PJM/MISO JCM Work Plan Components

PJM Straw proposal for stakeholder discussion – July 31, 2013

The purpose of this document is to provide a brief description of each component listed on the Draft JCM Work Plan Timeline compiled by PJM and MISO. This Work Plan is being created in order to track the progress of the JCM stakeholder process as well as keep FERC informed regarding the progress of the stakeholder discussions. The Work Plan will be updated as necessary to reflect the status of this effort on an ongoing basis. The components of the Work Plan are listed in the priority order established by the stakeholders.

RTO-to-RTO Data Exchange and Transparency

Brief Description: PJM and MISO have implemented regular posting of the information requested by the stakeholders through the JCM process. Therefore, this item is considered to be completed. However, the RTOs recognize that additional transparency initiatives may arise as the JCM process proceeds, and they will be addressed as needed.

Deliverable(s): Public posting of data, process documentation, etc. that provides market participants with information and insight into the operation of the market-to-market coordination process.

Timeline: ongoing

Transmission and Generator Outage Coordination

Brief Description: Both RTOs have recognized the opportunity to implement improved outage coordination. Additional coordination of outage schedules will allow the RTOs to minimize resulting congestion and provide additional transparency to market participants through modeling outages in their respective FTR auctions. Staffs are in the process of exchanging data and developing proposals for stakeholder consideration. Given the high priority of this effort, the RTOs plan to devote significant time on JCM meeting agendas until the issue is resolved.

Deliverable(s): JOA and process changes regarding outage information exchange and market-to-market implementation
Timeline: The goal is to reach resolution in time to file any necessary JOA changes required for implementation no later than February, 2014, prior to the PJM and MISO 2014/2015 annual ARR allocations and FTR auctions.

**Day-Ahead Market Coordination**

Brief Description: This item deals with both the near-term, day-to-day coordination between the two RTOs’ day-ahead market operators as well as the longer term issue of whether and how the day-ahead Firm Flow Entitlement (FFE) exchange provisions in the JOA should be updated or redesigned. Day-to-day coordination improvements have been identified by stakeholders as a high priority area for examination, and the RTOs have made significant progress in that area. Analysis of the FFE exchange provisions of the JOA, how they could be implemented as the currently exist, and how they could be potentially redesigned to be more useful is also a high priority issue, and addressing that issue will require significant RTO staff and stakeholder analysis and discussion.

Deliverables: Potential JOA and process changes specific to day-ahead market operation

Timeline: Given its complexity, this effort will likely extend into the Fall of 2014 through the JCM stakeholder process, with likely individual stakeholder discussion to follow into 2015 before any FERC filings to implement changes could be made.

**Interchange Scheduling Business Rule Alignment**

Brief Description: RTO staffs and stakeholders have indicated that market participants could schedule interchange between the PJM and MISO markets if the rules for submitting interchange schedules were better aligned. MISO plans to submit a compliance filing to FERC in the Order 764 docket that will clarify and solidify its current scheduling rules. Once FERC’s response to the MISO filing is received, PJM will discuss with its stakeholders whether PJM’s scheduling rules should be adjusted to align with MISO’s.

Deliverable(s): MISO compliance filing in FERC Order 764 Docket; potential MISO and PJM interchange scheduling rule changes for improved alignment.

Timeline: Given the currently expected MISO filing timeframe and the expected 60 days required for a FERC response, the RTOs expect that PJM’s stakeholder discussions could begin in December, 2013 and conclude by May, 2014.
Freeze Date for Firm Flow Entitlement Calculations

Brief Description: Certain components of the calculations utilized to determine the Firm Flow Entitlements that are in turn used to, among other things, determine market-to-market settlements rely on the establishment of a historic reference date on which Firm Point-to-Point reservations and Network resources are based. This historic reference date is known as the “freeze date” and is currently established as April 1, 2004 based on the date that PJM and MISO began market-to-market coordination. The RTOs and their stakeholders have agreed that the concept of using a freeze date, as well as what that specific date should be, should be revisited given that the period since the current freeze date is approaching 10 years. This is a very complex subject, and as such will require in-depth stakeholder education and discussion. Further, the alternatives to the current approach will be equally complex, as will determining the impacts of potentially moving to an alternative approach.

