

JCM Survey Preliminary Findings



**Joint and Common Market
Wilmington, DE
July 27, 2005**

Completed Surveys

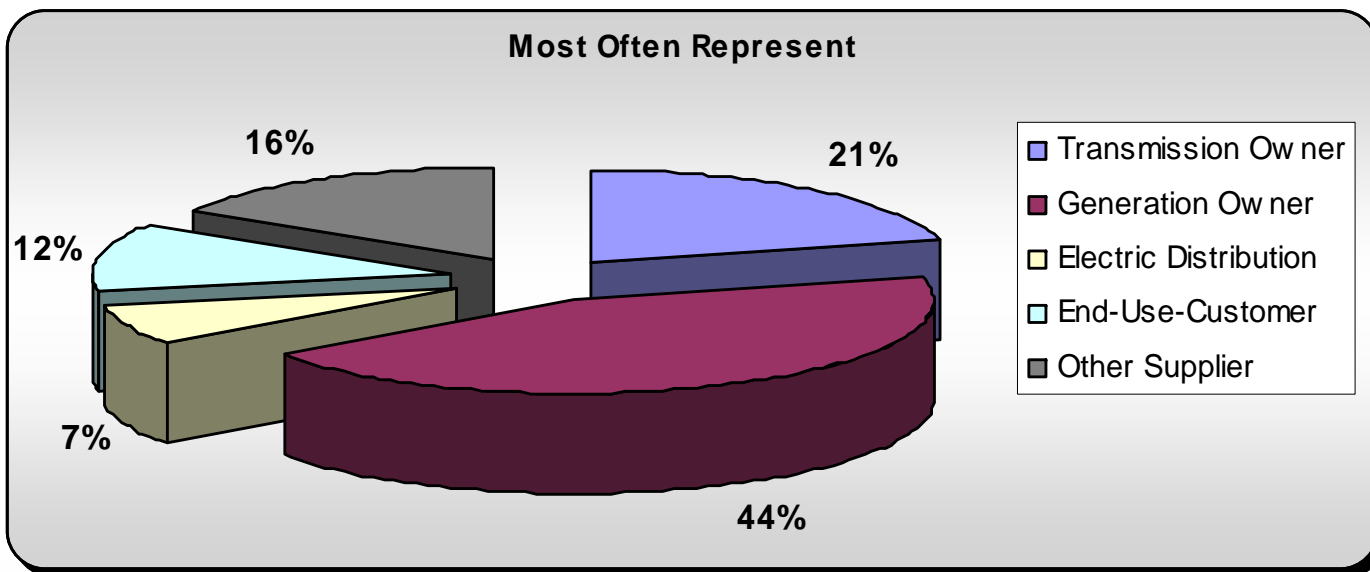
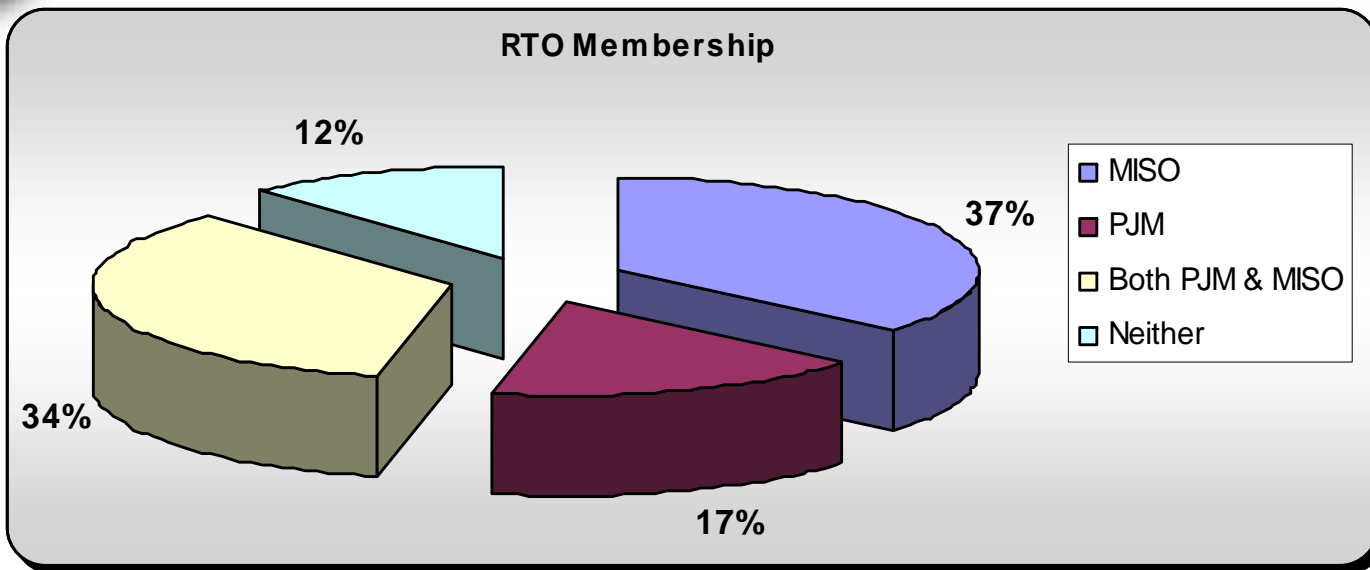
**As of July 25th
over 300 people have visited the website -**

**Though only 50 actual surveys have been completed
(*the results compiled herein are entirely based upon this preliminary input*).**

