

Improving DA M2M Flowgate Use & Coordination



September 20, 2013

Current DA JOA Process – Issues & Limitations

- **Implementation difficulties**

- Timing differences between PJM/MISO DA Markets
- Established DA processes have limited capabilities to support designed FG exchange envisioned in the JOA
 - Robust data exchange for audit and traceability
 - Supporting study criteria/FG exchange
 - Overhead, complexity of data, & multiple RTO solutions

- **Results in Market Efficiency Issues**

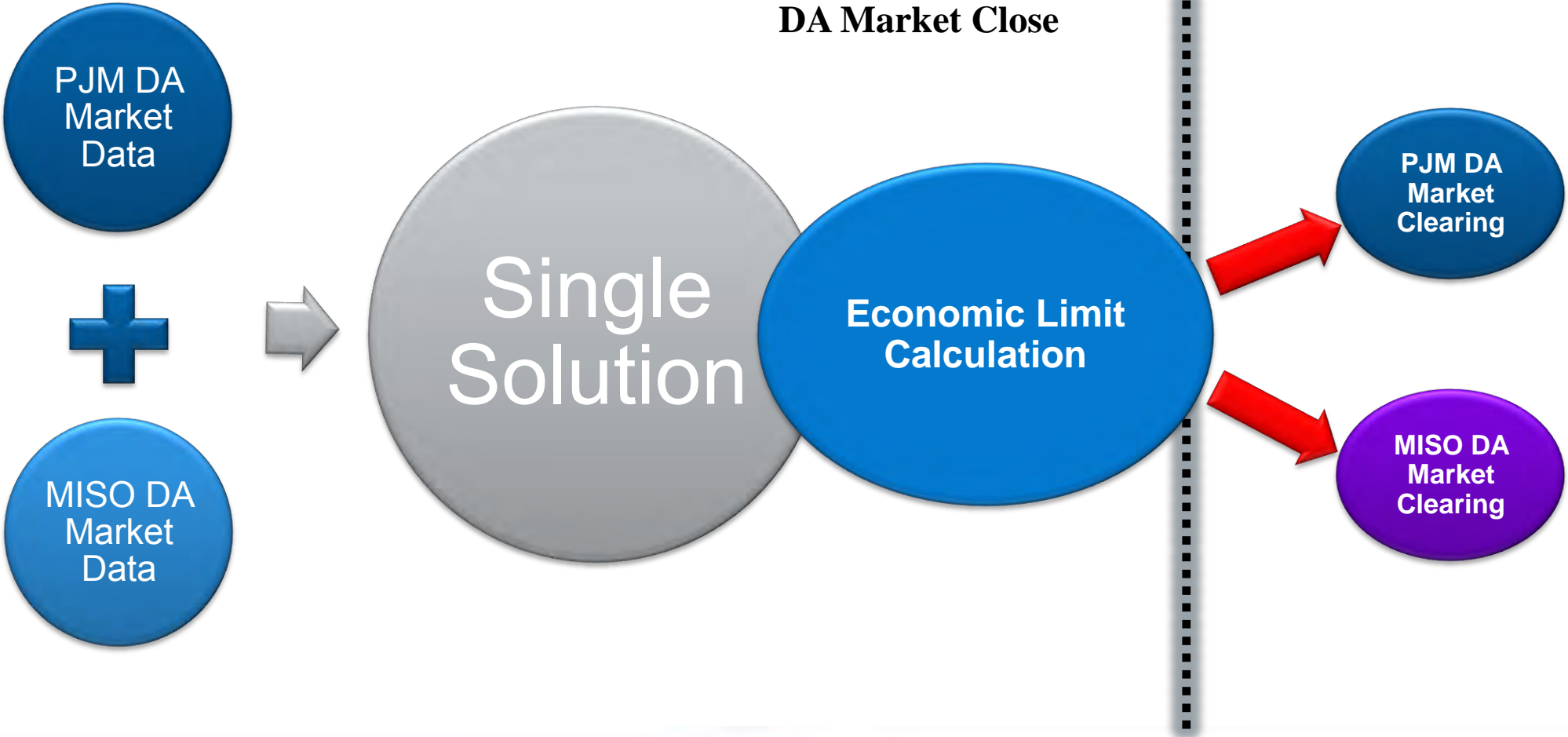
- Systematic differences between the DA & RT Markets
- Inefficient selection/dispatch of economic resources across the seam

DA M2M Alignment with JOA Objectives & Principles



- Current process supports M2M Objectives but further efficiencies could be realized; Market Efficiency & Coordination
- Design/Implementation considerations
 - Improve alignment with JOA principles & objectives
 - Leverage inherent efficiencies within SCUC and SCED
 - Align DA & RT markets across MISO & PJM

Proposed DA JOA Implementation



Proposed DA JOA Implementation

- Prior to the close of the MISO/PJM DA Market
 - Gather operational & financial information from each RTO
 - Build & Execute single/combined model for MISO/PJM
 - Calculate individual M2M FG share for both PJM and MISO based upon economic solution
- DA Market clearing
 - Separate DA Market clearing for PJM & MISO
 - M2M FG shares utilized for limits instead of FFE data
- Settlement – Incremental DA entitlement purchase
 - Binding M2M FGs settled based upon
 - External party's DA Market Flow & FFE differences
 - Multiplied by Shadow Price of Entity providing increased transfer capability

Conclusions & Next Steps

DA JOA Proposal

- Better aligns with the design intent embedded within the JOA
- Improves alignment between DA & RT Markets
- Systematically incorporates greater coordination into the MISO/PJM DA Markets
- Increases economic efficiency during DA unit commitment & dispatch processes, not just RT dispatch
- Maintains current benefits
 - Mechanisms to manage Revenue Adequacy
 - RT M2M FG use exchange
 - Separate application & administration of each RTOs unique design

Conclusions & Next Steps (Continued)

- **Joint & Common Market work plan for DA Coordination**
 - Addresses required prerequisites to support proposal
 - Robust DA data exchange for audit and traceability
 - Alignment of operational data (M2M FGs, Outages, Resource & load data, etc.)
 - Contains time estimates for detailed design & development ultimately supporting systematic DA M2M FG exchange proposal
- **Next Steps**
 - Continue involvement/discussion with stakeholders
 - Progress from conceptual design to detailed design
 - Execute DA Coordination Improvement work plan

Questions?

