



Joint and Common Market

ITEM 5 - FREEZE DATE ALTERNATIVES



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.

Overview

- Purpose
 - Provide status update and solicit feedback on Freeze Date Alternatives discussion.
- Key Takeaways
 - RTOs (SPP, MISO and PJM) have been discussing a two phase approach to develop alternatives.
 - Phase 1 will address Market to Market (M2M) and phase 2 will address Transmission Loading Relief (TLR)
 - RTOs (SPP, MISO, and PJM) continue to explore options.

Recap of Completed Work – High Level Summary

- CMP Council (CMPC) approved Firm Flow (Allocation) Calculation Guiding Principles that are necessary to develop a feasible solution.
 - Reliability
 - Coordination
 - Equity
 - Efficiency
- CMPC and the CMP Freeze Date Task Team reviewed the two MISO and PJM/SPP proposals.
 - Reference Feb JCM Freeze Date material/appendix

Recap of Completed Work – High Level Summary

- RTOs discussed the potential to combine the MISO & PJM/SPP proposals to develop a compromised solution.
- Since June 2015 RTOs realized the complex nature of the compromised solution and decided to focus efforts on addressing M2M first and TLR later.

Freeze Date for M2M

- RTOs discussed leveraging its Long Term Auction Revenue Rights (ARR) process to develop M2M FFEs.
 - RTOs compared each others guaranteed ARR nomination process and discovered similarities and differences.
 - Based on similarities, RTOs completed a proof of concept study to understand the feasibility of this concept.
 - Proof of concept study analyzed potential FFEs compared to existing FFEs and market flows.
 - At this point in time RTOs have not been able to agree to move forward with leveraging the ARR process.

Freeze Date for M2M

Some of the reasons for disagreement for leveraging the ARR process is due to the following:

- Differences in each RTO's Long Term ARR constructs.
- Cannot extend this construct to TLR Flowgates, only works for M2M.
- Using RTO's Long Term ARR process may introduce requirement to get agreement from other RTOs before making changes to ARR process.
- Long Term ARR process is a financial rights calculation, not necessarily a physical rights calculation.

Next Steps - Freeze Date

- RTOs to develop timeline for resolution in 2016.
- RTOs to explore other proposals to address Freeze Date.
- RTOs to discuss progress at upcoming CMPC and JCM sessions.

Contacts

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