Joint and Common Market

ITEM 7 - FREEZE DATE ALTERNATIVES
Overview

• Purpose
  ➢ Provide status update and solicit feedback on Freeze Date Alternatives discussion

• Key Takeaways
  ➢ Two Proposals are considered
    ➢ 1 MISO Proposal
    ➢ 1 PJM/SPP Proposal
  ➢ These Proposals are Under Review by Congestion Management Process Working Group (CMPWG)
  ➢ Targeting a status update to Congestion Management Process Council (CMPC) at the end of 1st Quarter 2015
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
Completed Work – High Level Summary

• CMPC approved Firm Flow (Allocation) Calculation Guiding Principles that is necessary to develop a feasible solution
  ➢ Reliability
  ➢ Coordination
  ➢ Equity
  ➢ Efficiency

• CMPC has met two times since the last JCM to discuss CMPWG progress
  ➢ CMPC advised the CMPWG to concentrate on 2 proposals out of the 4 original proposals – 1 MISO Proposal and 1 PJM/SPP proposal

• CMPWG has met on a bi-weekly basis since last JCM
  ➢ Working group members are in the process of understanding the two proposals
  ➢ Working group members have identified four key components that requires detailed attention
Current “Freeze Date” Allocation Model

- Topology (LBA)
- Load Forecast (LBA)

- Biannual Model Update

- 2004 DNRs (LBA)
- 2004/05 TSRs (LBA)

- System Upgrades Adjustments (LBA)

Impact Study Engine
- Seasonal
- Monthly
- Weekly
- 2DA

- Flowgate Owner Allocations
- External Entity Allocations
MISO Proposed Allocation Model

- Topology (LBA)
- Load Forecast (LBA)
- Planning Year DNRs/Cap Resources (LBA)
- Planning Year TSRs (LBA)
- System Upgrades Adjustments (LBA)
- Biannual Model Update

Impact Study Engine
- Seasonal
- Monthly
- Weekly
- 2DA

- Flowgate Owner Allocations
- External Entity Allocations

*Note that the changes from the status quo model to proposed model is designated in green*
PJM/SPP Proposed Allocation Model

*Note that the changes from the status quo model to proposed model is designated in green*

 CMP Entity Planning Case
 - Demand
 - DNRs
 - TSRs
 - Upgrades
 - Outages

 Annual CMP Reliability Base Case

 - Biannual Model Update

 - Planning Year DNRs (LBA/BA)
 - Planning Year TSRs (LBA/BA)

 - System Upgrade Adjustments (LBA/BA)

 - Reciprocity Factor
 - First Rights to owner

 Impact Study Engine
 - Seasonal
 - Monthly
 - Weekly
 - 2DA

 - Topology (LBA/BA)
 - Load Forecast (LBA/BA)

 - Flowgate Owner Allocations
 - External Entity Allocations
<table>
<thead>
<tr>
<th>Design Component</th>
<th>Status Quo</th>
<th>MISO Proposal</th>
<th>PJM-SPP Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Granularity</strong></td>
<td>LBA</td>
<td>LBA</td>
<td>RTO or LBA</td>
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<tr>
<td><strong>DNRs</strong></td>
<td>4/1/2004</td>
<td>Capacity Resources (Internal &amp; External)</td>
<td>Planning Year DNRs</td>
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<tr>
<td><strong>TSRs</strong></td>
<td>6/1/2004 to 5/31/2005</td>
<td>Planning Year TSRs</td>
<td>Planning Year TSRs</td>
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<td><strong>Topology</strong></td>
<td>Current System Topology</td>
<td>Current System Topology</td>
<td>Planning &amp; Current System Topology</td>
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<tr>
<td><strong>Run Types</strong></td>
<td>Seasonal, Monthly, Weekly, Daily</td>
<td>Seasonal, Monthly, Weekly, Daily</td>
<td>Annual, Seasonal, Monthly, Weekly, 2DA</td>
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<tr>
<td><strong>Incremental Upgrades</strong></td>
<td>TUS + Appendix G DNRs</td>
<td>TUS + Appendix G DNRs</td>
<td>CMP Reliability Base Case</td>
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<td><strong>Merit Order</strong></td>
<td>Priority 0 thru 99 per LBA</td>
<td>Priority 0 thru 99 per LBA</td>
<td>Priority 0 thru 99 for RTO or LBA</td>
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<td><strong>Reciprocity</strong></td>
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<td>NA (mutual usage is not recognized)</td>
<td>Reciprocity Factor recognizing mutual usage</td>
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<td><strong>Higher of Logic</strong></td>
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<td>Yes</td>
<td>Yes</td>
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<td><strong>Excess Allocations</strong></td>
<td>Socialized</td>
<td>Owner(s)</td>
<td>Owner(s)</td>
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<td><strong>First Rights</strong></td>
<td>Historic Usage</td>
<td>Historic Use Plus</td>
<td>Owner(s)</td>
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</table>
Next Steps

- CMPWG will continue to discuss/test the different options
- CMPC Status Update is due end of 1st Quarter 2015
- RTOs will update the stakeholders during the upcoming JCM Sessions
  - Solicit stakeholder feedback – send comments to:
    - Ron Arness rarness@misoenergy.org
    - Asanga Perera perera@pjm.com