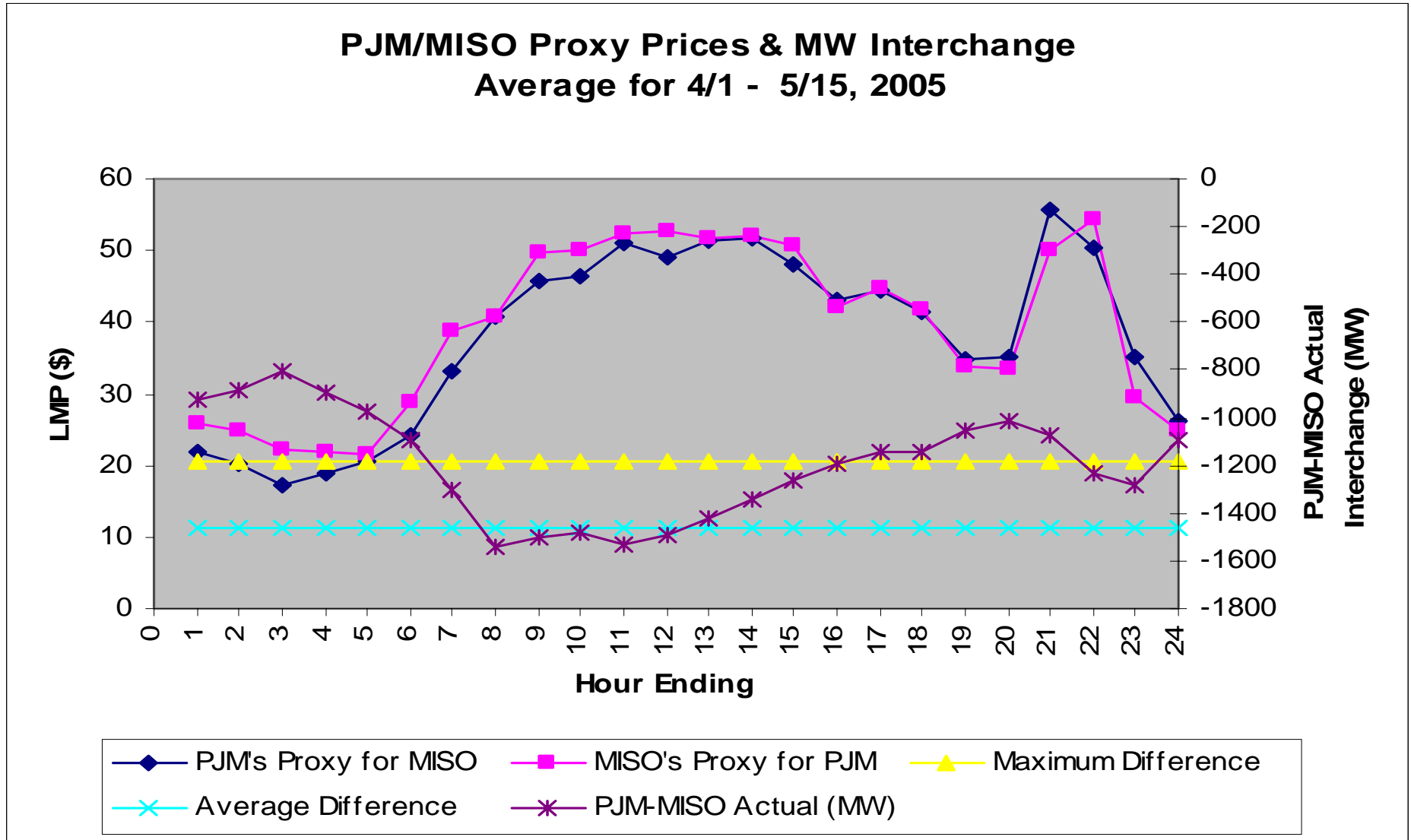
Max difference: \$19.33

Avg difference: \$8.77



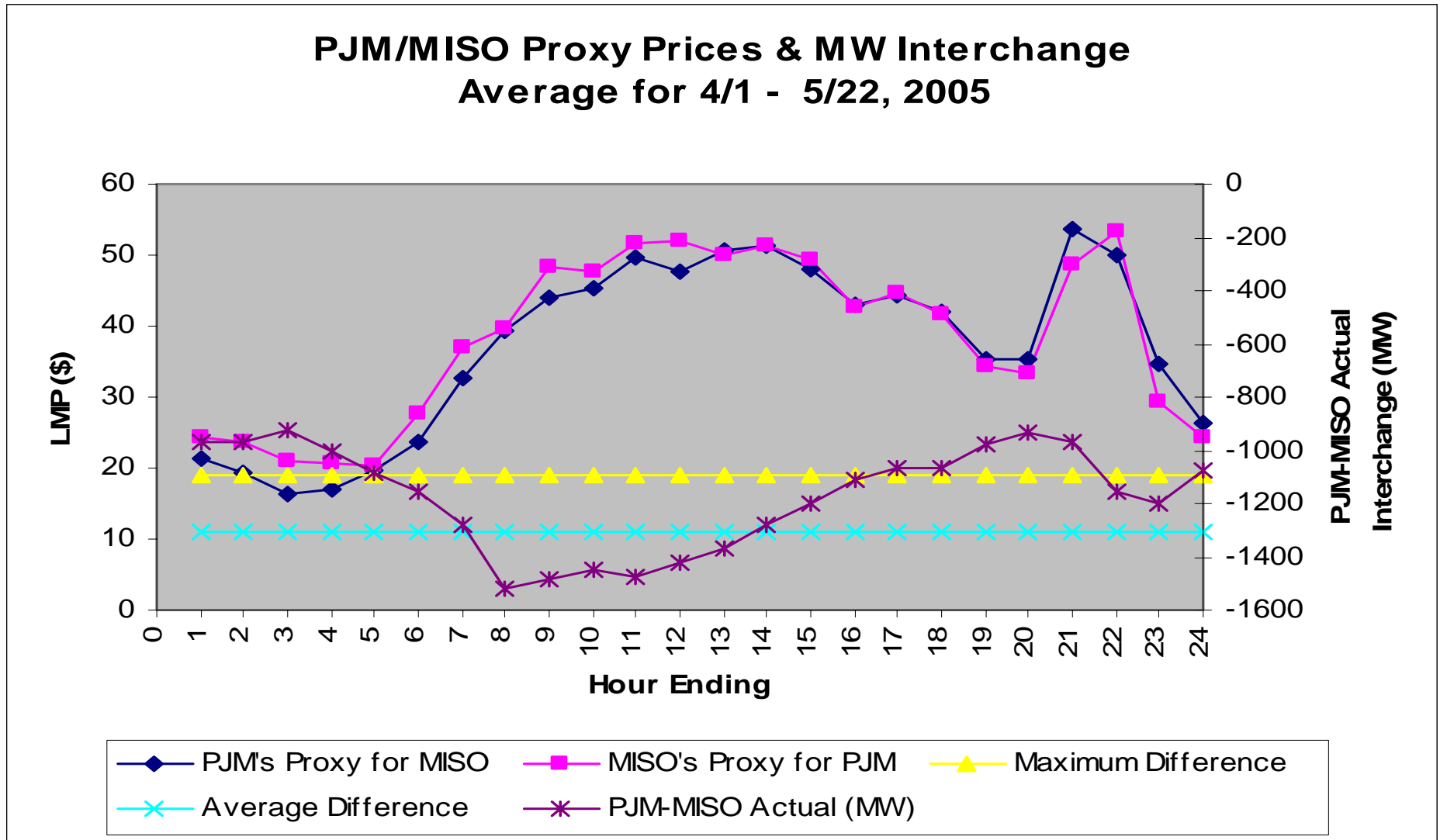
Max difference: \$20.15

Avg difference: \$11.07



Max difference: \$20.42

Avg difference: \$11.23



Max difference: \$18.92

Avg difference: \$11.01

## Market-to-Market Coordination has been initiated on the following flowgates:

- Erie West Transformer (PJM)
- Kammer Transformer (PJM)
- Kyger – Sporn 345kV line (PJM)
- Wylie Ridge Transformer (PJM)
- Ft. Martin – Pruntytown 500kV line (PJM)
- W. Lexington – Brown 345kV line (MISO)
- Ghent – W. Lexington 345kV line (MISO)
- Miami Fort Transformer (MISO)
- Dune Acres – Michigan City 138kV line (MISO)
- Eau Claire – Arpin 345kV line (MISO)
- Rock Creek Transformer (MISO)