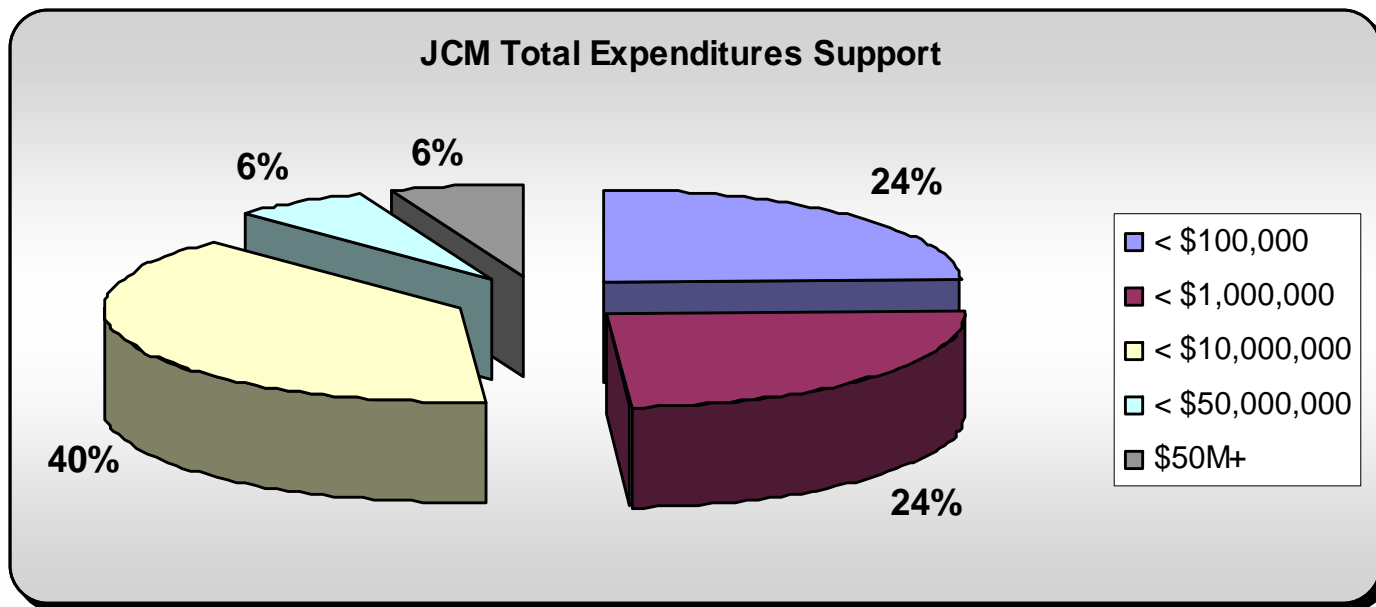
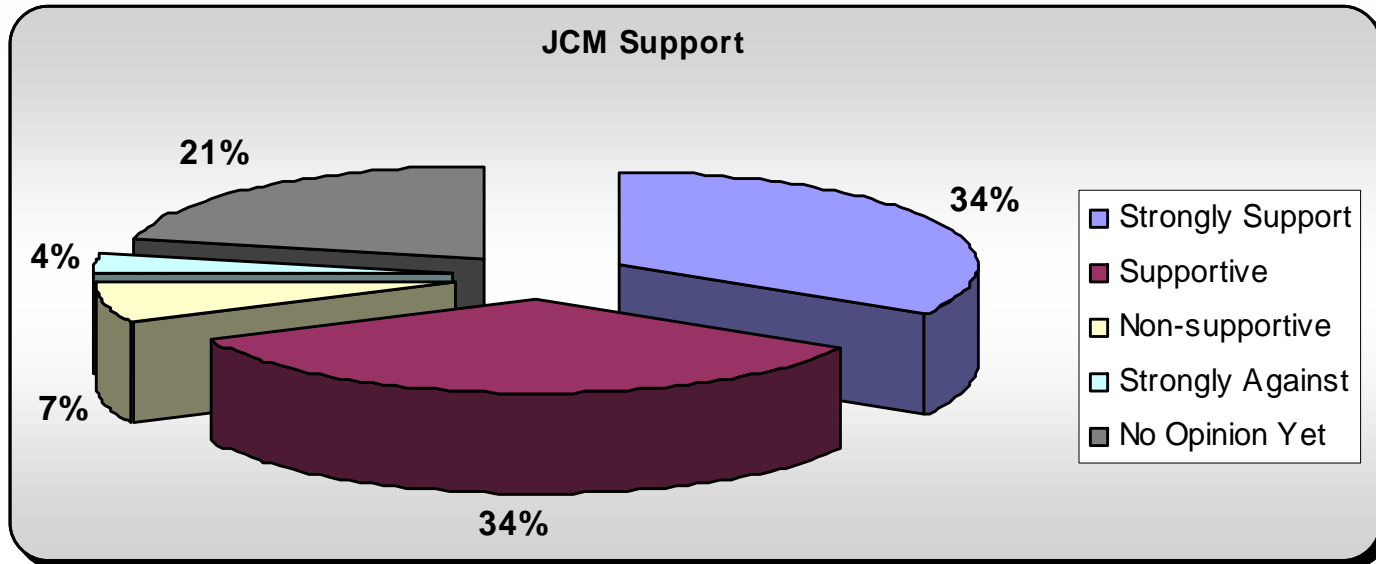
If you have not done such – please fill out a survey soon.

