

PJM and MISO Response to Potomac Economics Observations on M2M Coordination

In November 2017, Potomac Economics, the MISO Independent Market Monitor, notified the PJM-MISO Joint Stakeholder Group and subsequently the MISO board of two potential violations in the PJM-MISO Joint Operating Agreement. PJM and MISO coordinated an analysis to investigate these claims and the impacts that may have been associated with them.

The results confirmed that there was minimal and/or undeterminable impact, as described below. Both issues have been resolved.

Potomac Economics Claims

In particular, the MISO Independent Market Monitor claimed the following:

1. PJM has not implemented a key test (Study 1) under the Joint Operating Agreement to identify new market to market constraints, which the Independent Market Monitor believes is a tariff violation (see the Congestion Management Process Agreement, Section 3.2.1). This test identifies constraints affected by the neighbor's generators based on real-time system topology – hence, constraints affected by transmission outages were not properly evaluated.
2. The PJM calculation of transmission loading relief provided by its market re-dispatch from PJM generators below the 5 percent OATI Interchange Distribution Calculator cutoff has been incorrect since 2009.

Study 1 Test

Based on after-the-fact analysis, only two potential flowgates requested by MISO for testing that did not qualify under the Study 2 through Study 4 tests *may* have qualified under the Study 1 test. System conditions that represent the two potential flowgates cannot be fully duplicated, and therefore, the actual impacts, if any, of these two flowgates cannot be confirmed. However, the estimated PJM impact was minimal.¹ Therefore, because of the minimal impact, PJM and MISO consider this investigation closed at this time. Additionally, PJM does not believe any Joint Operating Agreement violations occurred.

Transmission Loading Relief Market Flow Relief Obligation

PJM investigated and found that an incorrect line of code resulted in under-reporting of available market flow to the Interchange Distribution Calculator during TLR-3b-only events. PJM submitted a self-report to the Federal Energy Regulatory Commission for this event as the issue violated Section 5.5 of the Congestion Management Process Agreement, which is part of the PJM/MISO Joint Operating Agreement. PJM is also conducting an internal Apparent Cause Analysis for the event in order to determine root causes, develop recommendations and implement process updates designed to help avoid a reoccurrence. PJM and MISO believe that these occurrences are limited to TLR-3b events only, and their potential market impacts cannot be retroactively determined. Importantly, system operations aligned with prices. Additionally, the Congestion Management Process/Joint Operating Agreement does not provide guidance on resettlement opportunities related to transmission loading relief activities.

¹ Potential Joint Operating Agreement settlement impacts associated with these flowgates were less than \$100,000.