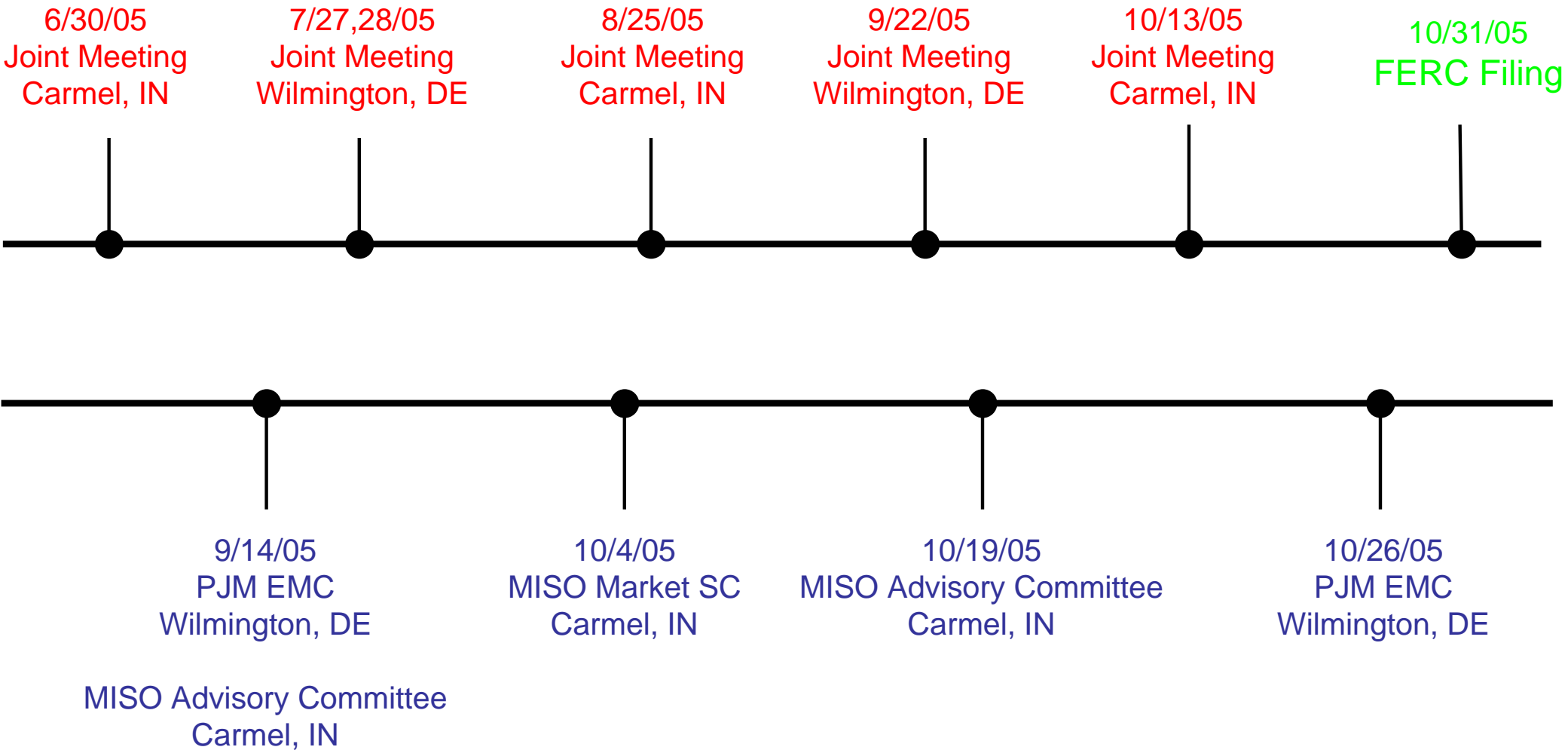
- Net Market-to-Market settlement for April:
  - \$367,000 PJM to MISO
- Primary flowgate causing settlement to occur in April was the Wylie Ridge transformers
- PJM estimates that redispatch to control the flow for which MISO was compensated would have cost the PJM market approximately \$4.3 Million
- Approximate net Market-to-Market settlement for May (through 5/18):
  - \$333,500 PJM to MISO