**The survey is available through July 29, 2005 at
<http://www.zoomerang.com/recipient/survey.zgi?p=WEB224H2JTYP9B>.**

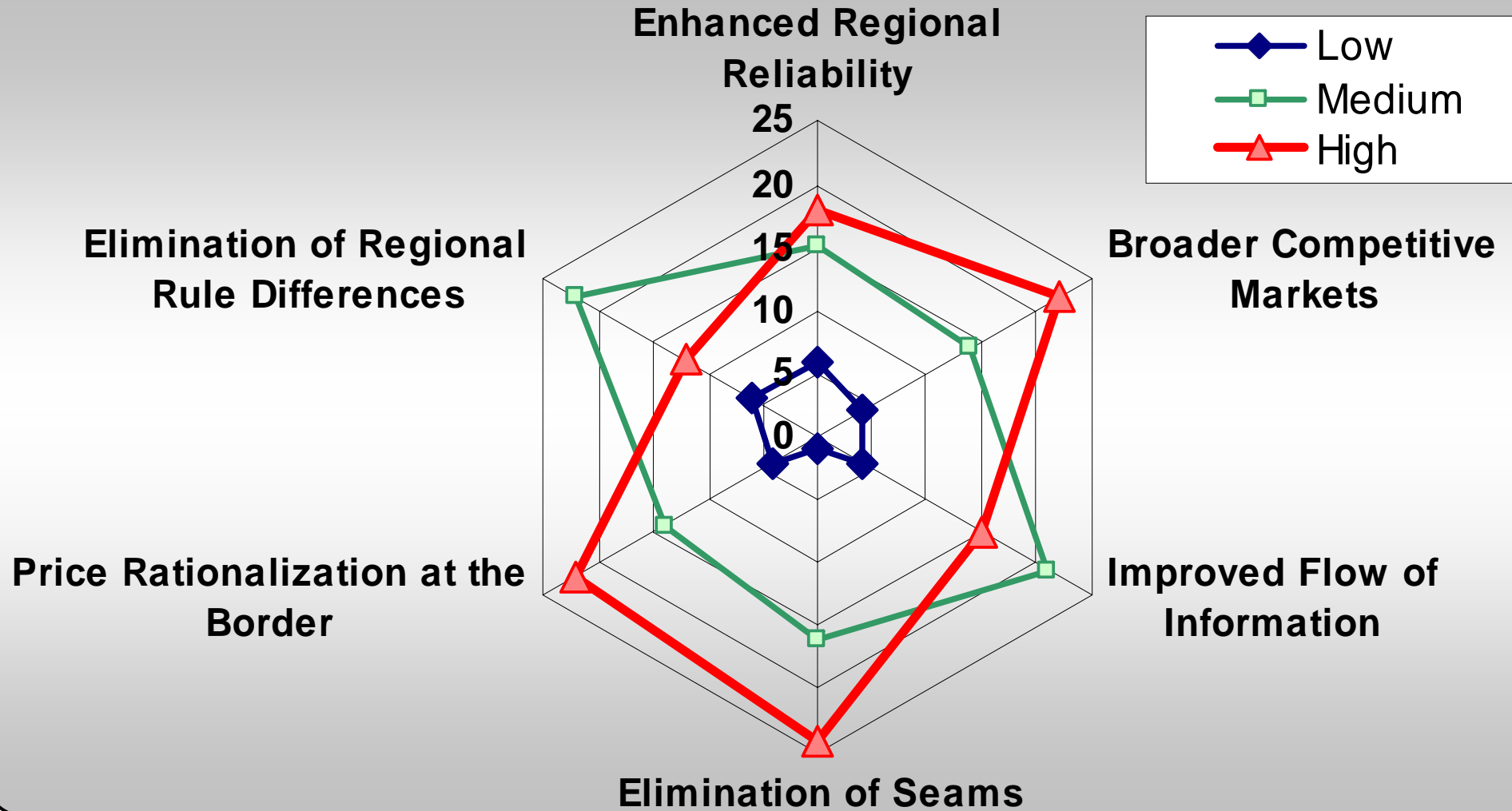
Survey Geography



Support for JCM Initiative

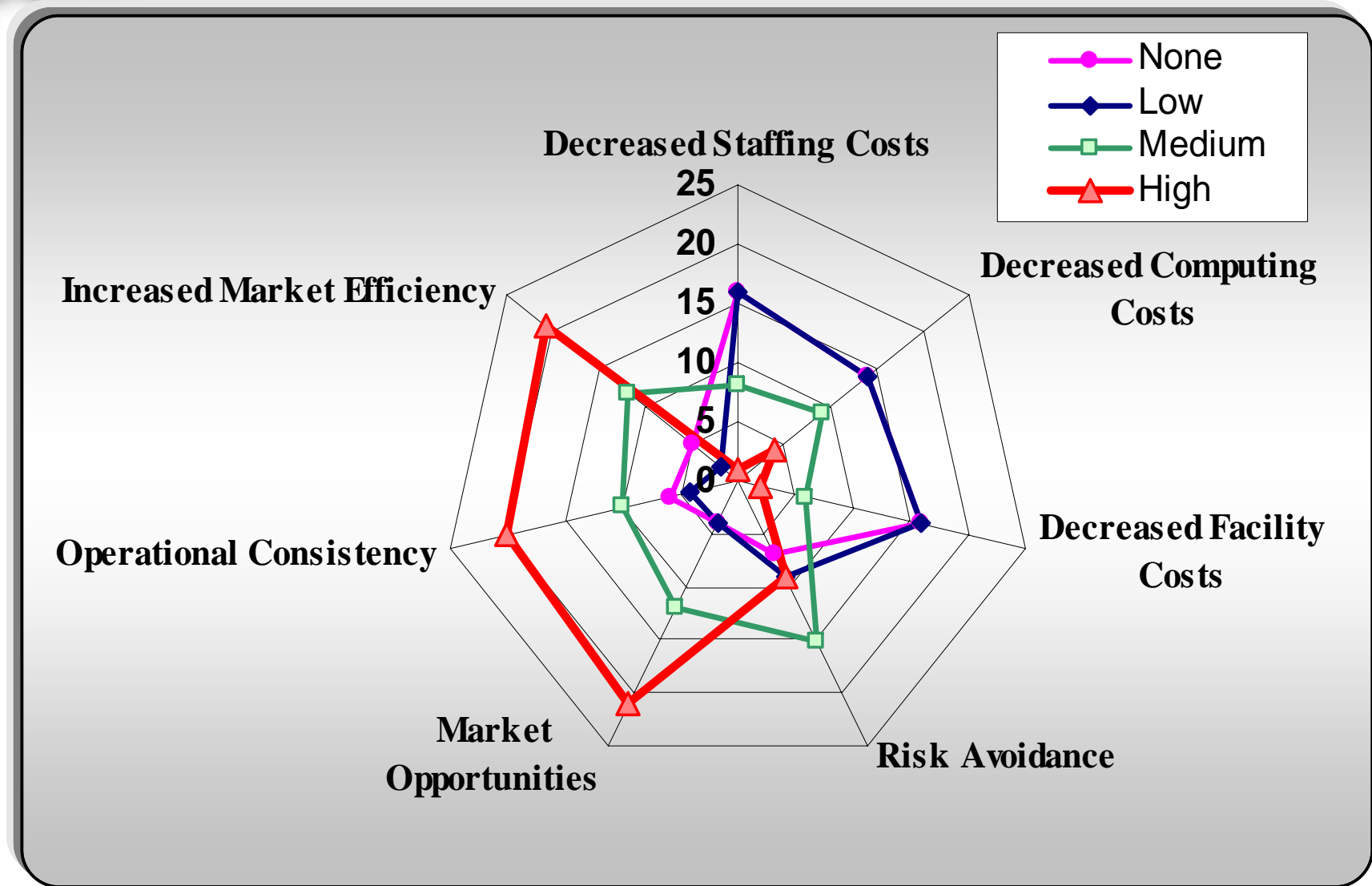


Preliminary Survey Results: Priority of JCM Objectives



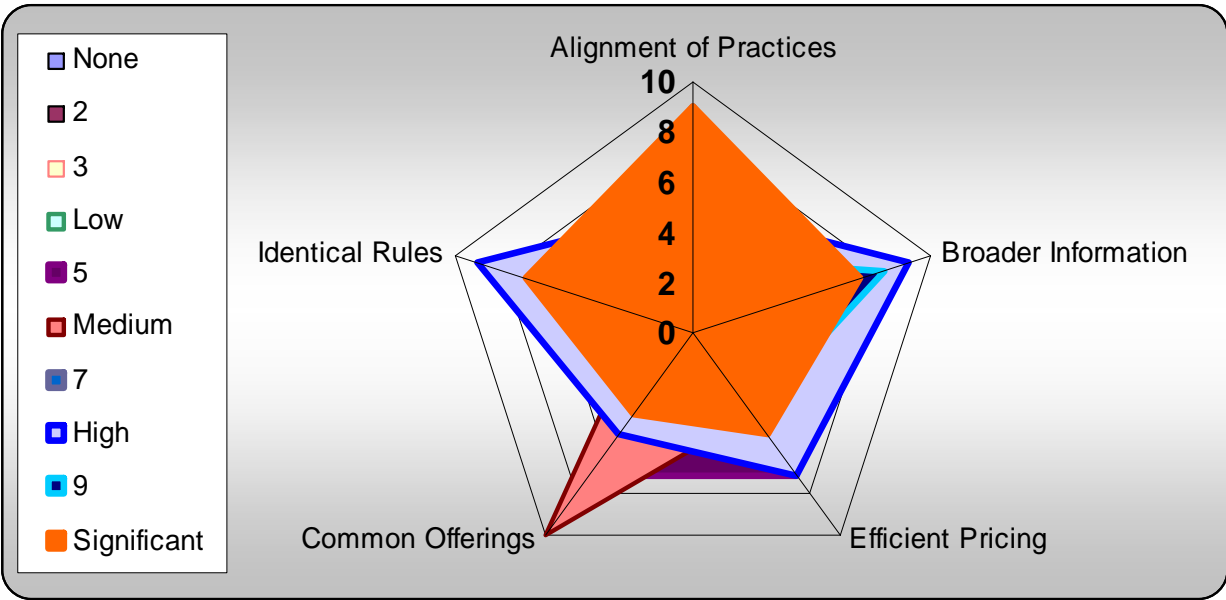
