



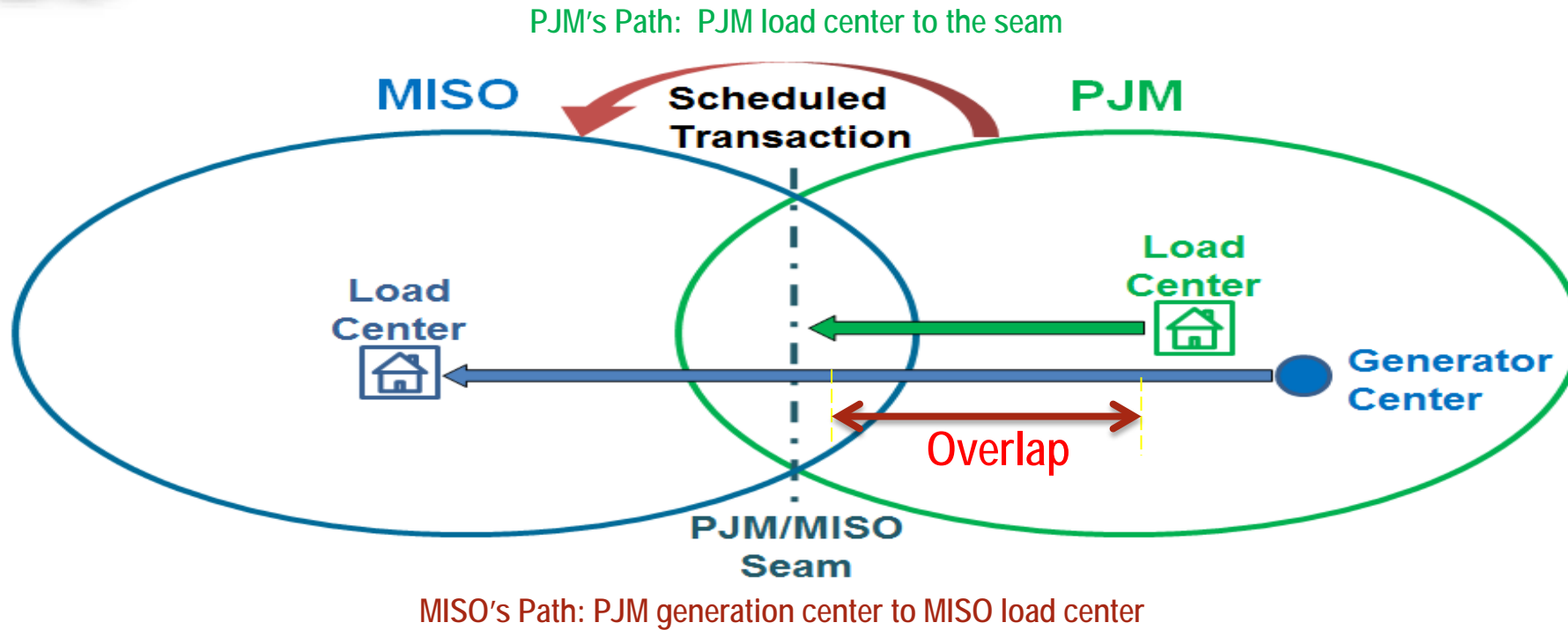
Joint and Common Market

MISO-PJM INTERFACE PRICING UPDATE

AUGUST 23, 2016



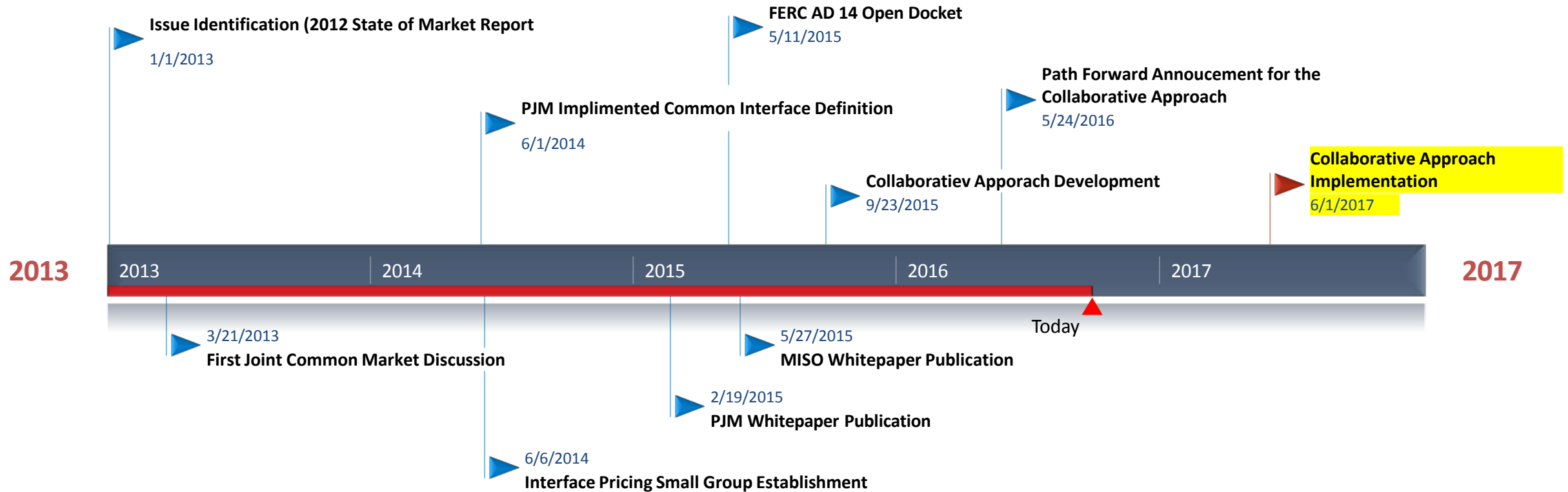
Issue Description



The overlap flaw leads to

- Duplicative settlements with the transaction (over & under payment)
- Revenue Imbalance (congestion collected <> congestion payments)

Timeline



RTOs' Recommendation

Implement the Collaborative Approach for the next FTR planning year (6/1/2017)

Collaborative Approach

1. Common interface definition (Existing PJM 10 bus definition)
2. Modify FTR and DA limits, if needed, to reflect transaction's impact.
 - M2M does not include transaction impacts
 - DA and RT does include Transaction impacts



Monitoring Process and Mitigation Options for Post Implementation

Key Concerns	Monitored Parameters	Mitigation Options / Enhancement Opportunities (Regular joint performance)
Price Signal	<ul style="list-style-type: none"> Congestion transaction incentive for M2M constraints Price signal for Non M2M constraints Shadow price convergence for M2M constraints Interface price volatility 	<ul style="list-style-type: none"> More granular common interface definition Address volatile constraint control due to shadow price swings Improve shadow price convergence for M2M constraints in general Potential to capture non M2M constraint interface price impacts jointly Continue to improve price signal for all constraints Additional M2M FG coordination effort
Revenue Imbalance	<ul style="list-style-type: none"> Uplift or FTR imbalance 	<ul style="list-style-type: none"> Day Ahead M2M coordination Monitor the impact of commercial flow

1. JOA revisions

- Not necessary for use of common interface definition.
- Base line revisions will be made to allow for modification of FTR and DA limits.
 - Accounts for transactions and modeling differences

2. Implementation on June 1, 2017

- Included in 2016/2017 Annual ARR/FTR processes

Contacts

Beibei Li

- bli@misoenergy.org

Tim Horger

- Tim.Horger@pjm.com