Deliverables: Potential JOA and Interregional Coordination Process (ICP) changes regarding the development of historic allocations of transmission capability.

Timeline: Given its complexity, the RTOs expect that discussion of this issue will extend into mid-2014 through the JCM process, with individual RTO stakeholder discussion likely extending into mid-2015.

Order 1000 Compliance and Regional Planning Coordination

Brief Description: Both RTOs submitted their most recent Order 1000 compliance filings on July 10, 2013. As such, the RTOs consider the Order 1000 component of the Planning coordination effort to be complete until such time as further compliance requirements may be ordered by the FERC. In particular, the RTOs note that disagreement exists with respect to cost allocation for cross-border reliability projects, and therefore it is likely that further filings will be required of one or both RTOs. Additionally, coordination of the RTO planning efforts continue through the IPSAC group.

Deliverable(s): Stakeholder updates on Order 1000 compliance filings and planning coordination developments

Timeline: Ongoing - continuous updates will be provided to the JCM stakeholder group through standing agenda items at the JCM meetings.
Interface Pricing

Brief Description: The RTOs and stakeholders have identified opportunities for increasing the effectiveness of the interface prices that are established to price interchange between the RTOs. The RTO staffs have produced analysis of the current interface price performance, and will discuss proposals with stakeholders as to how the interface definitions could be updated to improve the effectiveness of the price signals provided to market participants.

Additionally, the MISO IMM has indicated a concern with respect to the inclusion of market-to-market congestion impacts in interface prices. The RTOs agree that the identified issue is a high priority for investigation and if necessary, resolution.

Deliverable(s): Potential rule, JOA and/or Tariff changes regarding how interface prices are established and how congestion prices are included in interface price calculations.

Timeline: The RTOs expect that this effort can be concluded in the JCM process by November of 2013, with the individual RTO stakeholder discussions concluding by May of 2014.

Generation Interconnection and Transmission Service Request Queue Coordination

Brief Description: The RTOs addressed improved coordination of these queue processes in 2012, and implemented changes to their respective business process manuals. The RTOs further agreed to revisit these processes after gaining experience with the improvements and recommend to the stakeholders whether further enhancements would be beneficial.

Deliverable(s): Potential additional changes to the RTOs’ generation interconnection and transmission service request queue processes.

Timeline: Stakeholder review of the current processes will be initiated in the Spring of 2014.

Treatment of Ontario-ITC PARs in the Market-to-Market Process

Brief Description: The Ontario-ITC PARs are currently modeled in the Market Flow and Firm Flow Entitlement calculations as free-flowing ties. Conversely, the PARs are modeled as open circuits in the Interchange Distribution Calculator (the industry tool
used to determine transaction curtailments through the NERC TLR process) during times when they are determined to be adequately controlling flows across the interface. The RTOs have committed to work with the other Balancing Authorities around Lake Erie to evaluate the performance of the PARs after one year of operation to evaluate whether alternative modeling in the Market Flow and Entitlement calculations should be changed to better reflect their actual operation.

Deliverable(s): Analysis of the performance of the PARs through the first year of operation; potential changes to how the PARs are modeled in the Market Flow and FFE calculations.

Timeline: The RTOs plan to complete the analysis by the end of 2013, and expect to be able to complete stakeholder discussion through the JCM process by March of 2014.