- ATC/AFC coordination
- Daily outage coordination
- FTR coordination
- DA/RT Market-to-Market coordination
- Inclusion of RCFs in planning studies
- Allocation of costs for transmission upgrades that benefit load in both RTOs

# Stakeholder Process Toward 10/31 Filing

## Potential Schedule of joint stakeholder meetings:

- June 30, 2005 in Carmel, IN
- July 27 or 28, Wilmington, DE
- August 25, 2005, Carmel, IN
  - PJM EMC, MISO Advisory Committee, September 14, 2005
- September 22, 2005, Wilmington, DE
  - MISO Market Subcommittee, October 4, 2005
- October 13, 2005, Carmel, IN
  - MISO Advisory Committee, October 19, 2005
  - PJM EMC, October 26, 2005



- Purpose of meetings will be to gather stakeholder input regarding objectives and benefits of market coordination
  - Stakeholder input is required to determine what would make the markets work better together.
  - Quantification of the benefits of greater coordination is dependent upon stakeholder feedback.
- Once the objectives and benefits are determined, they can be quantified and compared to the cost required to implement the mechanisms necessary to meet those objectives.

- **6/30:** presentations from PJM and MISO on current practices that, according to stakeholder input, are impediments to participation due to a lack of coordination
- **7/27,28:** continued discussion on potential areas of improved coordination
- **8/25:** identification of mechanisms that would improve coordination, along with identification of benefits to be achieved
- **9/22:** quantification of costs and benefits of potential coordination mechanisms
- **10/13:** choice of a course of action to be filed on 10/31

Work to be accomplished between meetings

- RTO staffs to develop “meat” around proposals made during joint stakeholder meetings
- development of benefits identified by stakeholders
- approximation of costs to implement suggested mechanisms for both the RTOs and the participants
- RTO staffs to distribute documentation regarding the details of those proposals including their costs and benefits prior to joint stakeholder meetings

- Work products will also be presented to individual RTO stakeholder groups prior to 10/31 filing.
- Any votes taken at the joint stakeholder meetings will be indicative.
- Binding votes on implementation of any proposals will occur at the individual RTO stakeholder meetings.

## Decision process for determining JCM mechanisms to implement

- Input required from stakeholders:
  - potential coordination mechanisms
  - quantification of benefits to be achieved from them.
- RTO staffs will determine best approximations of costs to implement those proposals.
- Ultimately, the individual RTO stakeholder processes along with the PJM and MISO Boards will determine the mechanisms that are proposed to FERC.

# Joint and Common Market Objectives

- What are the specific objectives to be achieved by coordinating the two markets?
- Once objectives are identified:
  - What mechanisms could achieve those objectives;
  - What are the benefits of those mechanisms;
  - Can the benefits be quantified;
  - What are the cost drivers (RTO and participant costs) for implementing those mechanisms;
  - Can the costs be quantified/estimated;
  - What is the decision criteria
  - How can they be prioritized.

### Issues previously identified by stakeholders:

- Transmission ancillary service pancaking between PJM and MISO
- FTR market timeframe alignment
- Cross-border FTRs

### Ancillary Services:

- How to assess whether depancaking can be accomplished?
  - Which schedules
  - Magnitude of charges
  - Allocation mechanisms
- Which RTO stakeholder groups must be involved?

### Candidate Ancillary Services for depancaking investigation:

PTP Ancillary Service	PJM Tariff Schedule	MISO Tariff Schedule
RTO Scheduling, System Control and Dispatch	1 (9)	17
Transmission Owner Scheduling, System Control and Dispatch	1A	1
Reactive	2	2
Black Start	6A	Under development

## FTR Market Coordination

- Synchronization of FTR time periods
  - Annual allocations
  - Annual Auctions
  - Monthly auctions
- Cross-market FTRs
  - FTRs which source in one market and sink in the other
  - Common mechanism for bidding/nominating FTRs across markets
- Other mechanisms?

Next Steps

Task/Milestone	Completion Date
Clearly define JCM objectives/desired benefits	July 27, 28
Develop complete list of potential mechanisms to achieve those objectives	August 25
Quantify approximate costs and benefits	September 22
Choose course of action and complete filing	October 13

