



Proposed Procedures to Deliver External Capacity between MISO and PJM

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Joint and Common Market

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Introduction

- This presentation summarizes a proposal to implement “firm capacity delivery procedures” as an alternative to the current pseudo-tie requirement for delivering MISO resources to PJM that have exported their capacity.
- These procedures would benefit both RTOs because they will:
 - ✓ Provide more reliable supply to PJM; and
 - ✓ Reduce dispatch inefficiencies associated with pseudo-tying external resources that will raise costs to both RTOs and their customers and reduce reliability.
- Additionally, these procedures will benefit external capacity suppliers reducing potential congestion costs, risks associated with PJM’s capacity performance penalties, and barriers to exporting capacity.
- The slides below describe:
 - ✓ The proposed Firm Capacity Delivery Procedures, including the rights and obligations of the Host RTO exporting the capacity (MISO) and the Attaining RTO receiving the capacity (PJM).
 - ✓ The benefits of this framework to the RTOs and its participants.



Real-Time Delivery Obligations

- The host RTO would be obligated to deliver energy associated with capacity resources in an amount equal to the lower of:
 - ✓ The quantity of capacity purchased by the attaining RTO; or
 - ✓ The maximum dispatch level of the unit (zero if the resource is on outage).
- The host RTO will schedule the firm export subject to notice being provided by the attaining RTO by:
 - ✓ 20 minutes prior to real time if the resource is online; or
 - ✓ The length of the start-up time prior to real time if the resource is offline.
- When scheduled, the external capacity supplier will settle the export with both RTOs consistent with the settlement of all imports and exports.
 - ✓ The host RTO will incur no costs if the export is uneconomic.
- The host RTO shall not curtail the firm exports unless PJM approves the curtailment because host RTO has declared an emergency.



Day-Ahead and Forward Obligation

- The host RTO would provide timely resource status information, including:
 - ✓ GADS submittals and outage requests;
 - ✓ Availability and commitment status;
 - ✓ Operating/offer information (Startup/Notification Times, EcoMax, etc.); and
 - ✓ Reported derates.
- MISO would enforce PJM's capacity performance rules and other capacity obligations, including enforcing:
 - ✓ A day-ahead market must offer requirement;
 - ✓ PJM's offer parameter requirements for capacity resources; and
 - ✓ Any other capacity obligations to ensure that MISO generators do not have a competitive advantage over PJM generators.
- The attaining RTO and the host RTO would have joint authority to review and approve planned outages as follows:
 - ✓ The attaining RTO shall assess the capacity need for the resource; and
 - ✓ The host RTO shall review the transmission implications of the outage.



Benefits of the Firm Capacity Delivery Procedures

For PJM

- Access to capacity would be superior to a pseudo-tie because the export would not be curtailed due to RTO transmission congestion.
- PJM avoids substantial potential market-to-market costs associated with new loadings on MISO's constraints associated with the pseudo-tied output.
- Provides comparability between internal and external suppliers.

For MISO

- MISO will retain its ability to commit and dispatch the system efficiently, which is substantially degraded under pseudo-tie arrangements.
- Improves reliability by retaining commitment and dispatch of internal units.

For Capacity Exporters

- Lowers the risk of curtailment and associated capacity performance penalties.
- Substantially reduces exposure to inefficient congestion costs.
- Reduces the barrier to exporting capacity by eliminating unit-specific deliverability testing and the prerequisites to pseudo-tying a resource.