Use of the Ontario-ITC PARs for Congestion Management

Brief Description: The Ontario-ITC PARs are currently operated in a manner such that actual flows across the Ontario-ITC interface are aligned with the scheduled values to the greatest extent possible. The potential may exist to implement an alternative operating protocol for the Ontario-ITC PARs such that instead of constantly operating with the intent to match the flow across the interface to the scheduled amount, they could be operated to minimize congestion on the facilities that flow impacts around Lake Erie. The analysis that will be required to determine the costs and benefits of changing the current operating protocol is complex, there are multiple entities around Lake Erie that will need to be involved in the analysis and discussion, as well as multiple regulatory authorities from which approval of any change to the operating protocol would need to be acquired (FERC as well as the DOE).

Deliverable(s): Cost/benefit analysis of changing the operating protocol for the Ontario-ITC PARs; potential operating protocol changes pending the results of the cost/benefit analysis.

Timeline: The RTOs expect that the effort will extend through 2014, and plan for it to conclude in the Spring of 2015.

Interchange Optimization

Brief Description: The RTO staffs have been working developing analysis of instances where it appears that interchange between the markets could have been coordinated more efficiently. The results of that analysis, expected to be concluded by the Fall of
2013, will be utilized to develop recommendations as to how the RTOs could achieve more optimal coordination of interchange in the future. The work currently ongoing between PJM and NYISO with respect to Coordinated Transaction Scheduling will also inform the PJM/MISO JCM process on this issue.

Deliverable(s): Analysis of operating events; potential JOA and/or Tariff rule changes to implement procedures or market rules to better optimize interchange between PJM and MISO.

Timeline: The RTOs currently expect that the JCM effort on this issue can be concluded in May of 2014, with individual RTO stakeholder process continuing until the Fall of 2014.

Market Participant Funded Upgrades and ARR Requests

Brief Description: The JCM effort on this issue has not yet begun. The RTOs have previously addressed increased coordination in this area in 2012 and 2013, and plan to file resulting JOA changes in the Fall of 2013.

Deliverable(s): Potential additional JOA and/or Tariff rule changes pending stakeholder review of the current processes.

Timeline: The RTOs currently plan to initiate stakeholder education on this issue beginning in January of 2014. Given the level of coordination that has already occurred in this area, the RTOs expect that the JCM stakeholder discussion can conclude in March of 2014. The Work Plan includes individual RTO stakeholder discussion through the Summer of 2014, in recognition that further coordination steps may be identified through the JCM discussions that will require consideration by the individual stakeholder processes.

Capacity Deliverability

Brief Description: RTO staffs will initiate the “fact-finding” effort through the JCM stakeholder process as requested by OPSI and OMS. Through the Fact-Finding requested by the states, the JCM process would make tangible progress on this issue and examine whether there are any remaining unnecessary barriers to qualifying units in one region to serve as capacity resources in the adjoining region. The fact-finding will ensure that issues are appropriately framed and narrowed by a date certain, such that solutions to those issues which are determined to be cost-beneficial to resolve are implemented on a to-be-determined schedule. After completion of the fact finding, the
parties can agree whether they wish to undertake further work on this issue or whether either party wishes to present the remaining issues to FERC based on the fact finding record and JCM activities created through this process.

Among the other items that were detailed in the OMS/OPSI filing in FERC docket AD12-16, the fact-finding will include technical analysis of how the results of the unit-specific deliverability analysis as it is currently conducted by the two RTOs would change if it were executed using an expanded network model that included a detailed representation of the combined PJM/MISO footprint. The results of that technical analysis will then be expanded to determine if beneficial differences in results could be accomplished by the dispatch of a few key generators in the other RTO’s area in order to simulate enhanced energy market coordination. The results from these two analyses would then be used to inform analysis of the benefits of conducting the deliverability analysis with a more integrated approach taking into account all other energy and ancillary service market changes that would be required in order to implement such an approach.

Deliverables: Technical analysis results of deliverability analysis conducted on a detailed model of the combined RTO footprints; written answers to the questions posed in the OMS/OPSI fact-finding request

Timeline: PJM proposes to complete this fact-finding effort by March 31, 2014.