



Joint and Common Market

I. FORWARD MARKET COORDINATION

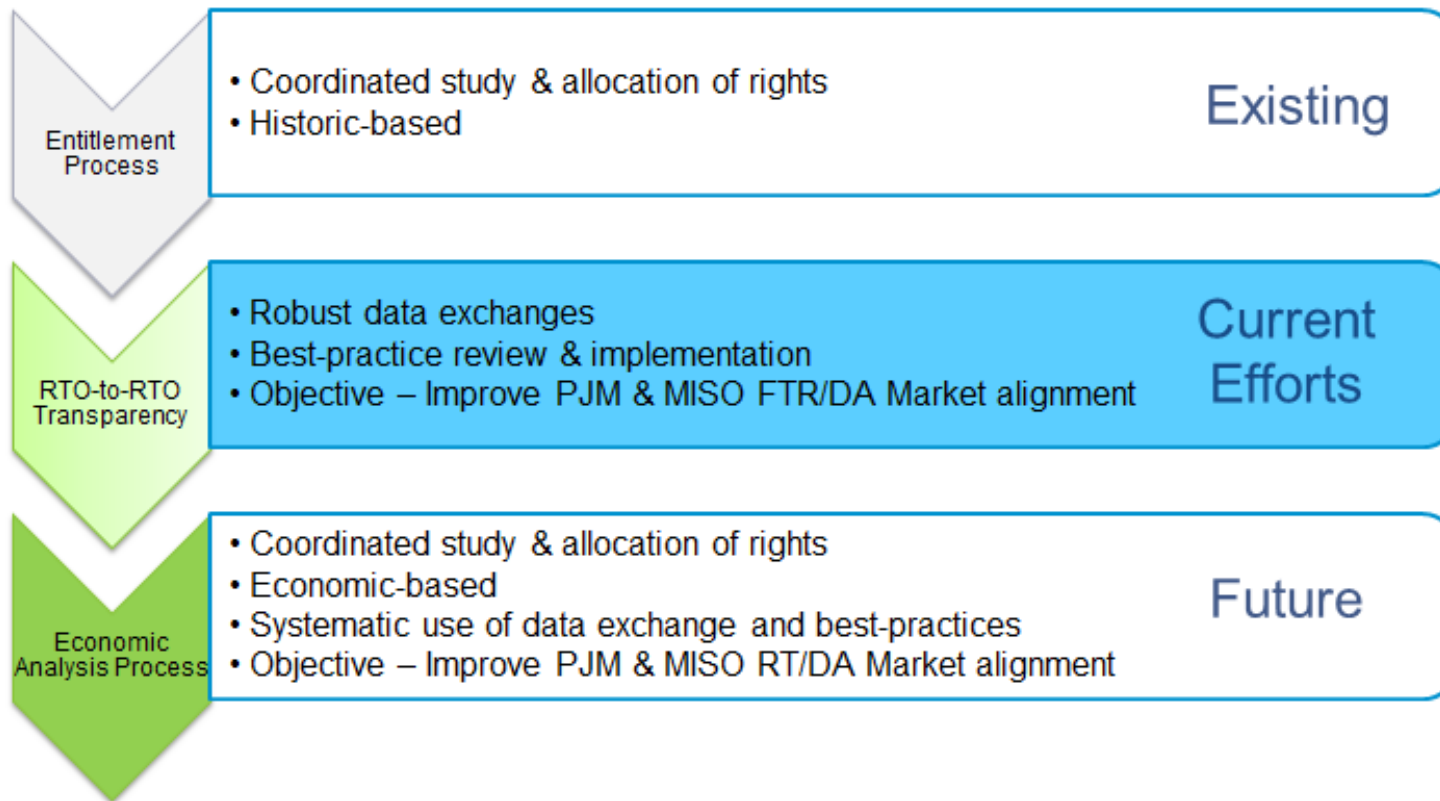


Improving DA Market-to-Market (M2M) Coordination

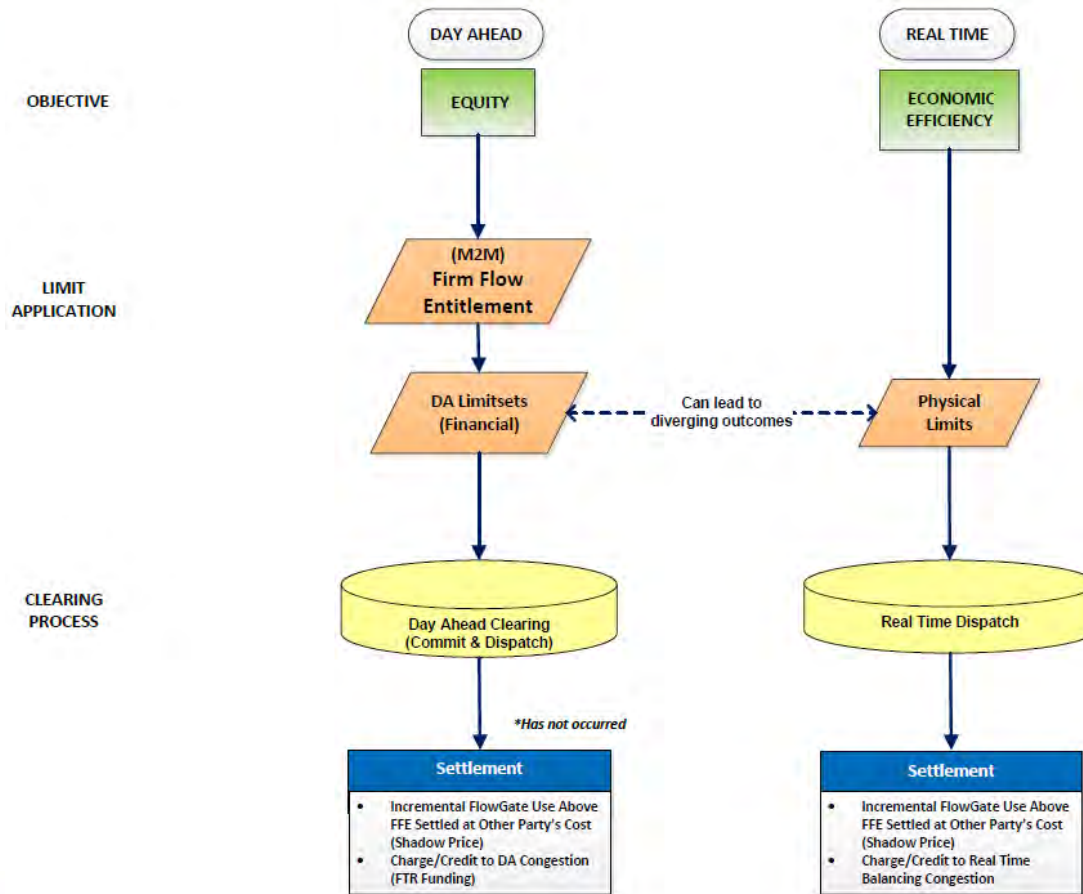
- **Use of historic-based entitlement limits (FFE) on M2M constraints in the DA Market often results in**
 - Misalignment of the DA & RT Markets
 - Misalignment between PJM & MISO DA Markets
 - Sub-optimal utilization of transmission on the seam
- **The current Day-Ahead Market Commitment and Dispatch processes used by MISO & PJM restrict use of M2M Flowgates to Historical Firm Rights even when the other party is not fully utilizing its firm rights. This results in missed opportunities associated with**
 - Lower production costs to manage seams congestion
 - Improved reliability due to better resource utilization across the seam
 - Increased price transparency due to converging prices and seams congestion
 - Improved alignment between DA/RT Markets at PJM & MISO
- **The current JOA provides a mechanism to exchange M2M flowgate rights on a Day-ahead basis, although it has never been used.**
- **MISO and PJM have been collaborating on new concepts that will allow for the optimal use of M2M flowgates in their respective Day-ahead Markets**