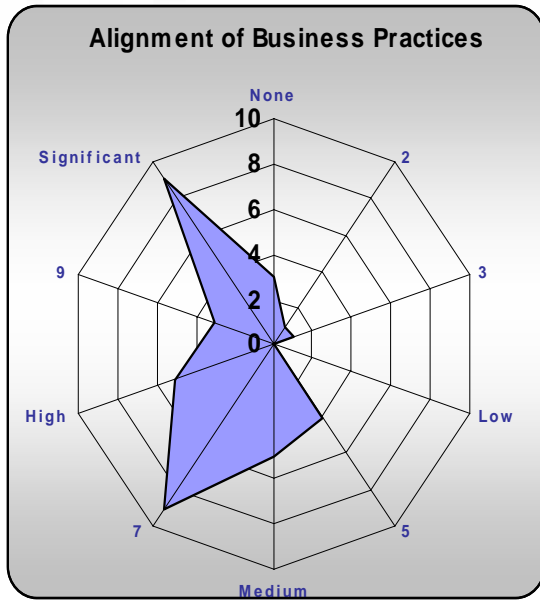
Note: 0 is center of radar.

Preliminary Survey Results: Desired Value to be Obtained From JCM Initiative

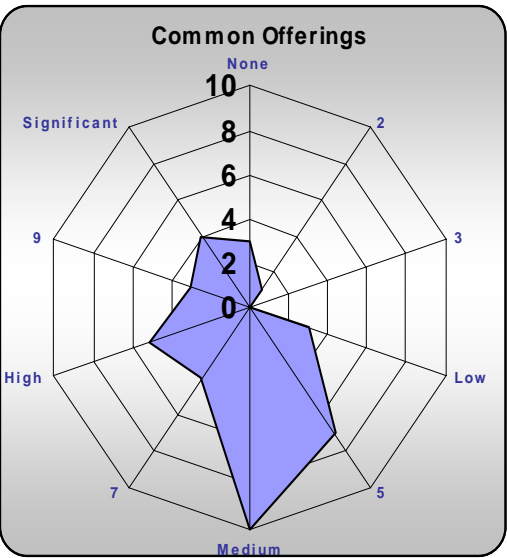
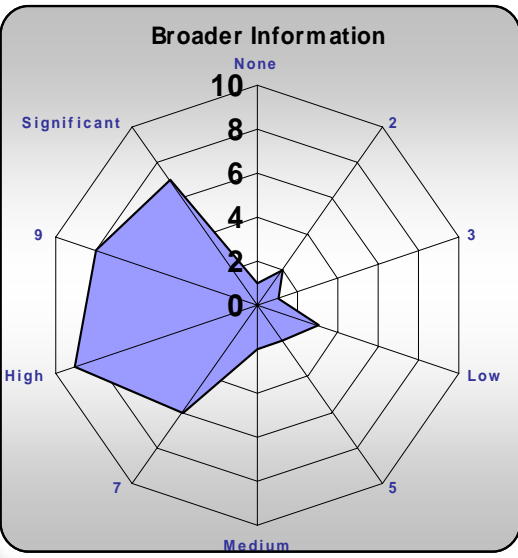
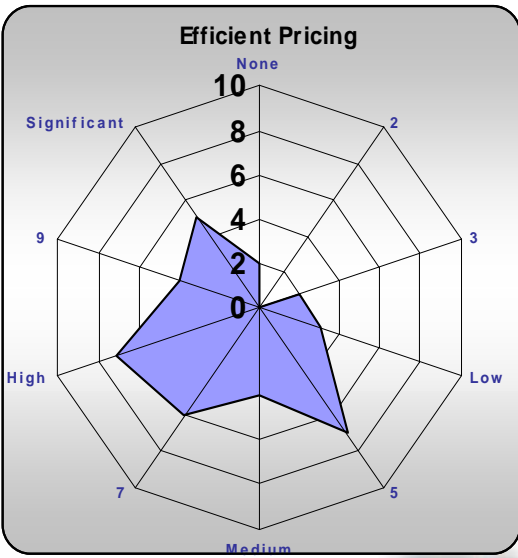
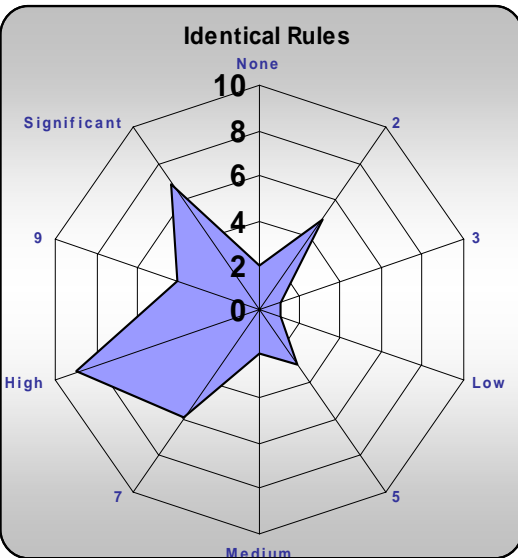


