Improving DA M2M Flowgate Use & Coordination

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Current DA JOA Process – Issues & Limitations

• Implementation difficulties
  – Timing differences between PJM/MISO DA Markets
  – Established DA processes have limited capabilities to support designed FG exchange envisioned in the JOA
    • Robust data exchange for audit and traceability
    • Supporting study criteria/FG exchange
    • Overhead, complexity of data, & multiple RTO solutions

• Results in Market Efficiency Issues
  – Systematic differences between the DA & RT Markets
  – Inefficient selection/dispatch of economic resources across the seam
DA M2M Alignment with JOA Objectives & Principles

- Current process supports M2M Objectives but further efficiencies could be realized; Market Efficiency & Coordination
- Design/Implementation considerations
  - Improve alignment with JOA principles & objectives
  - Leverage inherent efficiencies within SCUC and SCED
  - Align DA & RT markets across MISO & PJM
Proposed DA JOA Implementation

• Prior to the close of the MISO/PJM DA Market
  • Gather operational & financial information from each RTO
  • Build & Execute single/combined model for MISO/PJM
  • Calculate individual M2M FG share for both PJM and MISO based upon economic solution

• DA Market clearing
  • Separate DA Market clearing for PJM & MISO
  • M2M FG shares utilized for limits instead of FFE data

• Settlement – Incremental DA entitlement purchase
  • Binding M2M FGs settled based upon
    • External party’s DA Market Flow & FFE differences
    • Multiplied by Shadow Price of Entity providing increased transfer capability
Conclusions & Next Steps

DA JOA Proposal

- Better aligns with the design intent embedded within the JOA
- Improves alignment between DA & RT Markets
- Systematically incorporates greater coordination into the MISO/PJM DA Markets
- Increases economic efficiency during DA unit commitment & dispatch processes, not just RT dispatch
- Maintains current benefits
  - Mechanisms to manage Revenue Adequacy
  - RT M2M FG use exchange
  - Separate application & administration of each RTOs unique design
Conclusions & Next Steps (Continued)

• Joint & Common Market work plan for DA Coordination
  ➢ Addresses required prerequisites to support proposal
    • Robust DA data exchange for audit and traceability
    • Alignment of operational data (M2M FGs, Outages, Resource & load data, etc.)
  ➢ Contains time estimates for detailed design & development ultimately supporting systematic DA M2M FG exchange proposal

• Next Steps
  ➢ Continue involvement/discussion with stakeholders
  ➢ Progress from conceptual design to detailed design
  ➢ Execute DA Coordination Improvement work plan
Questions?