



Joint and Common Market

# ITEM 8 - FREEZE DATE ALTERNATIVES



# Overview

- Purpose
  - Provide status update and solicit feedback on Freeze Date Alternatives discussion
- Key Takeaways
  - CMP Council Freeze Date Guiding Principles
  - Summary of Options Under Review
  - Targeting Recommendations to CMP Council in 1<sup>st</sup> 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

# Guiding Principles

## Congestion Management Process Council Approved Guiding Principles for Freeze Date Replacement

### Reliability

- Ensure reliable operation of the transmission system

# Guiding Principles

## Coordination

- Coordinate the long term planning process, short term planning process and real-time operations to promote efficient utilization of the transmission system.
- Acknowledge the inter-regional impacts of delivering Network resources to load in the long term planning such that upgrades are planned to efficiently utilize the interconnected system. Utilize these impacts as an input to the establishment of rights that are then consistently recognized in short term planning and real-time operations.

# Guiding Principles

## Equity

- Protect current and future transmission investments through a process that may or may not recognize historic BA configurations
- Recognize incremental transmission upgrades and investments
- Equitable treatment for market and non-market entities
- Equitable assignment of congestion costs

# Guiding Principles

Additional guiding principles with respect to equity:

- a) The replacement will recognize the transmission investments made before the freeze date and in the 10 years since the freeze date
- b) The replacement will be evaluated to ensure equitable treatment of market as well as non-market entities
- c) The replacement will be evaluated to ensure equitable assignment of congestion costs

# Guiding Principles

## Efficiency

- Encourage interregional economic and operational efficiencies
- Provide transparent, appropriate and consistent price signals across the seams



## Allocation Design Component Comparison (Status Quo & PJM-SPP)

Design Component	Status Quo	PJM-SPP Proposal
Granularity	LBA	RTO or LBA
DNRs	4/1/2004	Planning Year DNRs
TSRs	6/1/2004 to 5/31/2005	Planning Year TSRs
Topology	Current System Topology	Planning & Current System Topology
Run Types	Seasonal, Monthly, Weekly, 2DA	Annual, Seasonal, Monthly, Weekly, 2DA
Incremental Upgrades	TUS + Appendix G DNRs	CMP Base Case
Merit Order	Priority 0 thru 99 per LBA	Priority 0 thru 99 for RTO or LBA
Reciprocity	NA (mutual usage is not recognized)	Reciprocity Factor recognizing mutual usage
Higher of Logic	Yes	Yes
Excess Allocation	Socialized	Owner(s)
First Rights	Historic Use	Owner(s)

## Allocation Design Component Comparison (Status Quo & MISO)

Design Component	Status Quo	MISO Proposal A (Day-Ahead Flowgate Allocation)	MISO Proposal B (Long-term Flowgate Allocation)	MISO Proposal C (Status Quo + Appendix G)
Granularity	LBA	LBA	LBA	LBA
DNRs	4/1/2004	Capacity Resources (Internal , no wind)	Capacity Resources (Internal & External)	4/1/2004 + Capacity Resources (Internal , no wind)
TSRs	6/1/2004 to 5/31/2005	Planning Year TSRs	Planning Year TSRs	6/1/2004 to 5/31/2005
Topology	Current System Topology	Current System Topology	Current System Topology	Current System Topology
Run Types	Seasonal, Monthly, Weekly, Daily	DA	Seasonal, Monthly, Weekly, Daily	Seasonal, Monthly, Weekly, Daily
Incremental Upgrades	TUS + Appendix G DNRs	TBD	TBD	TBD
Merit Order	Priority 0 thru 99 per LBA	Priority 0 thru 99 per LBA	Priority 0 thru 99 per LBA	Priority 0 thru 99 per LBA
Reciprocity	NA (mutual usage is not recognized)	NA (mutual usage is not recognized)	NA (mutual usage is not recognized)	NA (mutual usage is not recognized)
Higher of Logic	Yes	No	TBD	TBD
Excess Allocations	Socialized	TBD	TBD	TBD
First Rights	Historic Usage	Actual Use	Historic Use Plus	Historic Use Plus



# PJM-SPP and MISO Proposals

Design Component	PJM-SPP Proposal	MISO Proposal A (Day-Ahead Flowgate Allocation)	MISO Proposal B (Long-term Flowgate Allocation)	MISO Proposal C (Status Quo + Appendix G)
Granularity	RTO or LBA	LBA	LBA	LBA
DNRs	Planning Year DNRs (Internal & External)	Capacity Resources (Internal , no wind)	Capacity Resources (Internal & External)	4/1/2004 + Capacity Resources (Internal , no wind)
TSRs	Planning Year TSRs	Planning Year TSRs	Planning Year TSRs	6/1/2004 to 5/31/2005
Topology	Planning & Current System Topology	Current System Topology	Current System Topology	Current System Topology
Run Types	Annual, Seasonal, Monthly, Weekly, Daily	DA	Seasonal, Monthly, Weekly, Daily	Seasonal, Monthly, Weekly, Daily
Incremental Upgrades	CMP Base Case	TBD	TBD	TBD
Merit Order	Priority 0 thru 99 for RTO or LBA	Priority 0 thru 99 per LBA	Priority 0 thru 99 per LBA	Priority 0 thru 99 per LBA
Reciprocity	Reciprocity Factor recognizing mutual usage	NA (mutual usage is not recognized)	NA (mutual usage is not recognized)	NA (mutual usage is not recognized)
Higher of Logic	Yes	No	TBD	TBD
Excess Allocations	Owner(s)	TBD	TBD	TBD
First Rights	Owner(s)	Actual Use	Historic Use Plus	Historic Use Plus

# PJM-SPP and MISO Proposals

Design Component	PJM-SPP Proposal	MISO Proposal B (Long-term Flowgate Allocation)
Granularity	RTO or LBA	LBA
DNRs	Planning Year DNRs (Internal & External)	Capacity Resources (Internal & External)
TSRs	Planning Year TSRs	Planning Year TSRs
Topology	Planning & Current System Topology	Current System Topology
Run Types	Annual, Seasonal, Monthly, Weekly, Daily	Seasonal, Monthly, Weekly, Daily
Incremental Upgrades	CMP Base Case	TBD
Merit Order	Priority 0 thru 99 for RTO or LBA	Priority 0 thru 99 per LBA
Reciprocity	Reciprocity Factor recognizing mutual usage	NA (mutual usage is not recognized)
Higher of Logic	Yes	TBD
Excess Allocations	Owner(s)	TBD
First Rights	Owner(s)	Historic Use Plus

# Next Steps

- CMPWG will continue to discuss/test the different options
- Target recommendation 1<sup>st</sup> Quarter 2015
- RTOs will update the stakeholders during the upcoming JCM Sessions
  - Solicit stakeholder feedback – send comments to:
    - Ron Arness [rarness@misoenergy.org](mailto:rarness@misoenergy.org)
    - Asanga Perera [perera@pjm.com](mailto:perera@pjm.com)