Note: 0 is center of radar.

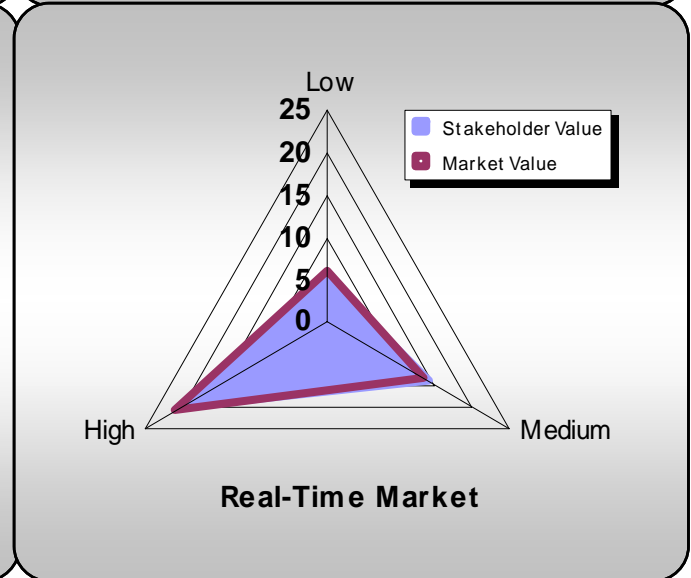
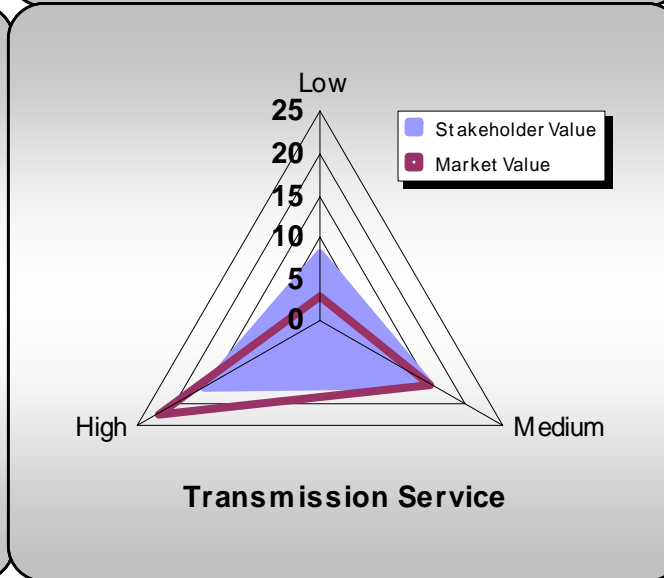
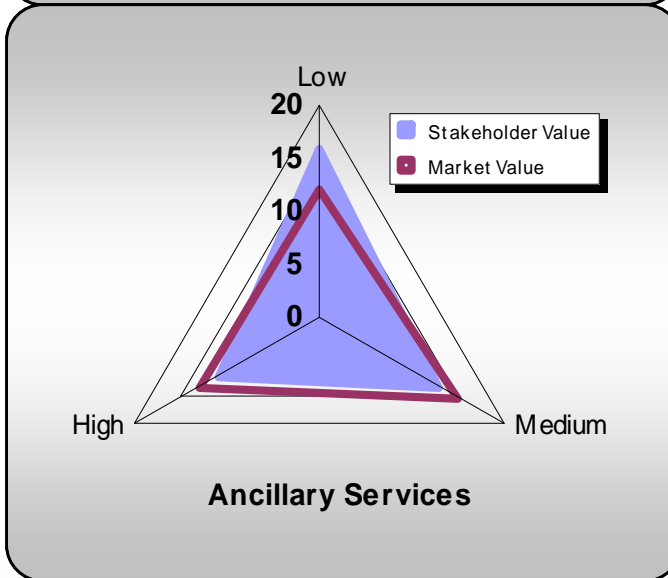
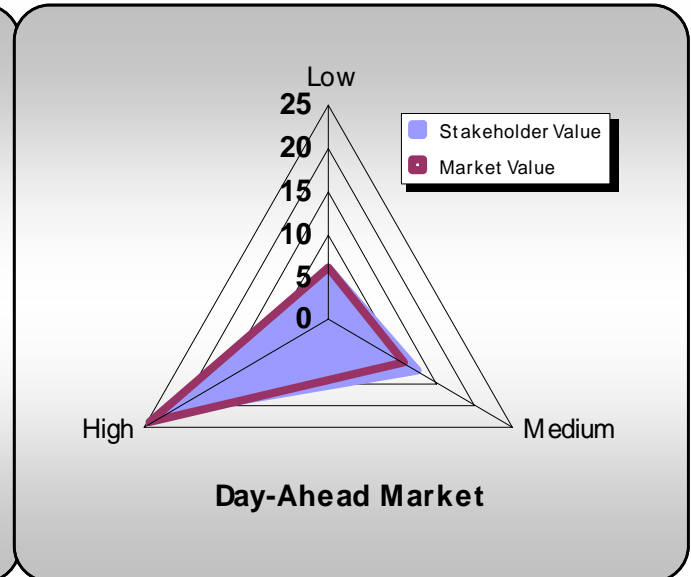
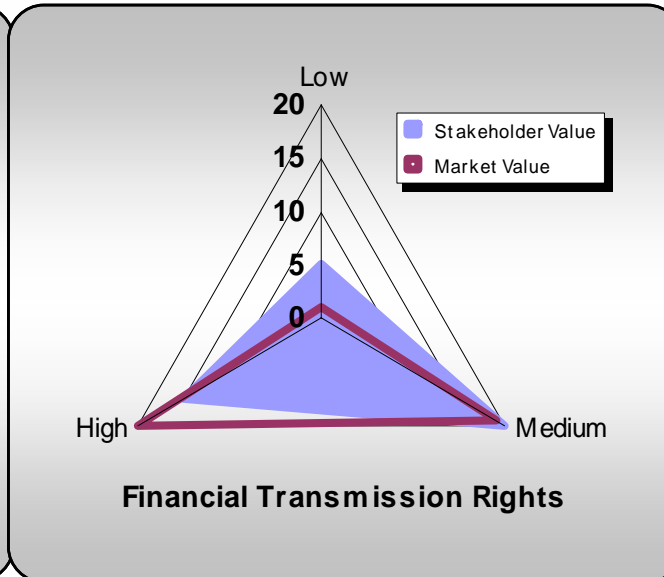
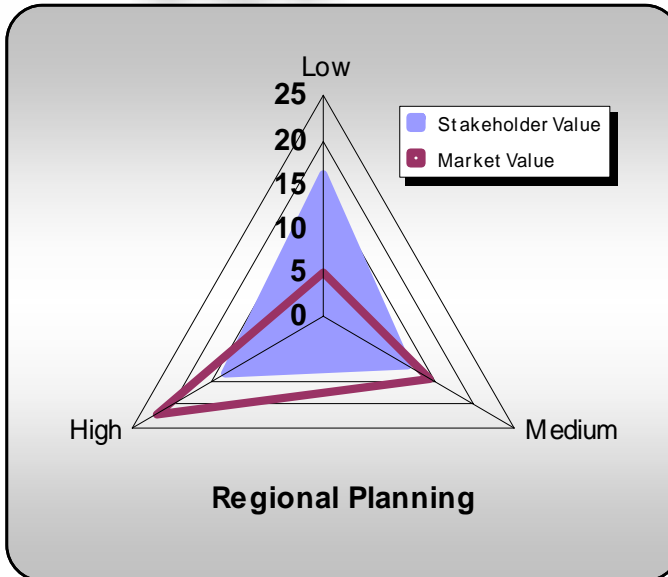
Preliminary Survey Results: Perceived Benefit Value