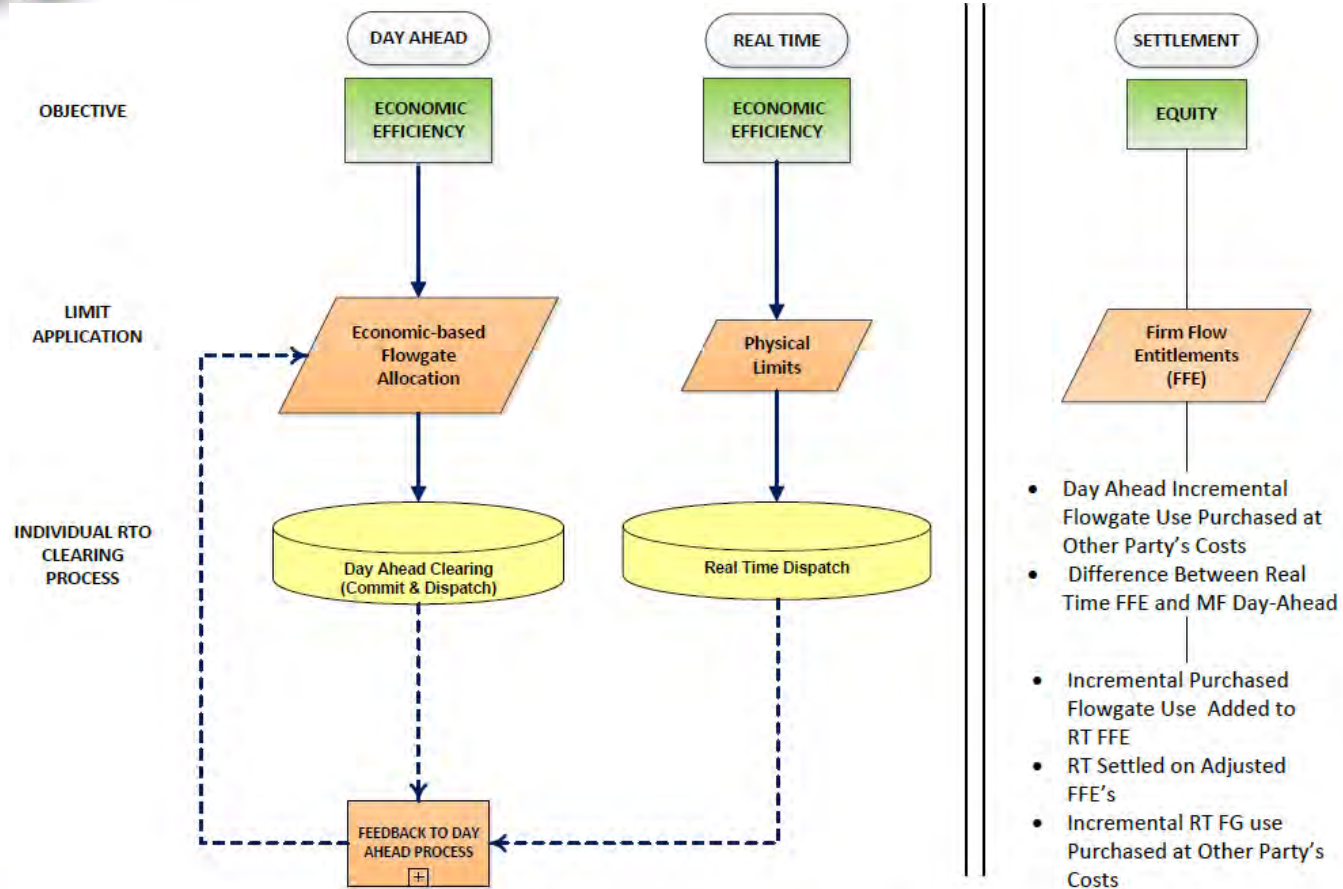
DA Market-to-Market Coordination Progression



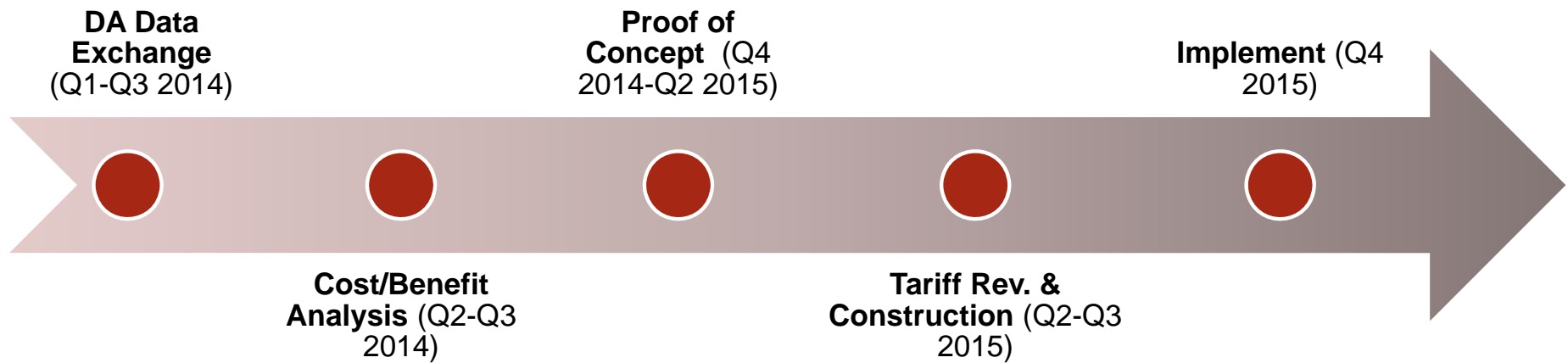
Current DA JOA Process



Proposed DA JOA Process



High-Level Work plan and Timeline



Current PJM/MISO Efforts

PJM/MISO DA Data Exchange

- Requirement Development
 - Increase data transparency between PJM/MISO DA Markets
 - Identify future data needs to support FFE exchange in DA Markets
- Expected completion/implementation late Q3 2014

FFE Exchange Cost/Benefit Analysis

- Analyze benefits at different levels of coordination
- Quantify expected benefits of implementation
 - Lower Production costs on Seams congestion
 - Reduced costs for M2M exchanges/settlement (DA vs. RT)
- Expected completion late Q3 2014



Questions?

