



Joint and Common Market

FREEZE DATE ALTERNATIVES



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.

Overview

- Purpose
 - Provide status update and solicit feedback on Freeze Date Alternatives discussion.
- Key Takeaways
 - RTOs (SPP, MISO and PJM) have been discussing a two phase approach to develop alternatives.
 - Phase 1 will address Market to Market (M2M) and phase 2 will address Transmission Loading Relief (TLR)
 - RTOs (SPP, MISO, and PJM) continue to explore options.
 - General consensus reached on key issues

Freeze Date for M2M: Actions to Date

Date	Action
August 2013	CMP council directed CMPWG to develop Freeze Date alternatives
September 2013	Guiding Principles presented at JCM
February 2014-January 2015	CMPWG Task Force meetings
February 2015	CMP Council advised the CMPWG to concentrate on the MISO and PJM/SPP proposals to develop compromised solution
June 2015	RTOs agreed because of complex nature of compromised solution to focus first on M2M then TLR <ul style="list-style-type: none">• Results in 3 party meetings between PJM, MISO, and SPP
September 2015	Reviewed potential to leverage ARR processes
February 2016	RTOs could not agree on leveraging ARR process because of different RTO ARR constructs
February 2016 -Present	RTO weekly 3 party meetings to review all options and solutions

Discussions Among RTOs: Priorities

RTOs have set priorities to focus on for inputs to FFE calculation for collaborative solution

- Designated Network Resource (DNR) eligibility for internal and external (Pseudo Tie) resources
- Transmission Service Requests (TSRs) eligibility
- Generation to Load impact/allocation threshold
- Distribution of excess allocations
- Granularity (LBA or RTO level)

PRIORITY

Consensus Among RTOs

RTOs have reached a general consensus on the following high priority items

- Allocations of FFE using a Bucket Approach
- Pseudo Tie Resources: Agreement that no financial harm imposed on Host BA
- RTO Planning Coordination to align Markets and Reliability
 - Consensus on this pending planning review



Proposed Solution: Allocations Using Buckets

Step 1

Bucket 1

- Active DNRs (2004 and earlier)
- Historic TSRs
- LBA Granularity



Step 2

Bucket 2

- Active DNRs and TSRs (Post 2004)
- LBA Granularity



Step 3

Bucket 3

- Transfers (limited)
- RTO Granularity
- Excess to Owner



Example: Bucket Approach to Allocations

Flowgate Rating=650

Monitored Entity= MISO

Example: Total Allocation < FG Rating

RTO	Bucket 1	Bucket 2	Bucket 3	Initial Allocation	Excess	Final Allocation
MISO	210	200	90	500	50	550
PJM	50	40	10	100		100
Total	260	240	100	600		650

Example: Bucket Approach to Allocations

Flowgate Rating=590

Monitored Entity= MISO

Example: Total Allocation > FG Rating

RTO	Bucket 1	Bucket 2	Bucket 3	Initial Allocation	New Bucket 3	Final Allocation
MISO	210	200	90	500	$90 \times (90/100) = 81$	491
PJM	50	40	10	100	9	99
Total	260	240	100	600	90	590

- Initial allocation exceeds rating in Bucket 3 so therefore Bucket 3 allocations proportionally reduced (pending consensus on planning review or FG ownership)

FFE for Pseudo Ties: Market Entities

The following factors need to be considered to determine the allocation of FFE for Pseudo Tie resources

- Is there a specific load contract on attaining system?
- Does the Pseudo tie have ARR/FTR rights on host/attaining system?
- Did the Pseudo tie customer pay for upgrades associated with its Firm Service?

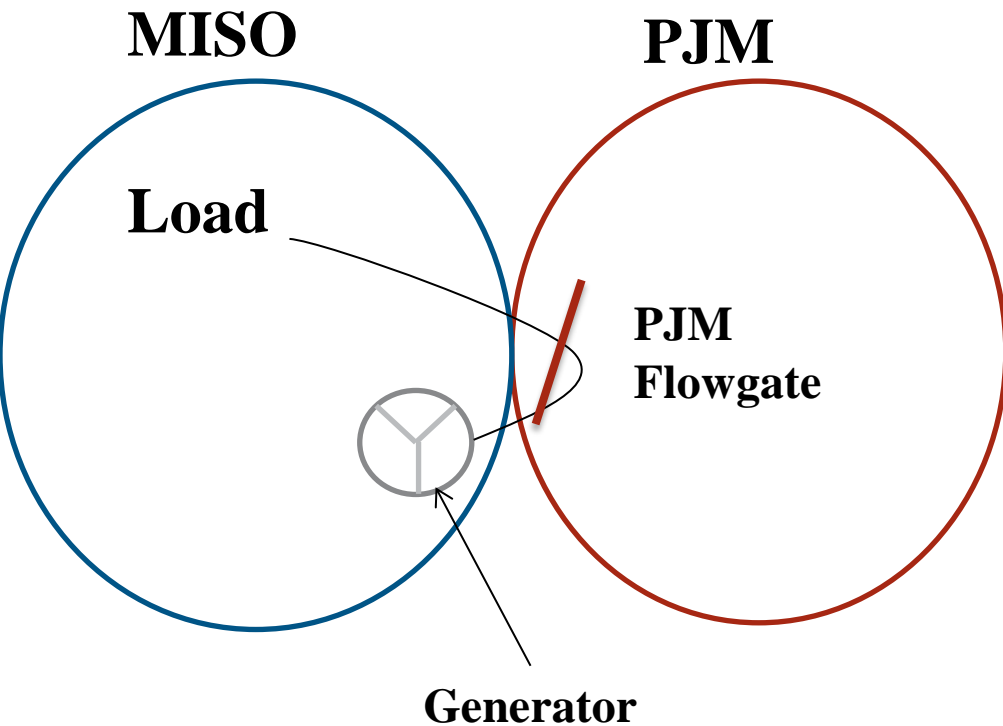
FFE/Allocation for Pseudo Ties

General Principles for Pseudo Tie treatment

- Host is a non-market entity: Allocation to BA serving the load as post Freeze date resource (Pending)
- Host/Attaining is a Market entity:
 - Agreement that no financial harm imposed on Host BA
 - Details to be reviewed

RTO Planning Coordination

Potential Process to align Reliability and Markets



- Review JOA Interregional and Interconnection process to ensure it captures coordinated studies for Reliability and Markets
 - Reviews conducted among CMP members with neighboring entities
- Enhance existing coordination process if necessary

Discussions Among RTOs: Other Factors

Additional factors to FFE calculation

- Incremental upgrades (Transmission Upgrade Studies (TUS))
frequency of DNR/TSR updates
- Frequency of model updates
- Allocation sharing
- Run types (Seasonal, Monthly, Daily, etc)
- Transition plan



Tentative Timeline

- Develop compromise solution 4th Quarter 2016
 - ✓ Priority items
 - ✓ Lower priority items
 - ✓ Straw Proposal
 - ✓ Stakeholder review
- Tariff/CMP filing Jan-Feb 2017
 - ✓ Develop Tariff language changes
 - ✓ Stakeholder review
 - ✓ CMP council approval and FERC Filing
- Implementation June 2017

Next Steps - Freeze Date

- Continued discussions among PJM, MISO, and SPP
- Develop Straw Proposal
- Develop detailed agreement
 - Inclusion of non market entities
- RTOs to discuss progress at upcoming CMPC and JCM sessions

Contacts

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