- None
- 2
- 3
- Low
- 5
- Medium
- 7
- High
- 9
- Significant



Preliminary Survey Results: Perceived Value of Services



Preliminary Survey Results: JCM Short Term (the next year)

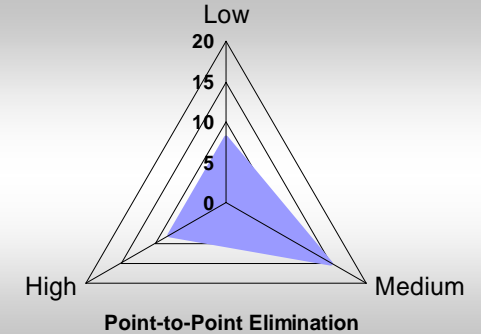
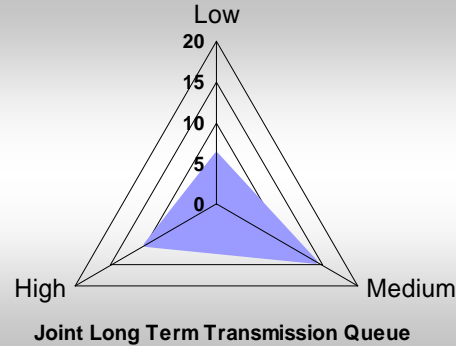
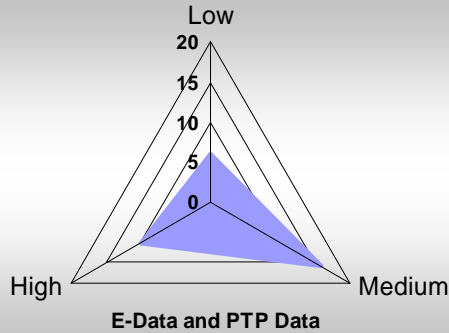
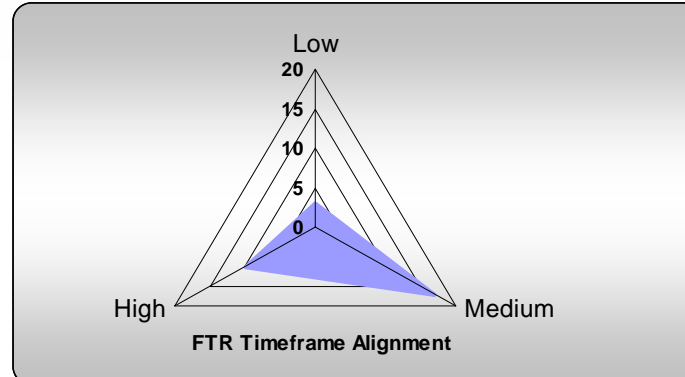
All Stakeholder Responses Received

- 1) Maintain status quo-- improve MISO operational abilities.
- 2) Development of a timeline to form JCM that would result in a seamless market between MISO and PJM. 2.
- 3) Something simple and quick. MISO is too new at this point to get too deep into integration efforts, they need to get their own house in order first. Work on flowgate coordination and getting converging RT prices at closely located pricing points on the seams.
- 4) Both markets need to agree to use the same time zone rather than have PJM use Eastern Prevailing Time and MISO use Eastern Standard time. Both markets need to coordinate schedules for markets they administer such as FTRs so that the term of the products match and the schedules for the auctions match. It should be possible to purchase FTRs sourced in PJM and sinked in MISO or vice versa.
- 5) To determine the best practices in both markets, review Business Practice Manuals and ensure alignment of BPMs with operational practices.
- 6) Better coordination between MISO and PJM, eliminate the biggest issues.
- 7) Coordinated ramping.
- 8) Common market data capture and display.
- 9) Development of FTR allocation and FTR auction rules that are the same for both PJM and MISO and file such rules with the FERC.

Preliminary Survey Results: JCM Short Term (cont.)

