



Joint and Common Market

II. FREEZE DATE ALTERNATIVES



Overview

- Purpose
 - Provide status update and solicit feedback on Freeze Date Alternatives discussion
- Key Takeaways
 - CMP Council has been collaborating on a set of guiding principles that is acceptable to all CMP parties
 - CMPWG Task Force targeting to report recommendations to CMP Council in Oct 2014

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

CMPWG/CMPC Progress to date

- In Aug 2013, CMP Council (CMPC) directed CMPWG to work on Freeze Date alternatives
- CMPWG formed a task force to work on Freeze Date alternatives in Jan 2014. Held 9 conference calls since Jan 2014
- CMP Council has met 3 times to work towards a set of guiding principles that are acceptable by all CMP parties
- PJM and MISO have developed some options that are currently being considered by the CMP parties in parallel with the CMP Council efforts

RTO's Concerns with Freeze Date

- Generation Retirements and Physical Location of New Resource
 - Current Logic is to use Internal Historic Control Area Generation (LBA) to serve load within the same Historic Control Area (LBA)
 - Application of post freeze date Generators used to meet load growth and to account for Retirements that has occurred since 2004
 - Network/Capacity Resources located physically outside of LBA/RTO are not recognized

PJM's Concerns with Freeze Date

- Stale Freeze Date Concept
 - The stale (2004 driven) freeze date introduces a set of firm flow credit based on planning assumptions made prior to 2004 (pre-markets)
 - This concept limit CMP entities' to utilize dedicated capacity resources prior to 2004/2005 planning year

PJM's Concerns with Freeze Date

- Accuracy of the historical TSR and DNR list
 - Freeze date process does not require entities' to demonstrate that historical resources are deliverable to its designated pre-market local control zones
 - There is no method to validate the TSR lists that is utilized by entities' are 100% accurate

CMPC Guiding Principles

- CMPC has been working towards a set of guiding principles acceptable to all CMP entities
- PJM and MISO generally agree on the following guiding principles:
 - Reliability
 - Coordination
 - Market Efficiency
- PJM and MISO are not in 100% agreement on the following guiding principle at this point, CMPC will continue to discuss this principle
 - Equity – Historical Control Area reference is the questionable item that will be discussed further at the CMPC

PJM's Option

- In order to resolve PJM's concerns with the current freeze date PJM proposes an option that will ensure:
 - Reliability of the system
 - Enhanced coordination among CMP entities
 - Transmission upgrades resulting from the regional and/or inter-regional planning processes will be provided with proper rights such that benefits estimated in the planning process can be achieved through real-time operations
 - Provide the right incentive for transmission expansion
 - Entities' capacity designation processes could be utilized to the extent that the neighboring entities' transmission system limitations are recognized
 - Encourage mutually equitable reciprocal utilization of entities' systems
 - A dynamic process to establish capacity rights

PJM's Option - Continued

- PJM proposes:
 - CMP entities' to develop a set of base cases
 - Assumptions made to plan the systems respecting proper system constraints
 - Designated Capacity Resources that are deliverable to entities' network load for the projected delivery year
 - Confirmed Firm TSRs that are considered in the projected time frame/delivery year
 - Utilizing the aforementioned base cases develop a set of system impacts
 - Flowgate level % impact and total flow impacts on each others' systems will be established – Coordination measure
 - Utilizing the above impacts establish planning year firm resources
 - Honoring neighboring system limitations – Reliability
 - Utilizing the impacts, firm resources and seams related upgrades
 - Establish rights that encourage mutually equitable reciprocal utilization of each others systems – Equity

MISO Proposed Framework

1) NAESB Business Practice Subcommittee “Flowgate Allocation” Proposal

- Gen to Load (GTL) impact priorities established using flowgate allocations - firm rights on flowgates
- Flowgate allocations will be made in-advance of real-time via a day-ahead allocation and an hour-ahead allocation
- These hourly allocations will be used in real-time to set GTL priorities in congestion management processes
- The day-ahead and hour-ahead allocations are based on expected firm transmission usage (firm Gen to Load and TSR impacts) by those Balancing Authorities (BAs) with impacts on the flowgate.

MISO Proposed Framework - continued

- 2) Retain historic configurations/LBAs and allow incremental changes with generation/TSRs that have firm service
 - Retain current Local Balancing Authority (LBA) granularity
 - Generators qualify as firm and receive allocations:
 - LBA Generation with firm TSRs or have passed the Deliverability test and are included in the Capacity Construct
 - Allow intra BA (LBA to LBA) pseudo tie generation to qualify that meets the above requirements
 - Allow Inter BA pseudo tie generation to qualify as long as meeting the above requirements and have firm TSR
 - Update existing set of firm TSRs
 - Allow intermittent resources as candidates for receiving allocations

MISO Proposed Framework - continued

- 3) Retain historic configurations/LBAs and allow incremental changes based on Appendix G – i.e. new generation located within an LBA qualifies as a non-zero priority resource if generation has firm service
- Continue existing historical freeze date generation and retain historic configurations/LBAs
 - New generation is added within an LBA if obtained firm TSR or passed the Deliverability test and are included in the Capacity Construct
 - Update to existing set of firm TSRs, per criteria – retire old/unused TSRs similar to retired generation

Next Steps

- CMPC will continue to work on the equity guiding principle
- CMPWG will continue to discuss the different options
 - Expecting to receive other CMP entities options
- RTOs will update the stakeholders during the upcoming JCM sessions
 - As always your feedback is important