II. FREEZE DATE ALTERNATIVES

Joint and Common Market
• **Purpose**
  - Provide status update and solicit feedback on Freeze Date Alternatives discussion

• **Key Takeaways**
  - CMP Council has been collaborating on a set of guiding principles that is acceptable to all CMP parties
  - CMPWG Task Force targeting to report recommendations to CMP Council in Oct 2014
Background

• Reference date of April 1, 2004, known as “Freeze date”, is used as mechanism to determine firm rights on flowgates based on pre-market firm flows

• As we move further away from the current Freeze date (10 years), issues with the current freeze date become prominent

• RTOs and their stakeholders agreed that there is a need to work on Freeze date alternatives
CMPWG/CMPC Progress to date

- In Aug 2013, CMP Council (CMPC) directed CMPWG to work on Freeze Date alternatives

- CMPWG formed a task force to work on Freeze Date alternatives in Jan 2014. Held 9 conference calls since Jan 2014

- CMP Council has met 3 times to work towards a set of guiding principles that are acceptable by all CMP parties

- PJM and MISO have developed some options that are currently being considered by the CMP parties in parallel with the CMP Council efforts
RTO’s Concerns with Freeze Date

• Generation Retirements and Physical Location of New Resource

- Current Logic is to use Internal Historic Control Area Generation (LBA) to serve load within the same Historic Control Area (LBA)

- Application of post freeze date Generators used to meet load growth and to account for Retirements that has occurred since 2004

- Network/Capacity Resources located physically outside of LBA/RTO are not recognized
PJM’s Concerns with Freeze Date

• Stale Freeze Date Concept
  
  ➢ The stale (2004 driven) freeze date introduces a set of firm flow credit based on planning assumptions made prior to 2004 (pre-markets)
  
  ➢ This concept limit CMP entities’ to utilize dedicated capacity resources prior to 2004/2005 planning year
PJM’s Concerns with Freeze Date

- Accuracy of the historical TSR and DNR list
  - Freeze date process does not require entities’ to demonstrate that historical resources are deliverable to its designated pre-market local control zones
  - There is no method to validate the TSR lists that is utilized by entities’ are 100% accurate
CMPC Guiding Principles

• CMPC has been working towards a set of guiding principles acceptable to all CMP entities
• PJM and MISO generally agree on the following guiding principles:
  ➢ Reliability
  ➢ Coordination
  ➢ Market Efficiency
• PJM and MISO are not in 100% agreement on the following guiding principle at this point, CMPC will continue to discuss this principle
  ➢ Equity – Historical Control Area reference is the questionable item that will be discussed further at the CMPC
PJM’s Option

In order to resolve PJM’s concerns with the current freeze date PJM proposes an option that will ensure:

- Reliability of the system
- Enhanced coordination among CMP entities
- Transmission upgrades resulting from the regional and/or inter-regional planning processes will be provided with proper rights such that benefits estimated in the planning process can be achieved through real-time operations
- Provide the right incentive for transmission expansion
- Entities’ capacity designation processes could be utilized to the extent that the neighboring entities’ transmission system limitations are recognized
- Encourage mutually equitable reciprocal utilization of entities’ systems
- A dynamic process to establish capacity rights
PJM’s Option - Continued

- PJM proposes:
  - CMP entities’ to develop a set of base cases
    - Assumptions made to plan the systems respecting proper system constraints
    - Designated Capacity Resources that are deliverable to entities’ network load for the projected delivery year
    - Confirmed Firm TSRs that are considered in the projected time frame/delivery year
  - Utilizing the aforementioned base cases develop a set of system impacts
    - Flowgate level % impact and total flow impacts on each others’ systems will be established – Coordination measure
  - Utilizing the above impacts establish planning year firm resources
    - Honoring neighboring system limitations – Reliability
  - Utilizing the impacts, firm resources and seams related upgrades
    - Establish rights that encourage mutually equitable reciprocal utilization of each others systems – Equity
MISO Proposed Framework

1) NAESB Business Practice Subcommittee “Flowgate Allocation” Proposal

- Gen to Load (GTL) impact priorities established using flowgate allocations - firm rights on flowgates
- Flowgate allocations will be made in-advance of real-time via a day-ahead allocation and an hour-ahead allocation
- These hourly allocations will be used in real-time to set GTL priorities in congestion management processes
- The day-ahead and hour-ahead allocations are based on expected firm transmission usage (firm Gen to Load and TSR impacts) by those Balancing Authorities (BAs) with impacts on the flowgate.
2) Retain historic configurations/LBAs and allow incremental changes with generation/TSRs that have firm service

- Retain current Local Balancing Authority (LBA) granularity
- Generators qualify as firm and receive allocations:
  - LBA Generation with firm TSRs or have passed the Deliverability test and are included in the Capacity Construct
  - Allow intra BA (LBA to LBA) pseudo tie generation to qualify that meets the above requirements
  - Allow Inter BA pseudo tie generation to qualify as long as meeting the above requirements and have firm TSR
- Update existing set of firm TSRs
- Allow intermittent resources as candidates for receiving allocations
3) Retain historic configurations/LBAs and allow incremental changes based on Appendix G – i.e. new generation located within an LBA qualifies as a non-zero priority resource if generation has firm service

- Continue existing historical freeze date generation and retain historic configurations/LBAs
- New generation is added within an LBA if obtained firm TSR or passed the Deliverability test and are included in the Capacity Construct
- Update to existing set of firm TSRs, per criteria – retire old/unused TSRs similar to retired generation
Next Steps

• CMPC will continue to work on the equity guiding principle

• CMPWG will continue to discuss the different options
  ➢ Expecting to receive other CMP entities options

• RTOs will update the stakeholders during the upcoming JCM sessions
  ➢ As always your feedback is important