- 10) Elimination of price disparity at the border between both regions.
- 11) Elimination of price discrepancies at borders.
- 12) Correct and Consistent price signals in both markets.
- 13) Consistent and rational border prices; minimize business rule differences
- 14) Reduced seams issues due to differing evaluation processes and protocols for market-to-market imports/exports – prior to rationalizing border prices facilitate market-to-market arbitrage.
- 15) Minimize seams related issues
- 16) Seams elimination, resolution of TLR issues between markets, coordination of transmission service evaluations. Data reporting: specifically report the changes in congestion charges for PJM and MISO when flowgates are jointly.
- 17) Coordinate. Publish payments to MISO. Methodology: Please state when, if ever, the DA markets will be jointly coordinated, and how this will be done.
- 18) Develop a common set of interfaces and common LMPs at those interfaces for both the Day Ahead and Real Time markets, i.e., no spread between the interface LMP as MISO defines it and as PJM defines it.
- 19) Identify all areas where there is misalignment of rules and practices and define those misalignments precisely.
- 20) MISO should become just like PJM since PJM is a much smoother operating market.

Preliminary Survey Results: JCM Short Term Priorities



Short Term (stakeholder supplied initiatives)

- 1) Eliminate price disparity at the seam between MISO and PJM (DUQ Zone).
- 2) Unify ramp evaluation/approval and E-Tag submittal/approval processes to increase ability to perform more dynamic RT market arbitrage.
- 3) Coordinated Ramping.

Preliminary Survey Results: JCM Medium Term (by the end of year two)

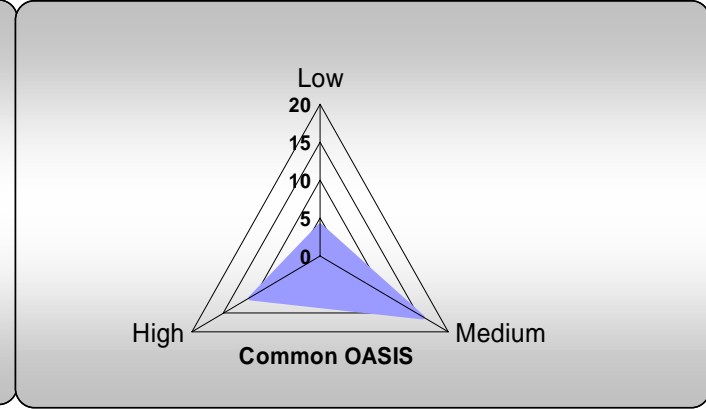
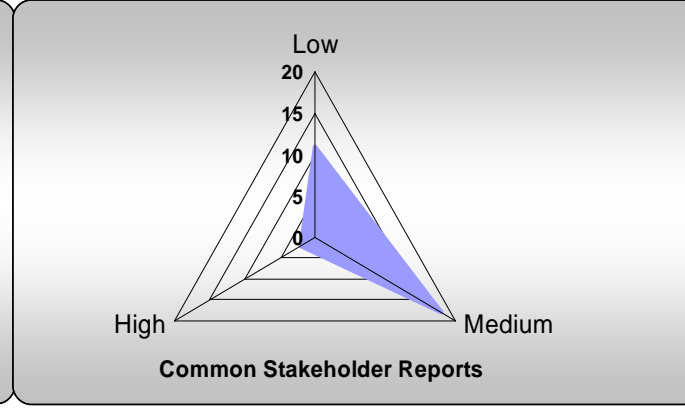
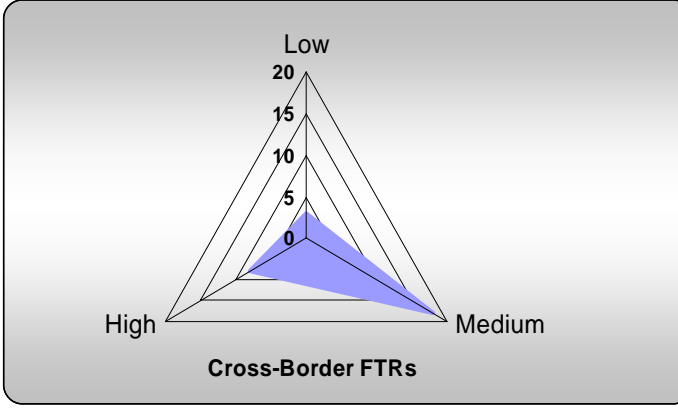
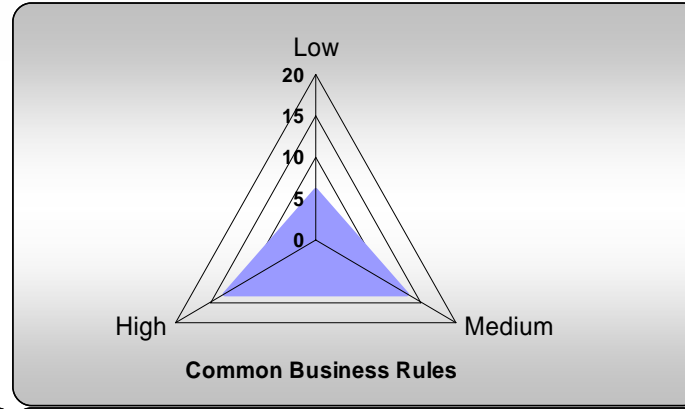
All Stakeholder Responses Received

- 1) Not much different then now -- a lot of entities want to maintain the differences in the two markets if they hadn't they would have just joined PJM to begin with why create the lawsuit and agitation with states and Munies that Nepoch has.
- 2) Separate markets will facilitate new ideas the each can employ as their individual members desire -- members in ISO have different needs then those in PJM --Forcing this will only drive it into Congress and or the States versus the ISO's.
- 3) Drive toward commonalities between the two.
- 4) Consistent regional transmission service rate design, with appropriate links to FTR allocation.
- 5) Common rules. For example, outage reporting categories are totally different between the regions.
- 6) Coordinated planning and consistency of rules, terminology, business practices, etc.
- 7) Joint planning of generation and transmission siting and construction.
- 8) More extensive coordination of planning including doing joint transmission projects that have overlapping benefits across the two RTO's.
- 9) Regional planning plus the above fix to price discrepancies.

Preliminary Survey Results: JCM Medium Term (Cont.)

