

MISO – PJM JCM Stakeholder Panel

We Energies – Chad Koch

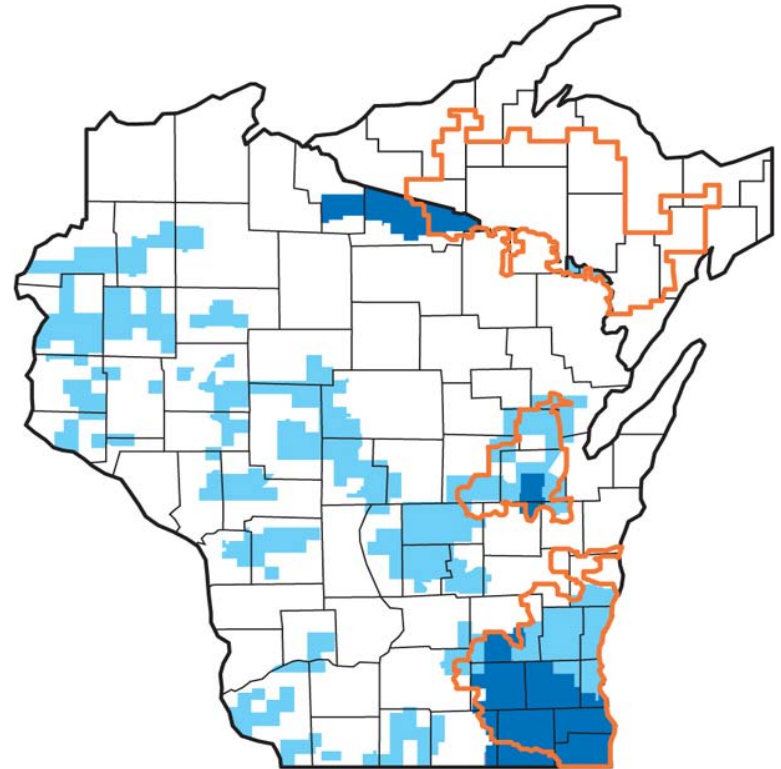
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we energies



Overview of We Energies

- Largest electric and gas company in Wisconsin
 - 1.1 million electric customers
 - 1.0 million natural gas customers
 - ~7,500MW of generating capacity
- Service territories in Wisconsin and Michigan
- MISO member
- Borders Exelon (PJM) on WI / IL stateline



- **Wisconsin Electric** Gas Service Area
- **Wisconsin Electric** Electric Service Area
- **Wisconsin Gas** Service Area

Market Enhancements

“The goal of the Joint and Common Market Initiative is to achieve the benefits of a combined market across the PJM and MISO footprint in a cost-effective manner and meet the needs of customers and stakeholders using the electric power grid in the two RTO’s regions.”



What key factors should be considered in developing enhancements to MISO and PJM operations affected by the seam?

- Reliability Coordination
 - Generation and transmission outage coordination
 - Data transparency
- Reduction of Overall Production Cost
 - Generation and transmission outage coordination
 - Avoid under-utilization of transmission assets
 - Increase economic transfers of energy
 - More optimal commitment of resources
- Market Efficiency
 - Reduction of price volatility
 - Convergence of prices

Are there specific recommendations for enhancements to MISO and/or PJM rules that would address concerns that impact your company's day-to-day business across the RTO border?

- Align scheduling rules
- Recalculate DA Firm Flow Entitlements (FFE) based on bids, offers, firm schedules
 - “Freeze Date” methodology does not represent expected RT flows. Results in non-optimal DA commitments and divergent DA and RT flows.
- Transfer unused flowgate capacity to other RTO in DA market

Does your company have any recommendations for additional information transparency that would enhance your ability to conduct business across the seam?

- Common scheduling and ramp reservation system
- Dynamic Ramp
 - MISO and PJM should be able to calculate the ramping capability on their own systems to determine the transfer limits that each system can handle. The import/export limits should change every 15 minutes.

Impact of Market Differences

“Generation and load customers on the seam are likely to be uniquely impacted by the differences in rules in markets across the seam. Each market provides rules to hedge against potential negative impacts.”

Do the existing rules in the two markets successfully mitigate potential negative impacts?

- No. Most of the money is transacted in the DA market and there is no interplay between the two DA markets besides FFEs.
- Under-utilized transmission assets in DA market
- Lack of coordination of commitments and no procedure for transfer payments for commitments

Transmission Planning

- Improved RTEP and MTEP coordination is needed
 - Limited ability for cost sharing of projects that result in benefits for neighboring RTO
 - Order 1000 should address this issue in full or in part. RTOs should use this new framework to improve coordination.
- Self funded transmission improvements are not handled consistently
 - FTR/ARR allocation
- There is a lack of coordination with model inputs



What additional area should be considered for providing market participant flexibility?

- We support efforts to optimize energy transfers between the two markets.
 - MISO's Interchange Optimization efforts using Dispatchable Interregional Transactions (DIT) would increase economic transfers.
 - Due to lack of knowledge of system needs and configuration, market arbitragers cannot transact with the same level of efficiency as RTO's.

To what extent should RTOs attempt to harmonize market designs to eliminate seams issues?

- Initiate Common DA SCUC and SCED
 - Common DA market may be too much to undertake
 - Market rules and other administrative / financial constructs can remain in place
 - BA responsibilities can remain intact
 - Would need consistent operating reserve procurement logic
 - Some other rules, structures, and processes would need to be adjusted
 - Could also benefit from a common RT SCUC and SCED but much more work would have to be done. Could continue to use current M2M RT processes.