



Joint and Common Market

III. MODELING OF ONT-MI PARS IN MARKET FLOW CALCULATIONS AND ENTITLEMENT CALCULATIONS



Overview

- Purpose
 - This presentation provides status update on the MISO and PJM discussions related to modeling of the ONT-MI PARs in the Market Flow and FFE calculations
- Key Takeaways
 - MISO and PJM agree on the approach to model ONT-MI PARs in the Firm Flow Entitlement (FFE) calculations
 - RTOs have proposed different M2M market flow calculations
 - MISO believes PJM's proposed Lake Erie Circulation (LEC) adjustment is unnecessary, but in response to PJM concerns is willing to include an adjustment during the limited instances when PARs are outside the 200 MW control band
 - PJM believes performing a revenue impact study to compare and contrast the proposals is an appropriate next step

Background

- ONT-MI PARs (5 PARs on 4 lines) began regulating ONT-MI interface flow in July 2012
 - Since July 2012, ONT-MI PARs have been modeled using the “Regulated” and “Unregulated” status in the Interchange Distribution Calculator (IDC)
- MISO, PJM and IESO have completed an analysis of the operation of the ONT-MI PARs through the first year of operation (Aug 2012 – Aug 2013)
 - Report available at: <http://www.miso-pjm.com/documents.aspx>
- At the July 24, 2014 JCM, MISO and PJM presented their preferred approaches to calculate M2M market flows

Proposal for FFE calculations

- Both RTOs recommend using “Regulated” (Actual flow = Scheduled flow or Fixed Flow) or “Unregulated” (Free flowing or Fixed Tap) status (same as that in IDC) to calculate FFEs

PJM Proposal for Market Flow calculations

- Market Flows on pre-identified M2M Flowgates, which are impacted by Lake Erie Circulation (LEC), to be adjusted with the LEC impacted value. LEC is the uncontrolled loop flow across the PAR-controlled interface
 - As long as LEC is non-zero, there are unwanted impacts to M2M facilities
 - PJM and MISO need to establish a method in which LEC impacts are properly identified and settled in the M2M process
 - PJM and NYISO have implemented an equitable solution (in PJM's opinion) to address LEC impacts in the PJM-NYISO JOA and PJM proposes to adopt a similar approach
- For MISO Flowgates PJM propose that PJM calculate market flows with a third party LEC adjustment factor (PJM's LEC impacts are excluded from the adjustment factor)
- For PJM Flowgates PJM propose that MISO calculate market flows with 100% of LEC adjustment factor

MISO Proposal for Market Flow calculations

- MISO Approach: Use “Regulated” (Actual flow = Scheduled flow or Fixed Flow) or “Unregulated” (Free flowing or Fixed Tap) status (same as that in IDC)
- MISO is willing to include an LEC adjustment for MI-ONT PARs in the Market Flow calculations during instances where the LEC exceeds the 200MW target bandwidth
 - This bandwidth which was included (and approved) in the filing for Presidential Permit from Department of Energy for operation of the PARs

Next Steps

- PJM would like to perform a study to analyze LEC's revenue impact and compare RTO proposals and the status quo
- MISO and PJM will consider results from the aforementioned revenue impact study when deciding whether or not to change modeling of the MI-ONT PARs in the M2M process
- RTOs will share our progress at the Nov 10, 2014 JCM Meeting