- 10) Rationalizing price at borders -- each market needs to incorporate enough information and bind itself to enough constraints from the other to rationalize border prices.
- 11) 1. A single FTR allocation and FTR auction for the combined PJM and MISO footprint. 2. The same LMP price for both PJM and MISO at points on the border between PJM and MISO. 3. A seamless DA and RT market that will allow entities to buy or sell as if in a single market.
- 12) Coordination of Ancillary Services, reserve sharing, unit commitment decisions and associated uplift.
- 13) Refine the range of solutions in each misaligned area to ensure that each possible solution can feasibly produce an effective alignment in each key practice and/or rule.
- 14) PJM and MISO should have coordinated capacity markets such that provided the resource is deliverable to the load generating units in MISO can be used to meet capacity obligations in PJM and vice versa.
- 15) Align FTR rules. In PJM, an unlimited number of FTR bids are allowed. In MISO, a system of similar size and complexity, only 500 bids are allowed. This greatly hinders price discovery in the MISO FTR auctions.
- 16) Common resource adequacy construct; common market rules
- 17) A common portal.

Preliminary Survey Results: JCM Medium Term Priorities



Medium Term (stakeholder supplied initiatives)

- No Responses -

Preliminary Survey Results: JCM Long Term End State (third year and beyond)

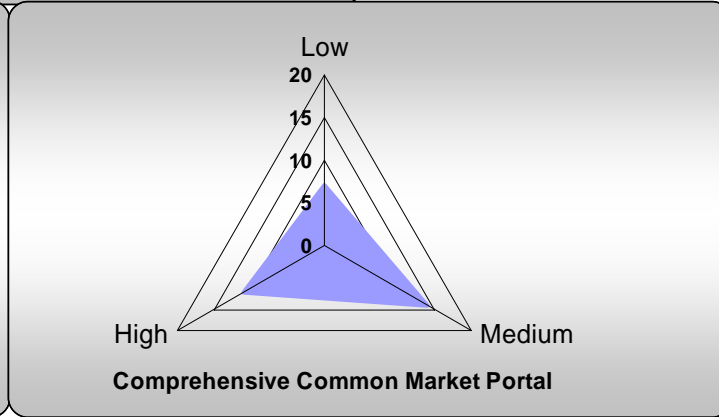
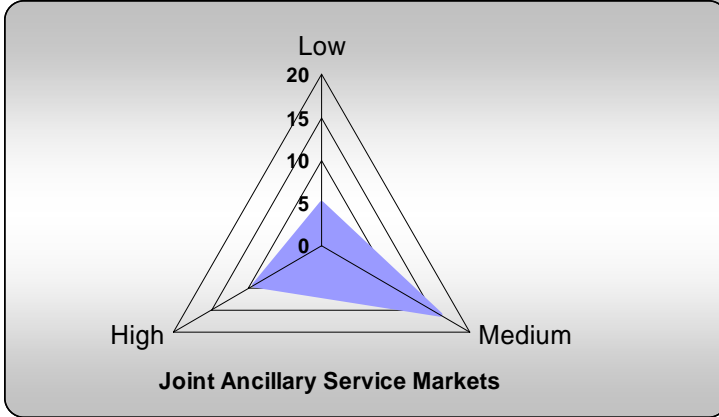
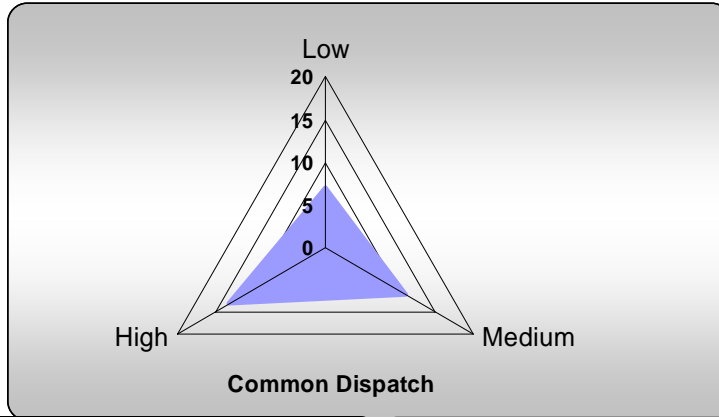
All Stakeholder Responses Received

- 1) The end game here shouldn't be much different then what it is now --these seams are good for the market allowing different idea and processes to freely develop --one market is a recipe for bureaucratic ineffective inefficient markets --- it may well become the next Amtrak or Postal Service.
- 2) What ever comes out of the MISO/PJM JCM will affect how MISO deals with other ISOs for their JCM and with tier 1 Control Areas.
- 3) Existing market rules and business practices should not be changed solely to have complete consistency between MISO and PJM. Although the white paper recognizes that the benefits of JCM efforts should be weighed against the implementation costs, the white paper does not consider that in order for merchant companies to consider making capital investments in either market or in order for a healthy long term bilateral market to develop, it is necessary for the market participants to have confidence that the value of their capital investment or long term bilateral deal will not be undermined through constant regulatory change.
- 4) Select solutions and then begin implementing where possible or set a tight schedule for future implementation.
- 5) Seamless integration and common business practices
- 6) Common ancillary service market. Capacity market construct the same.
- 7) Much more commonality of market rules.

Preliminary Survey Results: JCM Long Term End State (cont.)

- 8) Single competitive market -- need to extend market reach for those markets where reach provides greatest value – my opinion is DA is more important than RT and ancillary services markets.
- 9) Alignment of day-ahead, real-time, and FTR processes. The DA market across both PJM and MISO simultaneously, so that the most efficient generation resources in the region would be dispatched. This will minimize congestion charges.
- 10) Seamless energy market. A functional capacity market should exist in both markets.
- 11) Seamless market and reliability coordination between MISO and PJM.
- 12) One LMP engine and identical capacity or energy only construct.
- 13) A common invoice.
- 14) Total IT systems integration
- 15) One Mega RTO
- 16) Should look and act like 1 ISO
- 17) A single ISO that results in a single market over the entire PJM and MISO footprint. This would not preclude regional offices.
- 18) Merger of the RTOs.
- 19) A decade from now they should consider forming one centrally dispatched market with no seams and one control area function entity.

Preliminary Survey Results: JCM Long Term Priorities



Long Term (stakeholder supplied initiatives)

- No Responses -

Surveys

If you have not done such – please fill out a survey soon.

**The survey is available through July 29, 2005 at
<http://www.zoomerang.com/recipient/survey.zgi?p=WEB224H2JTYP9B>.**